



City of Hazelwood, Missouri

Comprehensive Annual Financial Report

For The Year Ended
June 30, 2019

*much more
than you imagine*



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Prepared by the Finance Department
David L. Tuberty, Finance Director

CITY OF HAZELWOOD, MISSOURI

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CITY OF HAZELWOOD, MISSOURI

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Section I

Introductory Section

CITY OF HAZELWOOD, MISSOURI
 PRINCIPAL CITY OFFICIALS AT JUNE 30, 2019

Position	Name	Election/Hire Date	Term Dates
MAYOR	Matthew Robinson	4/2009	4/2018-4/2021
COUNCIL-WARD 1	Carol Stroker	4/2010	4/2019-4/2022
COUNCIL-WARD 2	Robert Aubuchon	4/1997	4/2017-4/2020
COUNCIL-WARD 3	Donald Ryan	4/2010	4/2019-4/2022
COUNCIL-WARD 4	Robert Parkin, II	10/2015	4/2017-4/2020
COUNCIL-WARD 5	Russell Todd	8/2008	4/2019-4/2022
COUNCIL-WARD 6	Warren Taylor	4/2008	4/2017-4/2020
COUNCIL-WARD 7	Rosalie Hendon	4/2007	4/2019-4/2022
COUNCIL-WARD 8	Mary Singleton	4/2008	4/2017-4/2020
CITY MANAGER	Matt Zimmerman	10/30/13	
FINANCE DIRECTOR	David Tuberty	09/11/17	
CITY CLERK	Christine Thomas	10/25/16	
JUDGE	Kevin Kelly	2003	
PROSECUTING ATTORNEY	Stephanie Karr	2004	
CITY ATTORNEY	Kevin O'Keefe	02/07/94	
POLICE CHIEF	Gregg Hall	01/18/13	
FIRE CHIEF	Dave Herman	01/16/17	
PUBLIC WORKS DIRECTOR	David Stewart	07/31/09	
PARKS & REC SUPERINTENDENT	Douglas Littlefield	11/30/92	
MAINTENANCE SUPERINTENDENT	Paul Williams	06/09/72	



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Hazelwood
Missouri**

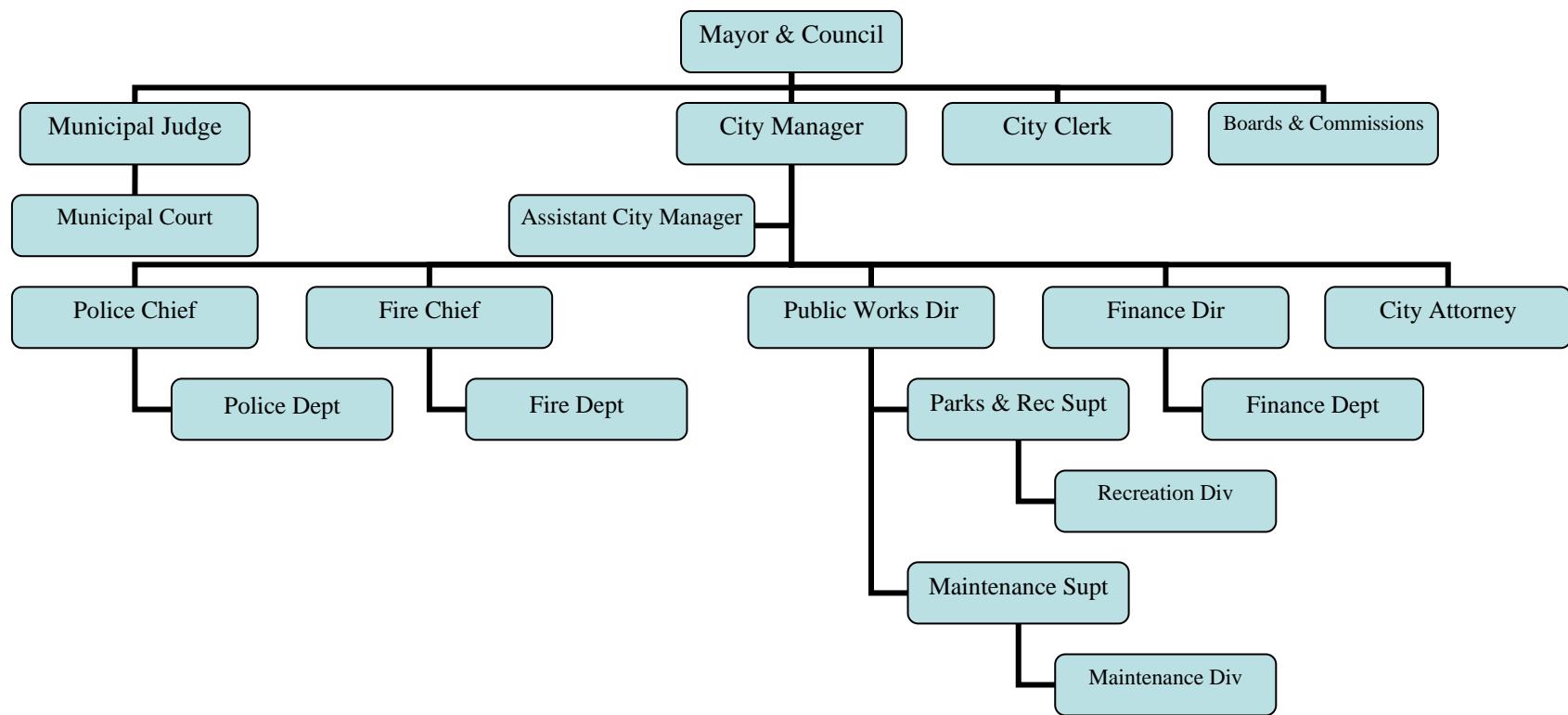
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Monill

Executive Director/CEO

City of Hazelwood Organizational Chart





The City of Hazelwood

much more
than you imagine

November 20, 2019

The Honorable Mayor, City Council, and
the Citizens of Hazelwood, Missouri

Ladies and Gentlemen:

We are pleased to present the comprehensive annual financial report of the City of Hazelwood, Missouri (the City) for the fiscal year ended June 30, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to accurately present the financial position and results of operations of the City. All disclosures necessary to provide an understanding of the City's financial activities have been included.

This report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

This report includes all funds and activities of the City. The City provides a full range of services including police protection, fire service, construction and maintenance of streets and infrastructure, parks and recreation services, city planning and building inspection, and administration.

Economic Condition and Outlook

The City is located on the eastern border of the State of Missouri in North St. Louis County. Its location is immediately north of the airport at the intersections of Highways 270 and 170 and Highways 270 and 370, and less than two miles from I-70. A major interchange of Highway 370 networks the Missouri River Bottoms area, which is home to the St. Louis Outlet Mall, where plans for redevelopment are underway, Cabela's and Park 370 to St. Charles County. Another industrial park, Hazelwood TradePort, is under construction with two buildings completed and 2

City Hall & Public Works
t: 314.839.3700
f: 314.839.0249
415 Elm Grove Lane

City Maintenance
t: 731.8701
f: 731.4240
115 Ford Lane

Fire Department
t: 731.3424
f: 731.1976
6800 Howdershell Road

Municipal Court
t: 839.2212
f: 838.5169
415 Elm Grove Lane

Parks & Recreation
t: 731.0980
f: 731.0989
1186 Teson Road

Police Department
t: 839.3700
f: 838.5169
415 Elm Grove Lane

more under development. Hazelwood is a transportation crossroads, with a prime location for businesses and residents alike. The mix of major industrial and commercial areas, which transitions to beautiful parks and residential neighborhoods, is an unusual and diverse blend.

There are also two large industrial parks in the southern portion of the City: Aviator Business Park and Hazelwood Logistics Center. Both parks are approved for mixed commercial and industrial uses. The plans for each park call for retail and commercial uses along the N. Lindbergh frontage and warehousing and logistics facilities in the rest of the parks. Aviator contains 4 large industrial buildings, with three smaller buildings planned for calendar 2019, and one commercial center. Hazelwood Logistics Center contains 8 large industrial buildings, with the Park now completely built out in 3.5 years. It was estimated that the build out would occur in 8 years.

The central business district of the City of St. Louis is 20 miles to the southeast. Interstates 70 and 170, U.S. Highway 61-67, and State Highways 141 and 231 provide access to St. Louis City and St. Louis County.

The unemployment rate, according to the Missouri Economic Research and Information Center, has been going down all year long for the U.S. and the unemployment rate for the City of Hazelwood remains at 3.9%, which is lower than the average rate of the rest of the U.S. So as you can see, the current overall U.S. economy is positive. City staff is continuously monitoring economic conditions and will make adjustments to the budget as needed.

Though the outlook for the nation's economy is still volatile, the City benefits from some positive, and offsetting attributes. The City's location near the Lambert International Airport, with rail service, and at the hub of major state and national highways is an asset that cannot be bought at any price. Also, the City's unique blend of industrial, commercial, and residential property provides a diverse and robust foundation. Sales taxes in total have decreased. The one-half cent Public Safety sales tax adopted in 2017 has leveled off. The decline in sales tax revenue is following the trend statewide. The City will continue to look for efficiencies and ways to decrease costs while providing the same level of services to our citizens and customers.

MAJOR GOALS

The City Council and administrative staff regularly develop and update improvement plans designed to improve the quality of community life while maintaining the financial stability of the City.

Goal - Financial vigilance

Short-term goals include continuing the City's full-service status while exercising vigilant stewardship of the City's financial position. Monthly budget reports are utilized.

During FY2018 the Hazelwood City Council voted to terminate the fire protection services contract with the Robertson Fire Protection District. In making this move, the City saved approximately \$3.2 million from budgeted expenditures for FY2018. The plan was for the City of Hazelwood to provide fire protection to the area which would have cost an additional \$1.8 million to implement in FY2019. The District sued the City and currently all plans are suspended. The City paid the District just over \$2 million for fire protection service in FY 2019. The City will pay the

District just over \$4.0 million for Calendar year 2020 while working toward settlement. Payment for CY 2020 is still being negotiated by the parties.

In FY2015, the City formed a pay plan committee, which was approved and implemented by the City Council in FY2016. The City was not able to implement a step increase in FY2019 but gave a 3.5% COLA adjustment to all public safety personnel and a 1.75% COLA adjustment to all other personnel. For FY 2020, the City will issue a step increase. Management is consistently looking for more efficient ways of operating and is aware that expenditure cuts may be necessary if revenues continue to fall.

Goal - Economic Development and Business Retention

The City passed a one half cent economic development sales tax effective July 1, 2007. The funds have been used for a variety of projects: street improvements and maintenance, operating the economic development office and GIS program, matching state and federal grants, advertising and marketing and participating in regional programs.

One of the most effective programs funded by the sales tax has been a local option loan fund. Since its inception, it has been used to attract or retain a number of businesses in the community. 19 loans have been made from the fund to date, totaling almost \$12 million. These loans have been used to retain or attract approximately 1,800 jobs.

The City issued two loans in FY2019. The first was to Buse. The \$300,000 loan was issued to assist in financing the addition of new employees. The second was to Bommarito, a large regional auto dealership. The \$250,000 loan was the second of three annual installments totaling \$750,000, which will allow them to purchase an additional dealership and add jobs among the Hazelwood locations.

Goal – Encourage energy efficiency

The City is continuously expanding its commitment to raising awareness and investing in green technology.

The City established the Green Committee which was formed to lead Hazelwood into becoming a community in which residents and visitors will enthusiastically take sustainable action to conserve the environment and our natural resources.

In FY2017, Hazelwood received a grant to promote our annual Recycle Day (collection of electronics, appliances, usable household items, cardboard and single stream recyclables). Hazelwood has successfully continued this program through FY 2019 and expects to continue this program into FY 2020. Other activities included event recycling for the 4th of July fireworks and Harvest-Fest, special litter pick-up with the Hazelwood West High School, and regular litter pick-ups at the Lindbergh/Lynn Haven/Taylor intersection, Dunn Road, and Truman Park.

Goal - Invest in vehicles, buildings, parks, and equipment to maintain service level

The following items were some of the investment purchases made by the City in FY2019: 3 maintenance vehicles and one heavy equipment vehicle for the Public Works Department, and 5

vehicles for the Police Department. Both the Police and Fire Departments acquired needed equipment including a new fire truck and new ambulance. In addition, some renovation work was performed at City Hall. These investments are intended to protect the City's excellent service level.

Goal - Preserve the Quality of Residential Neighborhoods

People are the City's greatest asset, and the neighborhoods in which they reside are one of the most important responsibilities of a government. The provision of high quality basic services, including police, fire, road maintenance, parks, and solid waste collection, are critical for their continued desirability. Uniformity in the provision of services is a goal.

The existing housing inspection program prescribes minimum maintenance requirements for structures and premises to assure safety and provide for abatement of potential hazards. This program helps assure the preservation of the City's neighborhoods. Also, the City administers a residential occupancy permit requirement designed to protect property values.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls. The controls are designed to ensure the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The controls are designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. General Fund, Asset Forfeiture Fund, Capital Projects Fund, Sewer Lateral Fund, and Economic Development Fund activities are included in the annual budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues meeting its responsibility for sound financial management.

Compliance and Internal Control

As a recipient of federal financial assistance, the City is responsible for maintaining adequate internal controls to ensure compliance with applicable laws and regulations related to those programs.

Pension Trust Fund Operations

The City contributed more than 100% of the annual required contribution to the Pension Plan in FY2019. However, the amount, which after receiving the actuarial report at the end of the fiscal year was about 98.8% of the annual required contribution. According to the most recent actuarial

valuation for the FY ending June 30, 2019, the plan fiduciary net position as a percentage of total pension liability is 89.4% compared to 88.7% in 2018 and 88.1% in 2017.

Long-term Debt

At June 30, 2019 the City had long-term debt in the amount of \$30,126,451 detailed in the notes to the financial statements. Missouri statutes set the City's legal general obligation debt limit at 10% of the City's total assessed valuation of real and personal property, a limit of approximately \$50.7 million.

OTHER INFORMATION

Independent Audit

Missouri statutes require an annual audit by independent certified public accountants. The certified public accounting firm of Botz, Deal & Company, PC was selected by the City Council to perform the 2019 audit. The auditor's report on basic financial statements is included in the financial section of this report. As independent auditors, Botz, Deal & Company, PC, also provides an objective outside review of management's performance in reporting operating results and financial condition.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the twenty-first consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the comprehensive annual financial report was made possible by the cooperation of the entire administrative staff of the various departments of the City. The finance staff especially contributed a great deal of time and diligence.

We would also like to acknowledge the assistance of our independent public accountants, Botz, Deal & Company, PC, in formulating this report. And we would like to extend our sincere gratitude to you, Mayor and City Council, for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,


Matthew Zimmerman

City Manager


David L. Tuberty

Finance Director



Section II

Financial Section

INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members of the City Council
CITY OF HAZELWOOD, MISSOURI

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hazelwood, Missouri, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hazelwood, Missouri, as of June 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of actuarially determined contributions, schedule of changes in other post-employment benefit liability and budgetary comparison information on pages 4 through 10 and 46 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Hazelwood, Missouri's basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relations to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Botz, Deal & Company
St. Charles, Missouri
November 20, 2019

CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

As management of the City of Hazelwood, Missouri (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,462,472 (net position).
- The net position of the City increased by \$2,134,051.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,808,409, an increase of \$5,169,906 in comparison with the prior year fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,361,142 or 34% of total General Fund expenditures.
- The City's long-term liabilities increased by a net \$406,121 during the most recent fiscal year mainly due to the reduction of balances in long-term debt that offset an increase in net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, economic development, and culture and recreation. The City does not have any business-type activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Industrial Development Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses funds accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the city can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, 370/MO Bottom Road Tax Increment Financing District Fund, and Economic Development Fund, which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Capital Projects Fund, Sewer Lateral Fund, and Economic Development Fund. Budgetary comparison statements are provided for these funds to demonstrate compliance with these budgets.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplemental information - This Management's Discussion and Analysis, the General Fund and Economic Development Fund budgetary comparison schedules, and pension schedules represent financial information required by accounting principle generally accepted in the United States of America to be presented.

Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other supplemental information - This part of the annual report includes optional financial information such as combining statements for the nonmajor governmental funds and budgetary comparison schedules for the Capital Projects Fund and Sewer Lateral Fund. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,462,472 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the statement of net position is as follows:

	June 30		Change	
	2019	2018	Amount	Percent
ASSETS				
Current and other assets	\$ 19,875,089	\$ 15,207,899	\$ 4,667,190	30.7 %
Capital assets	33,497,955	34,971,037	(1,473,082)	(4.2)
Total assets	<u>53,373,044</u>	<u>50,178,936</u>	<u>3,194,108</u>	<u>6.4</u>
DEFERRED OUTFLOWS	<u>1,774,789</u>	<u>1,723,866</u>	<u>50,923</u>	<u>3.0</u>
LIABILITIES				
Current and other liabilities	16,411,304	14,973,673	1,437,631	9.6
Long-term liabilities	36,135,887	35,729,766	406,121	1.1
Total liabilities	<u>52,547,191</u>	<u>50,703,439</u>	<u>1,843,752</u>	<u>3.6</u>
DEFERRED INFLOWS	<u>138,170</u>	<u>870,942</u>	<u>(732,772)</u>	<u>(84.1)</u>
NET POSITION				
Net investment in capital assets	21,541,500	23,123,390	(1,581,890)	(6.8)
Restricted	8,569,314	3,918,895	4,650,419	118.7
Unrestricted	(27,648,342)	(26,713,864)	(934,478)	(3.5)
Total net position	<u>\$ 2,462,472</u>	<u>\$ 328,421</u>	<u>\$ 2,134,051</u>	<u>649.8</u>

Governmental activities increased the City's net position by \$2,134,051.

A condensed version of the statement of activities is as follows:

	June 30		Change	
	2019	2018	Amount	Percent
REVENUES				
Program revenues:				
Charges for service	\$ 6,741,890	\$ 6,125,905	\$ 615,985	100.5%
Operating grants and contributions	1,932,011	1,837,569	94,442	5.1
Capital grants and contributions	21,940	493,257	(471,317)	(95.5)
General revenues:				
Taxes	24,826,165	26,352,185	(1,526,020)	(5.8)
Licenses and other	4,813,875	1,135,571	3,678,304	323.9
Total Revenues	<u>38,335,881</u>	<u>35,944,487</u>	<u>2,391,394</u>	<u>(6.7)</u>
EXPENSES				
General government	3,535,649	3,113,107	422,542	13.6
Police	8,491,390	8,373,271	118,119	1.4
Fire and ambulance	8,869,365	7,257,367	1,611,998	22.2
Public works	3,981,034	3,955,153	25,881	0.7
Parks and recreation	3,207,173	3,280,869	(73,696)	(2.2)
Economic development	5,243,407	8,635,217	(3,391,810)	(39.3)
Sewer lateral	55,229	120,156	(64,927)	(54.0)
Interest on long-term debt	2,818,583	2,695,512	123,071	4.6
Total Expenses	<u>36,201,830</u>	<u>37,430,652</u>	<u>(1,228,822)</u>	<u>(3.3)</u>
CHANGE IN NET POSITION	<u>2,134,051</u>	<u>(1,486,165)</u>	<u>3,620,216</u>	<u>58.1</u>
NET POSITION - BEGINNING OF YEAR	<u>328,421</u>	<u>1,814,586</u>	<u>(1,486,165)</u>	<u>(81.9)</u>
NET POSITION - END OF YEAR	<u>\$ 2,462,472</u>	<u>\$ 328,421</u>	<u>\$ 2,134,051</u>	<u>649.8</u>

Revenues increased mainly due to an increase in licenses and other revenues which is offset by a reduction in tax revenue, primarily sales taxes. Fire and Ambulance expenses increased in FY 2019 due the start of monthly payments to the Robertson Fire Protection District in exchange for fire protection services. A substantial increase in Economic Development project expenses in FY 2018 are now back to normal levels in FY 2019. Net expenses of the City were substantially lower than in FY 2018.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - the focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances, of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the city's net resource available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,808,409, an increase of \$5,169,906, in comparison with the prior year. The City currently has an unassigned fund balance of \$8,361,142. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for general new spending because it has already been designated.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$8,631,142, while total fund balance reached \$8,458,203. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to both total fund expenditures and unassigned fund balance. The General Fund's fund balance represents 34% of total General Fund expenditures and 99% of the balance is unassigned. The fund balance of the General Fund increased by \$318,595 during the fiscal year. This increase is significantly less than last year's increase, the result of the termination of the fire protection services contract with the Robertson Fire Protection District. The more modest increase in FY 2019 is a result in the commencement of monthly payments to RFPD for fire protection service.

The Capital Projects Fund balance increased \$176,736 during the fiscal year to \$787,931. The main reason for the increase was the purchase of some high dollar assets in the prior year.

The Debt Service Fund decreased its fund balance \$861 during the fiscal year to \$695,708. The result reflects the expected debt service activity for the year. The entire fund balance is restricted for payment of the general obligations bonds.

The Economic Development Fund increased its fund balance \$4,541,032 during the fiscal year to \$6,390,672. The increase is due primarily to the return of a local incentive loan to one business that was returned to the City in an amount over \$4 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there were various budget transfers out of the General Fund. Revenues were \$157,326 over the budgeted amount of \$25,078,152. Expenditures were \$13,238 less than the budgeted amount of \$24,311,554.

CAPITAL ASSETS

Capital asset balances (net of accumulated depreciation) are detailed below. More information on capital asset activity during the year is provided in the notes to financial statements in Note 4.

	June 30	
	2019	2018
Land, right-of-way, and construction in progress	\$ 5,343,689	\$ 5,299,470
Buildings and improvements	10,326,310	10,885,527
Infrastructure	14,124,231	15,585,595
Machinery, equipment, and furniture and fixtures	1,332,211	1,445,780
Automotive equipment	2,371,514	1,754,665
Total Capital Assets	\$ 33,497,955	\$ 34,791,037

LONG-TERM DEBT

The City's governmental activities debt is detailed below. More information is provided in the notes to financial statements in Note 5.

	June 30	
	2019	2018
General obligation bonds	\$ 6,965,638	\$ 7,975,014
Certificates of participation	2,890,605	3,204,080
Tax increment revenue notes	17,055,000	17,055,000
Capital lease obligations	1,837,688	1,399,110
Compensated absences	1,377,520	1,432,984
Total Long-term Debt	\$ 30,126,451	\$ 31,066,188

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions may be highlighted as follows at the close of fiscal year 2019:

- Gas prices average \$2.684 in the Midwest and \$2.798 nationally for All Grades (all history) per www.eia.gov/petroleum/gasdiesel/.
- Midwest urban wage earners and clerical workers consumer price index at June 30, 2019 has increased 1.2% since June 30, 2018 according to the Bureau of Labor Statistics.
- The unemployment rate in the United States has decreased from fiscal year 2017 to 4.1% according to the Missouri Economic Research and Information Center. The City's unemployment rate has remained steady from fiscal year 2018 at 3.9%.
- Total 2018 General Fund revenues were \$930,429, or 3.56%, less than 2018. Property tax decreased slightly while sales taxes decreased by over \$900 thousand due to the general decline of sales tax revenue in the region. Business license revenue and permits and inspections increased. Investment income increased due to improved rates of return.
- A 0.0% overall increase for all sales taxes is included in the 2020 budget.
- 2019 is a reassessment year. The reassessment for 2018, which is included in the result of FY 2019, resulted in minor increased values, but construction and improvement has been ongoing; the budget includes a 0.0% change in real estate taxes in Fiscal year 2019.
- The City's Fund Balance Policy requires a minimum General Fund unassigned fund balance of 17% of revenue. 2019 unassigned fund balance represents 35.1% of expenditures, which is above the City's informal ideal balance of 25%.
- Because the City has seen a significant decrease in revenues over the last few years, management of the City will remain vigilant in examining revenue trends and react as needed.
- The City will continue to look for efficiencies and ways to cut expenditures costs, as well as any "rightsizing" opportunities.
- The City's 2020 budget includes step increases but no COLA adjustment.
- The 2020 Budget projects a \$3,119,604 decrease in the General Fund balance (unassigned fund balance of 20.0% of expenditures).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or would like additional financial information, please contact the Finance Office 415 Elm Grove Lane, Hazelwood, MO 63042 or telephone at 314-839-3700.

CITY OF HAZELWOOD, MISSOURI

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government	Component Unit
	Industrial	Development
	Governmental Activities	Authority
ASSETS		
Cash and investments	\$ 14,724,218	\$ 4,961,714
Receivables, net:		
Property taxes	449,602	-
Sales taxes	2,694,009	-
Special assessments	420,000	-
Ambulance	203,822	-
Court	81,939	-
Other	877,017	207,138
Due from fiduciary fund	28,617	-
Prepaid items	297,953	-
Cash - restricted	97,912	-
Capital assets - net:		
Nondepreciable	5,343,689	-
Depreciable	28,154,266	-
TOTAL ASSETS	53,373,044	5,168,852
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	396,749	-
Deferred outflow related to pension	1,356,145	-
Deferred outflow related to other post-employment benefit	21,895	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,774,789	-
LIABILITIES		
Accounts payable	663,636	3,421,133
Accrued payroll and employee benefits	370,592	-
Accrued interest	14,390,263	93,378
Other liabilities	926,813	-
Unearned revenue	60,000	-
Noncurrent liabilities:		
Due in one year	2,583,626	550,000
Due in more than one year	27,542,825	3,242,437
Total other post employment benefits liability	995,783	-
Net pension liability	5,013,653	-
TOTAL LIABILITIES	52,547,191	7,306,948
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pension	138,170	-
NET POSITION		
Net investment in capital assets	21,541,500	-
Restricted for:		
Asset forfeiture	49,108	-
Capital projects	787,478	-
Debt service	1,116,161	1,215,800
Economic development	6,383,333	-
Sewer lateral	233,234	-
Unrestricted	(27,648,342)	(3,353,896)
TOTAL NET POSITION	\$ 2,462,472	\$ (2,138,096)

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Position	
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Industrial Development Authority
Primary Government						
Governmental Activities						
General government	\$ 3,535,649	\$ 4,531,582	\$ -	\$ -	\$ 995,933	\$ -
Police	8,491,390	658,820	495,026	18,125	(7,319,419)	-
Fire and ambulance	8,869,365	811,038	5,537	3,815	(8,048,975)	-
Public works	3,981,034	-	1,431,448	-	(2,549,586)	-
Parks and recreation	3,207,173	598,897	-	-	(2,608,276)	-
Economic development	5,243,407	-	-	-	(5,243,407)	-
Sewer lateral	55,229	141,553	-	-	86,324	-
Interest and fiscal charges	2,818,583	-	-	-	(2,818,583)	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 36,201,830	\$ 6,741,890	\$ 1,932,011	\$ 21,940	(27,505,989)	-
Component Unit						
Industrial Development Authority	\$ 4,147,706	\$ -	\$ -	\$ -	-	(4,147,706)
Taxes:						
Property					7,851,465	-
Sales					14,014,987	-
Utility					2,959,713	-
Other					-	4,388,167
Investment income					270,239	68,883
Other miscellaneous revenue					4,543,636	-
TOTAL GENERAL REVENUES					29,640,040	4,457,050
CHANGE IN NET POSITION					2,134,051	309,344
NET POSITION - BEGINNING OF YEAR					328,421	(2,447,440)
NET POSITION - END OF YEAR					\$ 2,462,472	\$ (2,138,096)

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Nonmajor Funds	Total
ASSETS							
Cash and investments	\$ 7,154,774	\$ 502,971	\$ 651,505	\$ 9,821	\$ 5,928,004	\$ 477,143	\$ 14,724,218
Receivables, net:							
Property taxes	405,399	-	44,203	-	-	-	449,602
Sales taxes	1,976,745	286,600	-	150,261	264,082	16,321	2,694,009
Special assessments	-	-	420,000	-	-	-	420,000
Ambulance	203,822	-	-	-	-	-	203,822
Court	81,939	-	-	-	-	-	81,939
Other	697,273	9,478	-	-	14,060	156,206	877,017
Due from other funds	28,617	-	-	-	-	-	28,617
Prepaid items	47,953	-	-	-	250,000	-	297,953
Cash - restricted	97,912	-	-	-	-	-	97,912
TOTAL ASSETS	\$ 10,694,434	\$ 799,049	\$ 1,115,708	\$ 160,082	\$ 6,456,146	\$ 649,670	\$ 19,875,089
LIABILITIES							
Accounts payable	\$ 284,029	\$ 11,118	\$ -	\$ 160,082	\$ 34,632	\$ 173,775	\$ 663,636
Accrued payroll	367,361	-	-	-	3,231	-	370,592
Other liabilities	899,202	-	-	-	27,611	-	926,813
Unearned revenue:							
Fire protection service	60,000	-	-	-	-	-	60,000
TOTAL LIABILITIES	1,610,592	11,118	-	160,082	65,474	173,775	2,021,041
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues:							
Property taxes	355,065	-	-	-	-	-	355,065
Special assessments	-	-	420,000	-	-	-	420,000
Public safety	188,635	-	-	-	-	-	188,635
Court	81,939	-	-	-	-	-	81,939
TOTAL DEFERRED INFLOWS OF RESOURCES	625,639	-	420,000	-	-	-	1,045,639
FUND BALANCES:							
Non-spendable:							
Prepaid items	47,953	-	-	-	250,000	-	297,953
Restricted:							
Asset forfeiture	49,108	-	-	-	-	-	49,108
Capital projects	-	787,478	-	-	-	-	787,478
Debt service	-	453	695,708	-	-	-	696,161
Economic development	-	-	-	-	6,140,672	242,661	6,383,333
Sewer lateral	-	-	-	-	-	233,234	233,234
Unassigned	8,361,142	-	-	-	-	-	8,361,142
TOTAL FUND BALANCES	8,458,203	787,931	695,708	-	6,390,672	475,895	16,808,409
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,694,434	\$ 799,049	\$ 1,115,708	\$ 160,082	\$ 6,456,146	\$ 649,670	\$ 19,875,089

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF JUNE 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet	\$ 16,808,409
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,497,955
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,045,639
Certain items related to the pension and OPEB plans are recorded as deferred inflows of resources and deferred outflows of resources in the statement of net position. They do not affect current financial resources and are therefore not reported in the fund statements.	1,239,870
Interest on long-term debt is accrued as a liability in the government-wide statements, but is not recognized in the government funds until due.	(14,390,263)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Long-term liabilities at year-end consist of:	
OPEB obligation liability	(995,783)
Net pension liability	(5,013,653)
Accrued compensated absences	(1,377,520)
Deferred items on refunding	396,749
Outstanding debt	<u>(28,748,931)</u>
Net position of governmental activities	<u><u>\$ 2,462,472</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

				370/MO Bottom Road Tax Increment			
	General	Capital Projects	Debt Service	Financing District	Economic Development	Other Nonmajor	Total
REVENUES							
Property taxes	\$ 3,986,295	\$ -	\$ 1,067,348	\$ 2,362,069	\$ -	\$ 644,564	\$ 8,060,276
Sales taxes	9,452,104	1,695,260	-	1,132,503	1,600,551	134,569	14,014,987
Utility taxes	2,900,607	-	-	59,106	-	-	2,959,713
Other taxes	1,401,924	-	-	-	-	-	1,401,924
Permits and inspections	799,345	-	-	-	-	-	799,345
Licenses	3,680,534	-	-	-	-	-	3,680,534
Intergovernmental	530,087	3,815	-	-	-	-	533,902
Fines and forfeitures	761,952	-	-	-	-	-	761,952
Investment income	258,405	329	-	-	9,924	1,581	270,239
Recreation fees	598,897	-	-	-	-	-	598,897
Sewer lateral	-	-	-	-	-	141,553	141,553
Miscellaneous	865,328	99,629	79,902	-	4,200,413	-	5,245,272
TOTAL REVENUES	25,235,478	1,799,033	1,147,250	3,553,678	5,810,888	922,267	38,468,594
EXPENDITURES							
Current:							
Mayor and council	65,421	-	-	-	-	-	65,421
City manager	616,799	-	-	-	-	-	616,799
Information systems	509,912	-	-	-	-	-	509,912
Finance	485,786	-	1,564	-	-	-	487,350
Legal	896,748	-	-	-	-	-	896,748
City clerk	202,153	-	-	-	-	-	202,153
Courts	234,086	-	-	-	-	-	234,086
Police	8,093,483	-	-	-	-	-	8,093,483
Fire and ambulance	8,215,474	-	-	-	-	-	8,215,474
Public works:							
Administration	1,269,904	-	-	-	-	-	1,269,904
General maintenance	879,842	-	-	-	-	-	879,842
Park maintenance	850,489	-	-	-	-	-	850,489
Recreation	1,909,879	-	-	-	-	-	1,909,879
Sewer lateral	-	-	-	-	-	55,229	55,229
Economic development	-	591,830	-	3,553,678	1,044,935	2,750	5,193,193
Capital outlay	94,816	1,834,063	-	-	83,177	-	2,012,056
Debt service:							
Principal	-	470,424	950,000	-	105,000	-	1,525,424
Interest	-	101,235	196,547	-	36,744	667,682	1,002,208
TOTAL EXPENDITURES	24,324,792	2,997,552	1,148,111	3,553,678	1,269,856	725,661	34,019,650
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	910,686	(1,198,519)	(861)	-	4,541,032	196,606	4,448,944
OTHER FINANCING SOURCES (USES)							
Sale of assets	6,960	-	-	-	-	-	6,960
Lease proceeds	-	714,002	-	-	-	-	714,002
Transfers in	62,202	661,253	-	-	-	-	723,455
Transfers out	(661,253)	-	-	-	-	(62,202)	(723,455)
TOTAL OTHER FINANCING SOURCES (USES)	(592,091)	1,375,255	-	-	-	(62,202)	720,962
CHANGE IN FUND BALANCE	318,595	176,736	(861)	-	4,541,032	134,404	5,169,906
FUND BALANCES - BEGINNING OF YEAR	8,139,608	611,195	696,569	-	1,849,640	341,491	11,638,503
FUND BALANCES - END OF YEAR	\$ 8,458,203	\$ 787,931	\$ 695,708	\$ -	\$ 6,390,672	\$ 475,895	\$ 16,808,409

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities
 are different because:

Change in fund balance-total governmental funds	\$ 5,169,906
The acquisition of capital assets requires the use of current financials resources, but has no effect on net position.	1,813,842
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(3,232,583)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales or trade-ins) that decreases net position.	(54,341)
Revenues in the statement of activities that do not provide current financial resources, are not reported as revenue in the governmental funds.	(103,457)
Payments of principal on bonds, capital leases and notes payable reduce fund balance in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	1,525,424
Proceeds from the issuance of debt is reflected as other financing sources in the fund statements, however it is an increase in liabilities in the statement of net position.	(714,002)
Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:	
Accrued compensated absences	55,464
Accrued interest	(1,836,890)
Amortization of premium/discount and other deferred items	20,515
Net OPEB obligation	(22,959)
Net pension liability and deferred inflows/outflows	<u>(486,868)</u>
Change in net position of governmental activities	<u>\$ 2,134,051</u>

The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND
JUNE 30, 2019

CURRENT ASSETS

Investments at fair value:

Money market funds	\$ 388,238
Common stock	13,730,102
Corporate obligations	6,664,988
Mutual funds - equity	11,691,576
Mutual funds - fixed income	5,242,914
Government and agency securities	4,543,807
Interest receivable	80,410
TOTAL ASSETS	<u>42,342,035</u>

CURRENT LIABILITIES

Due to other funds	<u>28,617</u>
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NET POSITION

Restricted for pension	<u><u>\$ 42,313,418</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2019

ADDITIONS

Employer contributions	\$ 1,425,143
Investment earnings:	
Interest and dividends	976,857
Investment return	1,042,709
Trustee fees - asset management	(136,692)
Total investment earnings	<u>1,882,874</u>
 TOTAL ADDITIONS	 <u>3,308,017</u>

DEDUCTIONS

Distributions	<u>2,399,175</u>
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CHANGE IN NET POSITION	908,842
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NET POSITION - BEGINNING OF YEAR	<u>41,404,576</u>
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NET POSITION - END OF YEAR	<u>\$ 42,313,418</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City's financial reporting entity consists of the City and its discretely presented component unit, the Industrial Development Authority (IDA). The members of the governing board of the IDA are approved by the City. Although the City cannot impose its will on the IDA, the City provides a material subsidy to the IDA primarily to finance the operations of the organization. Together, the City and the IDA form the reporting entity for financial purposes. Complete financial information for the IDA can be obtained from the City's finance department.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the component unit for which the City is financially accountable. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated.

Statement of Net Position - The statement of net position is designed to display the financial position of the Primary Government (governmental and business-type activities). The City reports capital assets in the government-wide statement of net position and reports depreciation expense in the statement of activities. The net position of the City are broken down into three categories 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-term assets and liabilities in the statement of net position and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **BASIC FINANCIAL STATEMENTS** - continued

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

The fund financial statements of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City reports the following major governmental funds:

General Fund - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

Capital Projects Fund - The City uses this fund to account for financial resources to be used for the acquisition, construction, improvements, or debt related major capital facilities and infrastructure.

Debt Service Fund - The City uses this fund to account for the accumulation of resources for, and the payment of, certain long-term debt principal, interest, and related costs.

370/MO Bottom Road Tax Increment Financing District Fund - The City uses this fund to account for special revenues received from the TIF District which are required to be segregated into a special allocation fund designated for use in the TIF District only.

Economic Development Fund - The City uses this special revenue fund to account for economic development sales tax, which is required to be used for economic development within the City.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued
- B. **BASIC FINANCIAL STATEMENTS** - continued

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for specific revenue sources that are legally restricted to expenditures for specific purposes.

Additionally, the City uses fiduciary fund types to account for assets held by the City in a trustee capacity as an agent or on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement. The City reports the following fiduciary funds:

Pension Trust Fund - The City uses this fund to account for assets held by the City in a trustee capacity for the City's employee retirement plan.

Discretely Presented Component Unit - Industrial Development Authority (IDA)

The IDA is included as a discretely presented component unit of the City and is accounted for similar to a governmental fund type.

- C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City, in general, considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due (i.e. matured).

For the governmental funds financial statements, the City considers revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, utility taxes, franchise taxes, licenses, permits, interest, special assessments, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Resources received in advance or before eligibility requirements are met are reported as unearned revenues. Charges for services are considered to be measurable and available only when cash is received by the City.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

D. CASH AND INVESTMENTS

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The Pension Trust Fund is also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership, but excluding any debt of the city itself, and individual insurance policies. Investments are reported at fair value.

E. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

F. CAPITAL ASSETS

Capital assets, which included property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$1,500 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, works of art and service concession agreements are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

	<u>Year</u>
Buildings	10 - 40
Improvements other than buildings	5 - 40
Infrastructure	10 - 20
Machinery, equipment, and furniture and fixtures	5 - 30
Automotive equipment	5 - 30

G. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Since appropriations lapse at year-end, outstanding encumbrances are reappropriated in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. Encumbrances do not constitute current year expenditures or liabilities. Encumbrances were \$2,500 for the General Fund and \$30,273 for the Capital Projects Fund at June 30, 2019.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

H. **FUND BALANCE POLICIES**

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable - The portion of the fund balance that is not in a spendable form or is required to be maintained intact.

Restricted - The portion of the fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed - The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

Assigned - The portion of fund balance that the City intends to use for a specific purpose as determined by the City Manager or Finance Director to which the City Council has designated authority per the City's fund balance policy.

Unassigned - Amounts that are available for any purpose; these positive amounts are reported only in the General Fund. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 17% and generally not more than 40% of annual operating expenditures for the fiscal year.

I. **COMPENSATED ABSENCES**

The City provides compensation to employees for earned but unused vacation leave, emergency leave, and compensatory time. Vacation leave is granted to employees based on years of continuous services as of the anniversary date of employment. Unused vacation leave can be accumulated and carried over one year beyond the year earned. Emergency leave is accumulated at the rate of one day per month to a maximum of 90 days. Unused emergency leave is paid at 25% of the amount accrued upon voluntary separation of employment from the City. Compensatory time may be accumulated to a maximum of 10 days. Unused compensatory time is payable upon termination of employment. The City records the liability for compensated absences to City employees as earned in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

J. INTERFUND TRANSACTIONS

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

K. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Ambulance revenues are shown net of an allowance for uncollectible of \$203,822.

L. RESTRICTED ASSETS

Certain resources set aside to be held as bond deposits to ensure defendants' appearances in court are classified as restricted assets on the balance sheet because their use is limited. Additionally, funds received by the City for asset forfeiture are classified as restricted assets on the balance sheet as their use is limited to certain expenses related to public safety.

M. DUE TO/FROM OTHER FUNDS

Noncurrent portions of long-term interfund loans receivable (reported in "advances to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered "available spendable resources" and are subject to elimination upon consolidation.

N. LONG-TERM OBLIGATION

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

O. DEFERED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension, post-employment benefits, and deferred charges on debt refundings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows related to the pension in the statement of net position. The City has deferred inflows in the governmental funds balance sheet related to property taxes, special assessment, ambulance billing and court.

P. USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plan (the Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Deposit

Custodial credit risk - for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be insured or secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2019, the City's and IDA's bank balances were entirely secured and collateralized with securities held by the City or by its agent in the City's name.

2. **CASH AND INVESTMENTS** - continued

Investments

The City's formal investment policies are as follows:

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy states it will minimize credit risk by prequalifying financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversify the portfolio to reduce potential losses on individual securities.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investment held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy states that they minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

Concentration of Credit Risk - For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states that they minimize concentration of credit risk by diversifying its investment portfolio.

Custodial Credit Risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment, or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by prequalifying institutions with which the City places investment, diversifying the investment portfolio, and maintaining a standard of quality for investments.

2. CASH AND INVESTMENTS - continued

As of June 30, 2019, the City had the following investments:

Investments	Fair Value	Maturities						Credit Rating
		No Maturity	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years		
Primary Government								
Certificates of deposit	\$ 4,914,677	\$ -	\$ 2,322,890	\$ 2,591,787	\$ -	\$ -	Not rated	
Repurchase agreement	4,652,627	-	4,652,627	-	-	-	Not rated	
Money market funds	119,878	119,878	-	-	-	-	Not rated	
Corporate bonds	1,343,610	-	1,343,610	-	-	-	A1+	
Government securities:								
Federal agency notes	2,661,536	-	2,661,536	-	-	-	AA+	
Total Primary Government	13,692,328	119,878	10,980,663	2,591,787	-	-		
Component Unit (IDA)								
Certificates of deposit	126,685	-	126,685	-	-	-	Not rated	
Money market funds	3,963,303	3,963,303	-	-	-	-	Not rated	
Government securities:								
Federal agency notes	216,556	-	-	-	216,556	-	AA+	
Corporate bonds	385,518	-	385,518	-	-	-	A1+	
Corporate bonds	185,590	-	-	185,590	-	-	Aaa	
Total Component Unit (IDA)	4,877,652	3,963,303	512,203	185,590	216,556	-		
Fiduciary Fund								
Common stock	13,730,102	13,730,102	-	-	-	-	Not rated	
Corporate obligations	1,281,493	-	19,210	847,763	342,854	71,666	AAA	
Corporate obligations	95,052	-	-	45,445	31,345	18,262	AA+	
Corporate obligations	123,337	-	-	82,139	41,198	-	AA	
Corporate obligations	119,211	-	-	35,988	83,223	-	AA-	
Corporate obligations	370,724	-	-	265,894	104,830	-	A+	
Corporate obligations	825,801	-	-	464,247	361,554	-	A	
Corporate obligations	1,030,175	-	-	336,783	693,392	-	A-	
Corporate obligations	1,189,705	-	-	364,678	732,035	92,992	BBB+	
Corporate obligations	841,328	-	-	359,705	481,623	-	BBB	
Corporate obligations	31,136	-	-	-	31,136	-	BBB-	
Corporate obligations	757,024	-	-	207,737	177,570	371,717	Aaa	
Money market funds	388,238	388,238	-	-	-	-	Not rated	
Mutual funds - equity	11,691,576	11,691,576	-	-	-	-	Not rated	
Mutual funds - fixed income	5,242,914	-	-	5,242,914	-	-	B	
Government securities:								
Federal agency notes	825,604	-	607,405	171,273	46,926	-	AA+/NA	
Municipal issues	114,688	-	-	63,518	51,170	-	A-	
U.S. Treasury notes	3,603,516	-	929,419	1,002,872	1,671,225	-	Aaa	
Total Fiduciary Fund	42,261,624	25,809,916	1,556,034	9,490,956	4,850,081	554,637		
Total Investments	\$ 60,831,604	\$ 29,893,097	\$ 13,048,900	\$ 12,268,333	\$ 5,066,637	\$ 554,637		

3. FAIR VALUE MEASUREMENTS

The City of Hazelwood, Missouri categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets and liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs; and Level 3 inputs are significant unobservable inputs. The City uses the following fair value techniques in measuring fair value of its investments:

Common stock and U.S. Treasury Notes are valued at quoted market prices obtained from exchanges and market trade pricing (Level 1).

U.S. Government Agency Securities, Corporate and Municipal bonds, Market Indexed Certificates of Deposits and Market Linked Certificates of Deposits, and Money Market Funds are valued based upon various model pricing methods which use evaluations based on various market and industry inputs (Level 2).

Equity and fixed income mutual funds are valued using the net asset value at the close of business each day multiplied the number of shares held by the City at the close of business. (Level 2).

The City has the following recurring fair value measurements as of June 30, 2019:

Investments Measured at Fair Value:	Quoted Prices in Active Markets for Identical Assets			
	Totals	Level 1	Significant Observable Inputs	Significant Unobservable Inputs
U.S. Agency Securities	\$ 3,703,696	\$ -	\$ 3,703,696	\$ -
U.S. Treasuries	3,603,516	3,603,516	-	-
Corporate Bonds	8,579,705	-	8,579,705	-
Municipal Bonds	114,688	-	114,688	-
Mutual Funds	16,934,490	-	16,934,490	-
Common Stock	13,730,102	13,730,102	-	-
Money Market Funds	4,471,419	-	4,471,419	-
Certificates of Deposit	4,655,962	-	4,655,962	-
	<u>55,793,578</u>	<u>\$ 17,333,618</u>	<u>\$ 38,459,960</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
Certificates of Deposit	385,400			
Repurchase Agreement	4,652,627			
	<u>\$ 60,831,605</u>			

4. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2019 is as follows:

	Balance, Beginning Of Year	Additions	Transfers And Deletions	Balance, End Of Year
Governmental activities:				
Capital assets, not being depreciated				
Land and right-of-way	\$ 5,138,241	\$ -	\$ -	\$ 5,138,241
Construction in process	161,229	44,219	-	205,448
Total capital assets, not being depreciated	<u>5,299,470</u>	<u>44,219</u>	<u>-</u>	<u>5,343,689</u>
Capital assets, being depreciated:				
Building and improvements	23,914,292	162,798	(28,759)	24,048,331
Infrastructure	40,151,000	-	-	40,151,000
Machinery, equipment, and furniture and fixtures	6,203,275	429,492	(198,202)	6,434,565
Automotive equipment	5,155,726	1,177,333	(302,247)	6,030,812
Total capital assets, being depreciated	<u>75,424,293</u>	<u>1,769,623</u>	<u>(529,208)</u>	<u>76,664,708</u>
Less accumulated depreciation for:				
Building and improvements	(13,028,765)	(714,840)	21,584	(13,722,021)
Infrastructure	(24,565,405)	(1,461,364)	-	(26,026,769)
Machinery, equipment, and furniture and fixtures	(4,757,495)	(523,927)	179,068	(5,102,354)
Automotive equipment	(3,401,061)	(532,452)	274,215	(3,659,298)
Total accumulated depreciation	<u>(45,752,726)</u>	<u>(3,232,583)</u>	<u>474,867</u>	<u>(48,510,442)</u>
Total capital assets, being depreciated, net	<u>29,671,567</u>	<u>(1,462,960)</u>	<u>(54,341)</u>	<u>28,154,266</u>
Total governmental activities	<u>\$ 34,971,037</u>	<u>\$ (1,418,741)</u>	<u>\$ (54,341)</u>	<u>\$ 33,497,955</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 512,425
Police	197,818
Fire and ambulance	425,868
Public works	1,731,959
Parks and recreation	<u>364,513</u>
Total depreciation expense - governmental activities	<u>\$ 3,232,583</u>

5. LONG-TERM DEBT

General Obligation Bonds

2001 general obligation neighborhood improvement bonds issue of \$1,030,000 used for advance refunding of a 1999 bond issue to temporarily finance the costs of the Lambert Pointe Business Centre Improvement Project. Interest rates range from 3.8% to 6.75%, due April 1, 2021.

\$ 155,000

2012 general obligation refunding bonds issue of \$5,289,047 for a crossover refunding of a portion of the general obligation street bonds series 2005. The series 2012 bonds bear interest ranging from 1.25% to 2.2%. The series 2012 bonds include \$64,047 of capital appreciation bonds due March 1, 2022. At June 30, 2019, \$248,099 was included in accrued interest for the interest accretion.

3,154,047

2015 general obligation refunding and improvement bond issue of \$3,945,000 for refunding a portion of the 2007 general obligation street bonds. Proceeds from the issue were deposited into an irrevocable escrow account with a third-party trustee to refund \$4,000,000 in existing series 2007 bonds when called in March 2017. As a result, the refunded portion of the liability for the 2007 bonds has been removed from the statement of net position. Interest rates range from 2.0% to 4.0%, due March 1, 2026.

3,285,000

Total General Obligation Bonds

\$ 6,594,047

Certificates of Participation

2015 refunding certificates of participation issue of \$3,895,000 used to refund the outstanding 2008 certificates of participation (used for acquiring, constructing, furnishing, and equipping a new aquatic center and improving Fire Station #1). Proceeds from the issue were deposited into an irrevocable escrow account with a third-party trustee to refund \$4,045,000 in existing series 2008 certificates of participation when called in March 2018. As a result, the liability for the 2008 certificates of participation has been removed from the statement of net position. The current refunding resulted in a cash flow savings of \$705,170 and an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$543,367. Interest rates range from 2% to 4%, due April 1, 2027.

\$ 2,780,000

5. **LONG-TERM DEBT** - continued

A summary of principal and interest debt service requirements is as follows:

For the Years Ending June 30	General Obligation Bonds		Certificates Of Participation	
	Principal	Interest	Principal	Interest
2020	\$ 975,000	\$ 179,430	\$ 305,000	\$ 96,238
2021	1,000,000	153,682	315,000	87,088
2022	599,047	467,030	330,000	74,488
2023	965,000	108,527	340,000	61,288
2024	990,000	81,627	355,000	51,088
2025 - 2027	<u>2,065,000</u>	<u>76,844</u>	<u>1,135,000</u>	<u>74,588</u>
TOTAL	\$ 6,594,047	\$ 1,067,140	\$ 2,780,000	\$ 444,778

The City has tax increment revenue notes which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property, incremental increases in economic activity taxes in the project area, and monies on deposit in the Debt Service Reserve Fund. The notes do not constitute a general obligation of the City. The City does not own the assets the debt was issued to build. The tax-exempt portion of the notes (Series A) have an interest rate of 6.75% and the taxable portion of the notes (Series B) have an interest rate of 8.25%. Accrued interest on these notes at June 30, 2019 amounted to \$14,041,057 and amounts outstanding are as follows:

	Date Issued	Date of Maturity	Original Amount	Balance June 30, 2019
Tax increment revenue notes:				
Lambert Redevelopment Area - A	8-30-2007	10-3-2029	\$ 415,876	\$ 415,876
Lambert Redevelopment Area - B	8-30-2007	10-3-2029	16,639,124	16,639,124
Total				\$ 17,055,000

The IDA has issued tax increment financing bonds for the purpose of: 1) refunding the TIF notes currently outstanding in the principal amount of \$18,700,000, 2) funding a Debt Reserve Fund for the bonds, 3) funding capitalized interest for the bonds, and 4) paying the cost of the issuance of the bonds. The bonds are special, limited obligations of the IDA, payable solely from payment in lieu of taxes, economic activity tax revenues, and CID revenues generated in the redevelopment area. The interest rate on the bonds range from 4.2% to 5.5%.

5. **LONG-TERM DEBT** - continued

The IDA issued taxable annual appropriation capital projects bonds for the purpose of: 1) financing a wildlife museum, indoor aquarium, and related attractions within a retail store specializing in hunting, fishing, and outdoor gear; 2) fund a Debt service Reserve Fund for the bonds; 3) fund a portion of the capitalized interest on the bonds; and 4) pay certain costs of issuance of the bonds. These bonds are special obligations of the IDA payable solely from certain revenues pledged by the City. The City pledged a portion of its parks and stormwater sales tax, capital improvements sales tax, and hotel/motel tax to pay the bonds. The museum will be owned by the City. The General Fund transferred \$457,710 to the Capital Projects Fund for its portion of the pledged revenues. The Capital Projects Fund paid \$591,830 to the IDA for the year ended June 30, 2019. The interest rates on the bonds range from 5.31% to 5.875%.

	Date Issued	Date of Maturity	Original Amount	Balance June 30, 2019
Tax increment financing bonds:				
370/Missouri Bottom Road Redevelopment Area	11-25-2003	8-1-2020	\$ 26,385,000	\$ 410,000
Taxable annual appropriation capital projects bonds:				
Cabela's Project	03-07-2007	2-1-2027	5,845,000	3,430,000
Total				\$ 3,840,000

For the Years Ending June 30	TIF Revenue Bonds		Capital Projects Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 200,000	\$ 16,925	\$ 350,000	\$ 201,806
2021	210,000	5,775	370,000	181,244
2022	-	-	390,000	159,506
2023	-	-	415,000	136,594
2024	-	-	435,000	112,212
2025 - 2027	-	-	1,470,000	176,544
TOTAL	\$ 410,000	\$ 22,700	\$ 3,430,000	\$ 967,906

5. LONG-TERM DEBT - continued

The following is a summary of the changes in the City's long-term debt:

	For the Year Ended June 30, 2019					Due Within One Year	
	Balance, Beginning Of Year			Balance, End Of Year			
		Additions	Reductions				
Primary Government:							
General obligation bonds	\$ 7,544,047	\$ -	\$ (950,000)	\$ 6,594,047	\$ 975,000		
Plus - premium (discount)	430,967	-	(59,376)	371,591		-	
Certificates of participation	3,080,000	-	(300,000)	2,780,000		305,000	
Plus - premium (discount)	124,080	-	(13,475)	110,605		-	
Tax increment revenue notes	17,055,000	-	-	17,055,000		-	
Capital lease obligation	1,399,110	714,002	(275,424)	1,837,688		339,363	
Compensated absences	1,432,984	939,132	(994,596)	1,377,520		964,263	
Total	\$ 31,066,188	\$ 1,653,134	\$ (2,592,871)	\$ 30,126,451	\$ 2,583,626		
Component Unit:							
Capital projects bonds	\$ 3,760,000	\$ -	\$ (330,000)	\$ 3,430,000	\$ 350,000		
Less - discount	(14,292)	-	1,649	(12,643)		-	
Tax increment financing							
revenue bonds	600,000	-	(190,000)	410,000		200,000	
Less - discount	(58,201)	-	23,281	(34,920)		-	
Total	\$ 4,287,507	\$ -	\$ 495,070	\$ 3,792,437	\$ 550,000		

Compensated absences are generally liquidated by the General Fund. Capital lease obligations, bonds, and notes payable are liquidated by the appropriate related fund.

6. CAPITAL LEASES

The City enters into equipment lease agreements to purchase capital assets which are accounted for as capital leases. Lease payments under the terms of these agreements are recorded as lease/purchase expenditures in the Capital Projects Fund. The City currently has five such leases outstanding. Leased equipment with a total capitalized cost of \$3,725,068 and accumulated depreciation of \$1,254,885 is included in the government-wide financial statements.

6. CAPITAL LEASES - continued

The future minimum lease payment under the capital leases and the present value of the net minimum lease payment as of June 30, 2019 is as follows:

2020	\$ 400,996
2021	345,730
2022	228,323
2023	207,610
2024	224,908
2025 - 2029	<u>729,254</u>
Total minimum lease payment	2,136,821
Less: amount representing interest	<u>299,133</u>
Present value of future minimum lease payments	\$ <u>1,837,688</u>

7. EMPLOYEE RETIREMENT PLAN

General Information about the Plan

Plan Description - The Retirement Plan for Police Officers, Firefighters, and Other Employees of the City of Hazelwood (the Pension Plan) is a single-employer defined benefit pension plan and provides pensions for all permanent full-time policemen, firemen, and other employees of the City. The Pension Plan was created and is governed by City ordinance. The Pension Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's financial statements. Information about the Pension Plan is provided in a summary plan description.

Benefits provided - Employees who attain the age of 60 or have 25 years of credited service are entitled to a normal retirement benefit equal to: 1) 2% of their final average monthly compensation multiplied by 2) the employee's years of credited service not in excess of 30 years. Participants as of 1989 are entitled to no less than the benefit determined in accordance with the provisions of the Pension Plan in effect immediately prior to 1989, based on credited service to the date. The Pension Plan also provides early retirement, late retirement, vested deferred retirement, and disability benefits.

Employees covered by benefit terms - At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	40
Active employees	171
Disabled	1
Total	<u>318</u>

7. **EMPLOYEE RETIREMENT PLAN** - continued

Contributions - The City contributes to the Pension Plan based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the Pension Plan. For the year ended June 30, 2019, the City's actual contribution to the Pension Plan represented 13.16% of annual covered payroll. In the past, contributions to the Pension Plan have come from the General Fund.

Investment Policy - The objective of the portfolio is to direct the investment and reinvestment of Pension Plan assets with the primary objective of maximizing long-term total return while protecting principal. It is the policy of the Board to pursue an investment strategy through diversification across a selection of asset classes. The Board has set specific limitations with regard to credit quality ratings and the effective duration of the portfolio. The following was the Board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation	Minimum	Maximum
Equities	60%	40%	75%
Fixed-Income	40	25	50

Net Pension Liability

The City's net pension liability was measured as of June 30, 2018, and the total pension liability was determined by rolling forward the Pension Plan's total pension liability as of July 1, 2018 to June 30, 2019 using the actuarial assumptions outlined below.

Actuarial assumptions - The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment projected fully generationally using Scale BB.

The actuarial assumptions used in the valuation were based upon an annual review of actual experience compared to previous assumptions used and a perspective on future expectations.

7. **EMPLOYEE RETIREMENT PLAN** - continued

Actuarial assumptions - continued

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best estimate ranges of expected future real rate of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term expected Real Rate of Return
Large Cap Select	34%	7.9%
Mid Cap	12	8.0
International Growth	14	8.4
High Income Bond	12	4.2
Intermediate Gov/Credit	27	1.5
Cash	1	-

Discount rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will continue to follow the current funding policy of contributing employer normal cost plus Plan expense plus a 15-year amortization (on an open basis) of unfunded liabilities. Based on this assumption, the Pension Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances - June 30, 2018	\$ 44,931,407	\$ 41,228,723	\$ 3,702,684
Changes for the year:			
Service cost	800,736	-	800,736
Interest	3,375,447	-	3,375,447
Differences between expected and actual experience	448,687	-	448,687
Contribution - employer	-	1,407,634	(1,407,634)
Net investment income	-	1,906,267	(1,906,267)
Benefit payment, including refunds	(2,393,000)	(2,393,000)	-
Net Changes	2,231,870	920,901	1,310,969
Balances - June 30, 2019	\$ 47,163,277	\$ 42,149,624	\$ 5,013,653

7. **EMPLOYEE RETIREMENT PLAN** - continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Net pension liability	\$10,894,251	\$5,013,653	\$86,195

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the city recognized pension expense of \$1,894,502. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 836,661	\$ 66,694
Changes in assumptions	519,484	-
Net differences between projected and actual earning on pension plan investments	-	71,476
	<u>\$ 1,356,145</u>	<u>\$ 138,170</u>

Amounts reported as deferred outflows of resources and deferred inflow for resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 567,251
2021	(187,036)
2022	326,152
2023	428,357
2024	83,251
	<u>\$ 1,217,975</u>

8. **OTHER POST EMPLOYMENT BENEFITS**

Plan Description and Provisions - The City of Hazelwood's Postretirement Health Benefits plan (the "Plan") is a single-employer other post-employment benefit (OPEB) plan that provides its retirees with access to healthcare until attainment of Medicare Eligibility Age. The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. The Plan does not issue a separate stand-alone financial report. Benefits under the Plan are established by ordinance and may be changed by the passage of an ordinance. The City has a fiduciary net position of \$-0- meaning it has no accumulated assets as defined by GASB Statement 75.

8. **OTHER POST EMPLOYMENT BENEFITS - continued**

The City funds these benefits on a pay as you go basis. Since other post-employment benefits are merely an implicit subsidy and not a direct expenditure of the City, funds used to pay for these benefits are paid out of any fund that incurs health insurance benefit costs. The most significant cost is out of the General Fund.

At June 30, 2018, the date of the last actuarial valuation, the Plan covered the following number of participants for medical coverage:

Active participants	164
Retirees and beneficiaries currently receiving benefits	9
Total Plan Participants	<u>173</u>

Valuations are performed using the Entry Age Normal Cost Method, level percent of salary. Under this method, a salary scale assumption is required; this was chosen to be consistent with the pension valuation.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rate:	RP2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment projected fully generationally using scale BB
Healthcare Inflation Rate:	8% in 2018, graded down to 4.5% after 12 years
Projected Salary Increases:	4.5% per annum

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79%, which is derived from the S&P Municipal Bond 20 Year High Grade Rate Index as of June 28, 2019.

OPEB Net Liability

OPEB Liability as of June 30, 2018	\$ <u>960,894</u>
Changes for the year:	
Service cost	45,442
Interest	29,188
Changes of assumptions	14,386
Benefit payments	(54,127)
Net Changes	<u>34,889</u>
OPEB Liability as of June 30, 2019	\$ <u>995,783</u>

8. **OTHER POST EMPLOYMENT BENEFITS** - continued

Sensitivity of the OPEB Net Liability

Discount Rate Sensitivity - The following presents the net OPEB net liability of the City, calculated using the discount rate of 2.79%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.79%) or 1 percentage-point higher (3.79%) than the current rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Net OPEB liability	\$ 1,073,890	\$ 995,783	\$ 921,849

Healthcare Trend Rate Sensitivity - The following presents the OPEB net liability of the City, calculated using the healthcare trend rate of 8% to an ultimate rate of 4.5%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease 881,552	Current Discount Rate 995,783	1% Increase 1,130,893
Net OPEB liability	\$ 881,552	\$ 995,783	\$ 1,130,893

Other Post Employment Benefit Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$77,086. At June 30, 2019, the City reported deferred outflows of resources related to the OPEB Plan for the differences between expected and actual experience in the amount of \$21,895.

Amounts reported as deferred outflows of resources related to the OPEB Plan will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 2,456
2021	2,456
2022	2,456
2023	2,456
2024	2,456
Subsequent	<u>9,615</u>
	<u><u>\$ 21,895</u></u>

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City, along with various other local municipal governments, participates in an insurance trust for workers' compensation and for general liability matters (St. Louis Area Insurance Trust – SLAIT). The purpose of this trust is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trust should the trust cease operations at some future date. The trust has contracted with the Daniel and Henry Company to handle all administrative matters, including processing of claims filed.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes, and employees' blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

10. PROPERTY TAXES

Property taxes are levied in October of each year on the assessed value as of the prior January 1 for all property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and are due upon receipt of billing and become delinquent.

Real estate taxes are billed and collected by St. Louis County and remitted by the County to the City. Property tax revenue is recognized to the extent it is collected within the current period or expected to be collected within 60 days after year-end. Taxes collected subsequent to the 60 day period are considered to be unavailable on the fund financial statements yet are recognized as revenue in the government-wide financial statements.

11. CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, in any, to be immaterial.

The City has been named in a lawsuit filed by Robertson Fire Protection District related to the termination of a fire services agreement. Robertson's claim is \$3,280,114 in fees are unpaid relating to 2018. The City filed counterclaims related to his matter. The City is subject to other various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney. In addition, the City is subject to potential claims including environmental issues for certain real estate development projects. There are no legal issues pending or known related liabilities regarding these projects.

12. UNRESTRICTED NET POSITION

The government-wide statement of net position reflects a negative unrestricted net position of \$27,746,254. This total is comprised of \$3,349,803 in unrestricted net position for operations and a negative unrestricted net position resulting from the issuance of TIF Revenue Notes in the amount of \$17,055,000 plus \$14,041,057 in accrued interest which is for development not owned by the City.

The City's responsibility to repay the TIF notes extends only to the incremental revenues generated by the TIF District. The TIF notes are a special limited obligation of the City and are not used in calculating the City's debt limit.

13. TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes and capital projects bonds issued by the IDA and the City to finance certain improvements in the City. The bonds are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds per Note 5 is payable through October 2029.

For the current year, the IDA's principal and interest paid and total incremental tax revenues were \$768,235 and \$4,388,167, respectively. For the current year, the City's tax increment financing interest paid and total incremental tax revenues were \$667,682 and \$779,133, respectively.

14. INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities as of June 30, 2019 are as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pension Trust Fund	\$ 28,617

The outstanding balances between the funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2020.

15. **INTERFUND TRANSFERS**

Individual interfund transfers for the year ended June 30, 2019 are as follows:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	\$ 661,253
General Fund	Asset Forfeiture Fund	62,202

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance capital improvement and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

16. **ECONOMIC DEVELOPMENT**

The City collects a special sales tax to promote economic development within the City. The City has entered into various agreements with companies as incentives to move into the City. Certain agreements are setup as forgivable loans, which mean the loans will not have to be repaid if they follow the agreed upon terms. At June 30, 2019, the City had \$4,870,000 of these loans outstanding. An offsetting allowance for these amounts has been established.

17. **CONDUIT DEBT**

The City issued \$13,000,000 of Industrial Revenue Bonds during 2015 to provide financial assistance to the private sector entity, Silgan Plastics Corporation, for the purpose of acquiring, constructing and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements, the 2015 Series is structured to pay the principal balance at maturity, December 1, 2025. At June 30, 2019, the principal amount payable was \$5,224,005.

The City issued \$4,100,000 of Industrial Revenue Bonds during 2017 to provide financial assistance to the private sector entity, Mitek Inc., for the purpose of acquiring, constructing and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements, the 2017 Series is structured to pay the principal balance at maturity, December 1, 2034. At June 30, 2019, the principal amount payable was \$3,279,580.

17. **CONDUIT DEBT - continued**

The City issued \$4,100,000 of Industrial Revenue Bonds during 2017 to provide financial assistance to the private sector entity, 4847 Park 370 Boulevard Project, for the purpose of acquiring, constructing and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements, the 2017 Series is structured to pay the principal balance at maturity, December 1, 2027. At June 30, 2019, the principal amount payable was \$3,119,550.

The City issued \$51,500,000 of Industrial Revenue Bonds during 2018 to provide financial assistance to the private sector entity, NP Hazelwood VII, LLC and NP Hazelwood 370 Building II, LLC, for the purpose of acquiring, constructing and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements, the 2018 Series is structured to pay the principal balance at maturity, December 1, 2022. At June 30, 2019, the principal amount payable was \$9,339,832 and \$2,323,693, respectively.

The City issued \$13,500,000 of Industrial Revenue Bonds during 2019 to provide financial assistance to the private sector entity, NP McDonnell, LLC, for the purpose of acquiring, constructing and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements, the 2019 Series is structured to pay the principal balance at maturity on December 1st of the 15th year following the completion date. At June 30, 2019, the principal amount payable was \$37,000.

18. **RESTRICTED NET POSITION**

The government-wide statement of net position reports \$8,569,314 of restricted net position of which \$7,453,153 is restricted by enabling legislation.

19. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The legal level of budgetary control is at the department level. Expenditures exceeded approximations in the following departments with General Fund for the year-ended June 30, 2019:

	Appropriation s	Expenditures	Excess
City Manager	\$ 615,361	\$ 616,799	\$ 1,438
Police	8,080,044	8,099,972	19,928
Fire	7,527,284	7,528,387	1,103

20. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

21. TAX ABATEMENTS

As of June 30, 2019, the City provides tax abatements through the Industrial Development Financing under Chapter 135 and Chapter 353, Missouri Revised Statutes.

Enhanced Enterprise Zones under Chapter 135 of the Revised Statutes of Missouri authorize the governing authority having jurisdiction of the area to abate certain entities, in whole or in part, from assessment and payment of ad valorem taxes if at least fifty new jobs (providing at least thirty-five hours of employment per week per job) are created and maintained at the new or expanded facility.

Industrial Development Financing under Chapter 353 tax abatement is an incentive to encourage the redevelopment of blighted areas by providing real property tax abatement. These abatements are under the authority of Chapter 353 of the Revised Statutes of Missouri (the "Urban Redevelopment Corporation Law"). To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation organized for the purpose of clearance, re-planning, reconstruction, or rehabilitation of blighted areas. Tax abatement is only extended to real property that has been found to be a "blighted area" by the City. Under Chapter 353, the City may grant tax abatements up to 100% of annual property taxes for the first 10 years for the increased assessed value over the base land value and up to 50% of annual property taxes for the next 15 years for a maximum 25-year abatement. The length of time abatements are permitted and the amount of abatement allowed is outlined within the guidelines developed for each area or project designated.

21. **TAX ABATEMENTS** - continued

The amount of taxes abated during the year ending June 30, 2019 was as follows:

<u>Tax abatement Programs</u>	<u>Amount of tax abatement</u>
Chapter 135	\$ 17,308
Chapter 353	164,697
	<u>\$ 182,005</u>

22. **NEW ACCOUNTING PRONOUNCEMENTS**

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB No. 90, *Majority Equity Interests* and GASB No. 91, *Conduit Debt Obligations*. The City will adopt and implement these statements at the required time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
REVENUES				
Property taxes:				
Real estate	\$ 2,757,146	\$ 2,757,146	\$ 2,763,940	\$ 6,794
Personal property	889,581	889,581	986,766	97,185
Property surtax	323,120	323,120	235,589	(87,531)
Total Property Taxes	<u>3,969,847</u>	<u>3,969,847</u>	<u>3,986,295</u>	<u>16,448</u>
Sales taxes:				
Hotel/motel tax	226,649	226,649	261,697	35,048
Fire	847,277	847,277	790,823	(56,454)
Park and stormwater	1,698,218	1,698,218	1,586,329	(111,889)
Sales	5,649,875	5,649,875	5,798,281	148,406
Use	1,532,249	1,532,249	770,572	(761,677)
Guaranty assessments	130,000	130,000	244,402	114,402
Total Sales Taxes	<u>10,084,268</u>	<u>10,084,268</u>	<u>9,452,104</u>	<u>(632,164)</u>
Utility taxes	<u>2,999,142</u>	<u>2,999,142</u>	<u>2,900,607</u>	<u>(98,535)</u>
Other taxes:				
Cigarette	71,679	71,679	52,617	(19,062)
Gasoline	693,418	693,418	689,161	(4,257)
Road and bridge	492,422	492,422	546,400	53,978
Vehicle fees	112,973	112,973	113,746	773
Total Other Taxes	<u>1,370,492</u>	<u>1,370,492</u>	<u>1,401,924</u>	<u>31,432</u>
Permits and Inspections:				
Building permits	384,942	384,942	610,609	225,667
Occupancy permits	185,723	185,723	180,236	(5,487)
Land disturbance fee	5,500	5,500	8,500	3,000
Total Permits and Inspections	<u>576,165</u>	<u>576,165</u>	<u>799,345</u>	<u>223,180</u>
Licenses:				
Manufacturers	1,270,683	1,270,683	1,593,612	322,929
Occupation services	1,162,925	1,162,925	1,253,693	90,768
Merchants	609,317	609,317	599,639	(9,678)
Liquor	11,500	11,500	7,271	(4,229)
Coin devices	2,740	2,740	3,120	380
Franchises	239,305	239,305	223,199	(16,106)
Total Licenses	<u>3,296,470</u>	<u>3,296,470</u>	<u>3,680,534</u>	<u>384,064</u>
Intergovernmental				
Grant income	<u>428,062</u>	<u>428,062</u>	<u>530,087</u>	<u>102,025</u>
Fines and forfeitures:				
Court fines	542,458	542,458	689,654	147,196
Police fines	15,103	15,103	20,595	5,492
License fines	9,972	9,972	9,416	(556)
Property fines	45,000	45,000	42,287	(2,713)
Total Fines and Forfeitures	<u>612,533</u>	<u>612,533</u>	<u>761,952</u>	<u>149,419</u>
Investment income	<u>58,481</u>	<u>58,481</u>	<u>258,405</u>	<u>199,924</u>

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (Continued)				
Recreation fees:				
Swimming pools	\$ 175,690	\$ 175,690	\$ 171,383	\$ (4,307)
Rentals	189,450	189,450	95,765	(93,685)
Classes	122,334	122,334	157,223	34,889
Recreation programs and trips	42,541	42,541	26,581	(15,960)
Concessions	56,014	56,014	52,594	(3,420)
Resident cards	87,264	87,264	63,721	(23,543)
Sports complex	57,697	57,697	31,630	(26,067)
Total Recreation Fees	<u>730,990</u>	<u>730,990</u>	<u>598,897</u>	<u>(132,093)</u>
Miscellaneous:				
Fire protection service	120,000	120,000	196,225	76,225
Ambulance fees	709,871	709,871	458,030	(251,841)
Other	121,831	121,831	211,073	89,242
Total Miscellaneous	<u>951,702</u>	<u>951,702</u>	<u>865,328</u>	<u>(86,374)</u>
Total Revenues	<u>25,078,152</u>	<u>25,078,152</u>	<u>25,235,478</u>	<u>157,326</u>
EXPENDITURES				
Mayor and council:				
Personnel services	54,315	46,415	46,411	4
Contractual services	34,747	19,647	18,796	851
Commodities	200	200	214	(14)
Capital outlay	-	-	-	-
Total Mayor And Council	<u>89,262</u>	<u>66,262</u>	<u>65,421</u>	<u>841</u>
City manager:				
Personnel services	530,189	524,189	501,823	22,366
Contractual services	63,972	61,972	86,489	(24,517)
Commodities	28,700	28,700	27,887	813
Contingencies	500	500	600	(100)
Total City Manager	<u>623,361</u>	<u>615,361</u>	<u>616,799</u>	<u>(1,438)</u>
Information system:				
Personnel services	187,307	187,307	183,947	3,360
Contractual services	331,321	300,321	302,493	(2,172)
Commodities	22,900	22,900	23,472	(572)
Capital outlay	11,956	11,956	9,917	2,039
Total Information System	<u>553,484</u>	<u>522,484</u>	<u>519,829</u>	<u>2,655</u>
Finance:				
Personnel Services	362,491	354,491	354,879	(388)
Contractual services	139,423	130,423	129,812	611
Commodities	1,300	1,300	1,095	205
Capital outlay	350	350	450	(100)
Total Finance	<u>503,564</u>	<u>486,564</u>	<u>486,236</u>	<u>328</u>

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Legal				
Personnel services	\$ 72,283	\$ 72,283	\$ 69,662	\$ 2,621
Contractual services	362,306	823,306	825,418	(2,112)
Commodities	1,950	1,950	1,668	282
Capital outlay	325	325	222	103
Total Legal	<u>436,864</u>	<u>897,864</u>	<u>896,970</u>	<u>894</u>
Courts				
Personnel services	153,767	173,767	176,419	(2,652)
Contractual services	58,473	58,473	55,731	2,742
Commodities	2,500	2,500	1,936	564
Capital outlay	-	-	-	-
Total Courts	<u>214,740</u>	<u>234,740</u>	<u>234,086</u>	<u>654</u>
City Clerk				
Personnel services	180,714	177,714	175,362	2,352
Contractual services	37,522	24,522	26,092	(1,570)
Commodities	700	700	699	1
Total City Clerk	<u>218,936</u>	<u>202,936</u>	<u>202,153</u>	<u>783</u>
Police				
Personnel services	7,941,233	7,538,233	7,547,463	(9,230)
Contractual services	310,051	310,051	324,574	(14,523)
Commodities	198,398	198,398	208,265	(9,867)
Capital outlay	8,900	8,900	6,489	2,411
Contingencies	24,462	24,462	13,181	11,281
Total Police	<u>8,483,044</u>	<u>8,080,044</u>	<u>8,099,972</u>	<u>(19,928)</u>
Fire				
Personnel services	4,645,751	3,842,751	3,869,109	(26,358)
Contractual services	1,708,456	3,573,456	3,559,453	14,003
Commodities	81,477	73,477	65,267	8,210
Capital outlay	50,600	34,600	34,637	(37)
Contingencies	3,000	3,000	(79)	3,079
Total Fire	<u>6,489,284</u>	<u>7,527,284</u>	<u>7,528,387</u>	<u>(1,103)</u>
Ambulance				
Personnel services	894,268	606,268	582,738	23,530
Contractual services	71,015	71,015	102,296	(31,281)
Commodities	78,000	43,000	35,690	7,310
Capital outlay	2,790	2,790	928	1,862
Contingencies	500	500	1,000	(500)
Total Ambulance	<u>1,046,573</u>	<u>723,573</u>	<u>722,652</u>	<u>921</u>
Public Works				
Administration:				
Personnel services	854,776	839,776	840,067	(291)
Contractual services	443,394	416,394	416,526	(132)
Commodities	13,600	13,600	13,311	289
Capital outlay	1,500	1,500	845	655
Contingencies	-	-	-	-
Total Administration	<u>1,313,270</u>	<u>1,271,270</u>	<u>1,270,749</u>	<u>521</u>

-continued-

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public Works (continued)				
General maintenance:				
Personnel services	\$ 698,048	\$ 602,048	\$ 601,583	\$ 465
Contractual services	109,842	100,842	103,961	(3,119)
Commodities	180,345	172,345	173,798	(1,453)
Capital outlay	7,000	7,000	2,034	4,966
Contingencies	500	500	500	-
Total General Maintenance	<u>995,735</u>	<u>882,735</u>	<u>881,876</u>	<u>859</u>
Park maintenance:				
Personnel services	853,737	758,737	768,820	(10,083)
Contractual services	28,567	25,567	19,210	6,357
Commodities	64,730	59,730	62,459	(2,729)
Capital outlay	25,800	25,800	19,954	5,846
Contingencies	1,000	1,000	-	1,000
Total Park Maintenance	<u>973,834</u>	<u>870,834</u>	<u>870,443</u>	<u>391</u>
Recreation:				
Personnel services	1,316,043	1,245,043	1,242,968	2,075
Contractual services	582,472	568,472	549,910	18,562
Commodities	111,291	98,291	117,001	(18,710)
Capital outlay	16,297	16,297	19,340	(3,043)
Contingencies	1,500	1,500	-	1,500
Total Recreation	<u>2,027,603</u>	<u>1,929,603</u>	<u>1,929,219</u>	<u>384</u>
Total Public Works	<u>5,310,442</u>	<u>4,954,442</u>	<u>4,952,287</u>	<u>2,155</u>
Total Expenditures	<u>23,969,554</u>	<u>24,311,554</u>	<u>24,324,792</u>	<u>(13,238)</u>
REVENUES OVER (UNDER) EXPENDITURES	1,108,598	766,598	910,686	144,088
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	3,100	3,100	6,960	3,860
Transfers in	-	-	62,202	62,202
Transfers out	(661,253)	(661,253)	(661,253)	-
Total Other Financing Sources (Uses)	<u>(658,153)</u>	<u>(658,153)</u>	<u>(592,091)</u>	<u>66,062</u>
NET CHANGE IN FUND BALANCE	\$ 450,445	\$ 108,445	318,595	\$ 210,150
FUND BALANCE - BEGINNING OF YEAR			8,139,608	
FUND BALANCE - END OF YEAR			\$ 8,458,203	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Sales taxes	\$ 1,653,276	\$ 1,653,276	\$ 1,600,551	\$ (52,725)
Investment income	200	200	9,924	9,724
Other	40,000	40,000	4,200,413	4,160,413
Total Revenues	<u>1,693,476</u>	<u>1,693,476</u>	<u>5,810,888</u>	<u>4,117,412</u>
EXPENDITURES				
Current:				
Economic development	2,308,242	2,308,242	1,044,935	1,263,307
Capital outlay	1,127,826	1,127,826	83,177	1,044,649
Debt service:				
Principal	105,000	105,000	105,000	-
Interest	36,744	36,744	36,744	-
Total Expenditures	<u>3,577,812</u>	<u>3,577,812</u>	<u>1,269,856</u>	<u>2,307,956</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,884,336)</u></u>	<u><u>\$ (1,884,336)</u></u>	<u><u>4,541,032</u></u>	<u><u>\$ 1,809,456</u></u>
FUND BALANCE - BEGINNING OF YEAR			<u><u>1,849,640</u></u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 6,390,672</u></u>	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The City Manager submits to the City Council a proposed operating budget for the fiscal year for the General Fund, Capital Projects Fund, Economic Development Fund, and Sewer Lateral Fund. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearing meetings are held to obtain taxpayer comments.
- c. Prior to July 1 the budget is adopted by the City Council.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America. Expenditures modified for some year-end accrual may not legally exceed budgeted appropriations at the department level.
- e. A motion for the City Council is required to transfer budgeted amounts between funds, or to transfer substantial budgeted amounts between departments within any fund or for any revisions that would alter the total expenditures of any fund. Management can transfer budgeted amounts within department, without City Council approval. Appropriations lapse at year-end.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEARS ENDING JUNE 30,

Total Pension Liability

	2019	2018	2017	2016	2015
Service cost	\$ 800,736	\$ 759,656	\$ 794,071	\$ 753,943	\$ 720,751
Interest	3,375,447	3,217,370	3,062,233	2,919,359	2,719,167
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	448,687	489,179	239,269	(152,442)	-
Changes in assumptions	-	-	-	1,187,416	-
Benefit payments, including refunds	(2,393,000)	(2,326,398)	(2,161,746)	(1,937,724)	(1,743,486)
Net change in total pension liability	2,231,870	2,139,807	1,933,827	2,770,552	1,696,432
Total pension liability - beginning of year	44,931,407	42,791,600	40,857,773	38,087,221	36,390,789
Total pension liability - end of year	<u>\$ 47,163,277</u>	<u>\$ 44,931,407</u>	<u>\$42,791,600</u>	<u>\$40,857,773</u>	<u>\$ 38,087,221</u>

Plan Fiduciary Net Position

Contributions - employer	\$ 1,407,634	\$ 1,324,248	\$ 1,299,270	\$ 1,247,549	\$ 1,281,985
Net investment income	1,906,267	4,026,854	5,082,943	(1,112,848)	1,550,604
Benefit payments, including refunds	(2,393,000)	(2,326,398)	(2,161,746)	(1,937,724)	(1,743,486)
Administrative expenses	-	-	-	-	-
Net change in plan fiduciary net position	920,901	3,024,704	4,220,467	(1,803,023)	1,089,103
Plan fiduciary net position - beginning of year	41,228,723	38,204,019	33,983,552	35,786,575	34,697,472
Plan fiduciary net position - end of year	<u>\$ 42,149,624</u>	<u>\$ 41,228,723</u>	<u>\$38,204,019</u>	<u>\$33,983,552</u>	<u>\$ 35,786,575</u>
Net pension liability - end of year	<u>\$ 5,013,653</u>	<u>\$ 3,702,684</u>	<u>\$ 4,587,581</u>	<u>\$ 6,874,221</u>	<u>\$ 2,300,646</u>
Plan fiduciary net position as a percentage of total pension liability	<u>89.37%</u>	<u>91.76%</u>	<u>89.28%</u>	<u>83.18%</u>	<u>93.96%</u>
Covered employee payroll	<u>\$ 10,692,433</u>	<u>\$ 10,218,917</u>	<u>\$10,720,554</u>	<u>\$ 9,863,406</u>	<u>\$ 10,162,059</u>
Net pension liability as a percentage of covered payroll	<u>46.89%</u>	<u>36.23%</u>	<u>42.79%</u>	<u>69.69%</u>	<u>22.64%</u>

Note: The above information is not available for years prior to the implementation of GASB 67.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARILY DETERMINED CONTRIBUTIONS
AND SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

SCHEDULE OF ACTUARILY DETERMINED CONTRIBUTIONS

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Payroll	Contribution As A Percentage Of Covered Payroll
2010	\$ 1,057,468	\$ 1,105,631	\$ (48,163)	105 %	9,827,733	11.25 %
2011	1,129,979	1,187,655	(57,676)	105	9,980,009	11.90
2012	1,224,684	1,491,935	(267,251)	122	10,242,470	14.57
2013	1,299,535	1,340,227	(40,692)	103	10,091,285	13.28
2014	1,300,321	1,339,373	(39,052)	103	10,080,008	13.29
2015	1,191,999	1,281,985	(89,986)	108	10,162,059	12.62
2016	1,281,399	1,247,549	33,850	97	9,863,406	12.65
2017	1,351,728	1,299,270	52,458	96	10,720,554	12.12
2018	1,446,065	1,324,248	121,817	92	10,218,917	12.96
2019	1,424,327	1,407,634	16,693	99	10,692,433	13.16

SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN

The following is the annual dollar-weighted rate of return net of expenses:

Year Ended June 30,	
2010	18.5 %
2011	2.0
2012	13.2
2013	16.9
2014	4.8
2015	4.5
2016	(3.1)
2017	15.3
2018	10.8
2019	4.8

Notes to Schedule

Valuation Date: July 1, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 year smoothed market
Inflation	2.75%
Salary increases	4.5%
Investment return	7.5%
Mortality	RP-2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment with projected fully generationally using Scale BB

Other information: There were no benefit changes during the year.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS AS OF JUNE 30

Total Other Post-Employment Benefit Liability

	2019	2018
Service cost	\$ 45,442	\$ 42,802
Interest	29,188	29,656
Changes in benefit terms	14,386	11,031
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments, including refunds	(54,127)	(54,127)
Change in total Other Post-Employment Benefit liability	34,889	29,362
Total Other Post-Employment Benefit liability - beginning of year	960,894	931,532
Total Other Post-Employment Benefit liability - end of year	<u>\$ 995,783</u>	<u>\$ 960,894</u>
 Covered payroll	 <u>\$ 10,578,026</u>	 <u>\$ 10,578,026</u>
 Total Other Post-Employment Benefit liability as a percentage of covered employee payroll	 <u>9.41%</u>	 <u>9.08%</u>

Notes to Schedule

Valuation Date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Health Care Inflation	8% initially, grading down to 4.5%
Salary increases	4.5% per annum
Discount rate	2.79%
Retirement age	65
Mortality	Retired Pensioners (RP) 2000 Combined Healthy Mortality Table with a 70% Blue Collar adjustment projected fully generationally unsing scale BB
Other information:	There were no benefit changes during the year.

Note: The above information is not available for years prior to the implementation of GASB 75. Also, there are no assets in a trust compliant with GASB codification P22.101 or P52.101.

SUPPLEMENTAL INFORMATION

CITY OF HAZELWOOD, MISSOURI
 COMBINING BALANCE SHEET - NONMAJOR FUNDS
 JUNE 30, 2019

<u>Special Revenue Funds</u>					
	Lambert	Redevelopment	Tax Increment		
	Sewer Lateral	Financing District	Asset Forfeiture		Total
ASSETS AND OTHER DEBITS					
Cash and investments	\$ 234,482	\$ 242,661	\$ -	\$ 477,143	
Receivables:					
Sales taxes	- -	16,321	- -	16,321	
Other	950	155,256	- -	156,206	
TOTAL ASSETS	\$ 235,432	\$ 414,238	\$ -	\$ 649,670	
LIABILITIES					
Accounts payable	\$ 2,198	\$ 171,577	\$ -	\$ 173,775	
FUND BALANCES					
Restricted for:					
Sewer Lateral	233,234	- -	- -	233,234	
Economic development	- -	242,661	- -	242,661	
TOTAL FUND BALANCES	233,234	242,661	- -	475,895	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 235,432	\$ 414,238	\$ -	\$ 649,670	

CITY OF HAZELWOOD, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				Total
	Sewer Lateral	Financing District	Asset Forfeiture	Lambert Redevelopment Tax Increment	
REVENUES					
Property taxes	\$ -	\$ 644,564	\$ -	\$ 644,564	
Sales taxes	- -	134,569	- -	134,569	
Investment income	41	1,540	- -	1,581	
Sewer lateral	<u>141,553</u>	<u>-</u>	<u>-</u>	<u>141,553</u>	
TOTAL REVENUES	<u>141,594</u>	<u>780,673</u>	<u>-</u>	<u>922,267</u>	
EXPENDITURES					
Current:					
Sewer lateral	55,229	- -	- -	55,229	
Economic development	- -	2,750	- -	2,750	
Debt service:					
Interest	- -	667,682	- -	667,682	
TOTAL EXPENDITURES	<u>55,229</u>	<u>670,432</u>	<u>-</u>	<u>725,661</u>	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>86,365</u>	<u>110,241</u>	<u>-</u>	<u>196,606</u>	
OTHER FINANCING SOURCES:					
Transfers out	- -	- -	(62,202)	(62,202)	
CHANGE IN FUND BALANCE	86,365	110,241	(62,202)	134,404	
FUND BALANCES - BEGINNING OF YEAR	<u>146,869</u>	<u>132,420</u>	<u>62,202</u>	<u>341,491</u>	
FUND BALANCES - END OF YEAR	<u>\$ 233,234</u>	<u>\$ 242,661</u>	<u>\$ -</u>	<u>\$ 475,895</u>	

CITY OF HAZELWOOD, MISSOURI
 OTHER SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Sales taxes	\$ 1,676,874	\$ 1,695,260	\$ 18,386
Intergovernmental	2,797	3,815	1,018
Investment income	35	329	294
Miscellaneous	-	99,629	99,629
Total Revenues	<u>1,679,706</u>	<u>1,799,033</u>	<u>119,327</u>
EXPENDITURES			
Current:			
Economic development	551,194	591,830	(40,636)
Capital outlay	3,843,959	1,834,063	2,009,896
Debt service:			
Principal	597,635	470,424	127,211
Interest	116,886	101,235	15,651
Total Expenditures	<u>5,109,674</u>	<u>2,997,552</u>	<u>2,112,122</u>
REVENUE UNDER EXPENDITURES	<u>(3,429,968)</u>	<u>(1,198,519)</u>	<u>1,992,795</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	14,250	-	(14,250)
Debt proceeds	2,439,000	714,002	(1,724,998)
Transfers in	661,049	661,253	204
Total Other Financing Sources (Uses)	<u>3,114,299</u>	<u>1,375,255</u>	<u>(1,739,044)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (315,669)</u>	<u>\$ 176,736</u>	<u>\$ 492,405</u>
FUND BALANCE - BEGINNING OF YEAR		<u>611,195</u>	
FUND BALANCE - END OF YEAR		<u>\$ 787,931</u>	

CITY OF HAZELWOOD, MISSOURI
 OTHER SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SEWER LATERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	\$ 20	\$ 41	\$ 21
Sewer lateral	<u>140,000</u>	<u>141,553</u>	1,553
Total Revenues	<u>140,020</u>	<u>141,594</u>	1,574
EXPENDITURES			
Current:			
Sewer lateral	<u>125,100</u>	<u>55,229</u>	69,871
NET CHANGE IN FUND BALANCE	<u>\$ 14,920</u>	86,365	<u>\$ (68,297)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>146,869</u>	
FUND BALANCE - END OF YEAR		<u>\$ 233,234</u>	



Section III

Statistical Section

STATISTICAL SECTION

This part of the City of Hazelwood, Missouri's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	59-62
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	63-67
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	68-71
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	72-73
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	74-76

Sources: Unless otherwise noted, the information in this section is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HAZELWOOD, MISSOURI
 NET POSITION BY COMPONENT
 FOR THE LAST TEN FISCAL YEARS
 (Accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment										
in capital assets	\$21,541,500	\$23,123,390	\$22,840,739	\$23,356,189	\$21,730,322	\$21,436,564	\$21,501,154	\$21,286,054	\$19,331,051	\$18,810,695
Restricted	8,569,314	3,918,895	6,977,551	7,473,420	8,183,252	6,236,403	5,271,498	5,308,743	7,042,766	5,679,975
Unrestricted	(27,648,342)	(26,713,864)	(27,404,885)	(24,866,905)	(23,412,671)	(22,856,680)	(19,103,986)	(15,560,705)	(12,626,730)	(12,813,314)
Total governmental										
activities net position	<u>\$ 2,462,472</u>	<u>\$ 328,421</u>	<u>\$ 2,413,405</u>	<u>\$ 5,962,704</u>	<u>\$ 6,500,903</u>	<u>\$ 4,816,287</u>	<u>\$ 7,668,666</u>	<u>\$ 11,034,092</u>	<u>\$ 13,747,087</u>	<u>\$ 11,677,356</u>

Source: Basic financial statements

2017 amount was restated for implementation of GASB 75.

CITY OF HAZELWOOD, MISSOURI
CHANGES IN NET POSITION
FOR THE LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXPENSES										
Governmental activities:										
General government	\$ 3,535,649	\$ 3,113,107	\$ 2,975,296	\$ 2,851,643	\$ 2,977,964	\$ 2,902,583	\$ 2,666,982	\$ 2,848,593	\$ 2,687,257	\$ 2,825,251
Police	8,491,390	8,373,271	8,261,790	8,392,854	7,917,507	9,316,264	8,266,062	8,095,132	7,507,749	7,720,152
Fire and ambulance	8,869,365	7,257,367	9,887,304	10,030,460	9,379,951	8,271,077	8,818,068	8,427,562	8,684,030	8,436,527
Public works	3,981,034	3,955,153	3,911,282	3,923,809	3,824,403	3,695,178	3,533,085	3,459,191	3,325,951	3,489,426
Parks and recreation	3,207,173	3,280,869	3,128,595	3,153,006	2,760,122	2,915,181	3,047,775	3,056,839	3,030,546	2,902,659
Economic development	5,243,407	8,635,217	6,543,725	7,187,499	7,805,287	7,858,298	8,178,450	12,210,059	8,909,277	8,715,851
Sewer lateral	55,229	120,156	133,673	69,192	97,294	96,021	115,874	105,482	70,560	113,739
Interest on long-term debt	2,818,583	2,695,512	2,600,713	2,719,063	2,670,729	2,869,492	2,794,487	2,641,027	2,503,981	2,424,195
Special Item	-	-	-	-	-	1,292,129	-	-	-	-
Total governmental activities expenses	36,201,830	37,430,652	37,442,378	38,327,526	37,433,257	39,216,223	37,420,783	40,843,885	36,719,351	36,627,800
PROGRAM REVENUE										
Governmental activities:										
Charges for services										
General government	4,531,582	4,137,347	901,427	601,694	487,791	389,332	524,869	417,250	426,826	255,810
Police	658,820	627,137	607,537	702,878	912,185	1,896,389	2,177,394	2,558,444	2,412,430	2,657,616
Fire and ambulance	811,038	644,552	593,539	593,099	558,919	471,578	508,978	417,264	359,209	335,649
Parks and recreation	598,897	646,556	589,094	616,201	537,660	498,353	506,838	562,242	507,906	473,284
Sewer lateral	141,553	70,313	35,826	33,127	35,024	35,482	35,449	35,630	36,123	37,887
Operating grants and contributions	1,932,011	1,837,569	1,780,410	1,773,612	2,276,605	2,932,605	1,902,997	1,977,492	2,193,975	2,056,089
Capital grants and contributions	21,940	493,257	122,727	1,453,505	616,661	846,496	91,836	1,037,655	909,734	292,830
Total governmental activities program revenue	8,695,841	8,456,731	4,630,560	5,774,116	5,424,845	7,070,235	5,748,361	7,005,977	6,846,203	6,109,165
NET EXPENSES	(27,505,989)	(28,973,921)	(32,811,818)	(32,553,410)	(32,008,412)	(32,145,988)	(31,672,422)	(33,837,908)	(29,873,148)	(30,518,635)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property	7,851,465	7,953,974	7,800,397	9,165,194	10,911,903	10,850,695	9,571,557	10,732,806	11,358,534	11,044,917
Sales	14,014,987	15,359,920	14,624,258	14,984,160	14,532,163	13,488,140	13,702,676	13,747,457	13,656,531	12,495,802
Utility	2,959,713	3,038,291	3,066,977	3,181,021	3,399,153	3,419,259	3,309,969	3,198,232	3,404,293	3,155,918
Other taxes	-	-	66,619	76,332	68,383	66,703	70,128	71,043	72,868	76,689
Licenses	-	-	3,201,235	3,362,809	3,733,034	3,400,193	3,192,359	2,967,898	2,953,086	2,973,670
Investment income	270,239	74,638	49,272	76,066	72,557	63,076	20,194	21,020	19,826	31,232
Other miscellaneous revenue	4,543,636	1,060,933	453,761	1,169,629	975,835	484,752	551,724	734,440	477,741	350,452
Total governmental activities	29,640,040	27,487,756	29,262,519	32,015,211	33,693,028	31,772,818	30,418,607	31,472,896	31,942,879	30,128,680
CHANGES IN NET POSITION	\$ 2,134,051	\$ (1,486,165)	\$ (3,549,299)	\$ (538,199)	\$ 1,684,616	\$ (373,170)	\$ (1,253,815)	\$ (2,365,012)	\$ 2,069,731	\$ (389,955)

Source: Basic financial statements.

CITY OF HAZELWOOD, MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010
General Fund:										
Nonspendable	\$ 47,953	\$ 67,308	\$ 17,617	\$ 23,770	\$ 16,440	\$ 38,238	\$ 39,495	\$ 2,146,071	\$ 2,334,758	\$ -
Restricted	49,108	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	57,694	27,781	24,000	-
Assigned	-	-	-	-	-	158,294	692,195	367,913	-	-
Unassigned	8,361,142	8,072,300	4,636,686	5,357,590	6,350,004	5,777,802	5,020,064	5,988,282	6,183,410	-
Reserved	-	-	-	-	-	-	-	-	-	2,296,095
Unreserved	-	-	-	-	-	-	-	-	-	4,863,430
Total General Fund	\$ 8,458,203	\$ 8,139,608	\$ 4,654,303	\$ 5,381,360	\$ 6,366,444	\$ 5,974,334	\$ 5,809,448	\$ 8,530,047	\$ 8,542,168	\$ 7,159,525
All Other Governmental Funds:										
Nonspendable	\$ 250,000	\$ -	\$ 28,053	\$ 50,424	\$ 18,534	\$ 230,791	\$ -	\$ -	\$ 9,659	\$ -
Restricted	8,100,206	3,498,895	6,529,583	7,020,830	7,763,252	11,081,456	10,131,437	10,165,766	6,570,977	-
Unassigned	-	-	-	-	-	-	(310,311)	(213,544)	(11,278)	-
Reserved	-	-	-	-	-	-	-	-	-	1,607,230
Unreserved reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	(622,491)
Special revenue funds	-	-	-	-	-	-	-	-	-	3,636,934
Total all other governmental funds	\$ 8,350,206	\$ 3,498,895	\$ 6,557,636	\$ 7,071,254	\$ 7,781,786	\$ 11,312,247	\$ 9,821,126	\$ 9,952,222	\$ 6,569,358	\$ 4,621,673

Source: Basic financial statements.

(1) GASB 54 was implemented in 2011.

CITY OF HAZELWOOD, MISSOURI
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Property taxes	\$ 8,060,276	\$ 8,003,729	\$ 8,046,468	\$ 9,461,761	\$ 10,890,745	\$ 10,822,152	\$ 9,590,179	\$ 10,717,261	\$ 11,562,752	\$ 10,900,226
Sales taxes	14,014,987	15,359,920	14,624,258	14,984,160	14,738,292	13,680,453	13,864,157	13,904,278	13,812,528	12,638,582
Utility taxes	2,959,713	3,038,291	3,066,977	3,181,021	3,399,153	3,419,259	3,309,969	3,198,232	3,404,293	3,155,918
Other taxes	1,401,924	1,376,082	1,378,882	1,375,386	1,399,185	1,363,055	1,392,355	1,431,119	1,571,615	1,527,385
Permits and inspections	799,345	646,328	846,339	541,980	471,362	371,908	510,677	396,349	406,077	236,088
Licenses	3,680,534	3,432,070	3,201,235	3,362,809	3,733,034	3,400,193	3,192,359	2,967,898	2,953,086	2,973,670
Intergovernmental	533,902	954,744	549,874	1,616,763	1,441,707	2,186,136	511,125	1,493,672	1,447,687	755,443
Fines and forfeitures	761,952	686,086	662,625	762,592	1,081,830	1,847,704	1,919,022	2,293,669	2,220,257	2,468,649
Investment income	270,239	74,638	49,272	76,066	72,557	63,076	20,194	21,020	19,826	31,232
Recreation fees	598,897	646,556	589,094	616,201	537,660	498,353	506,838	562,242	507,906	473,284
Sewer lateral	141,553	70,313	35,826	33,127	35,024	35,482	35,449	35,630	36,123	37,887
Miscellaneous	5,245,272	1,747,680	1,038,555	1,216,533	1,522,144	1,032,985	1,088,966	1,239,156	949,245	810,509
Total Revenues	38,468,594	36,036,437	34,089,405	37,228,399	39,322,693	38,720,756	35,941,290	38,260,526	38,891,395	36,008,873
Expenditures										
Current:										
Mayor and council	65,421	70,481	48,678	91,620	125,725	79,378	100,284	81,451	46,334	72,157
City manager	616,799	619,808	587,716	533,148	518,276	522,425	537,533	500,278	514,153	618,390
Information system	509,912	495,230	482,450	481,236	497,195	540,309	470,385	467,413	429,938	456,916
Finance	487,350	471,371	459,513	472,402	422,166	441,459	433,140	448,432	389,657	386,544
Legal	896,748	413,001	524,267	422,857	463,806	495,596	575,724	567,732	538,314	512,820
City clerk	202,153	199,244	218,550	247,803	247,379	247,960	250,123	253,423	227,964	227,854
Courts	234,086	197,010	-	-	-	-	-	-	-	-
Police	8,093,483	7,872,020	7,698,195	7,754,173	7,838,366	8,996,016	7,993,848	7,759,249	7,231,554	7,398,812
Fire and ambulance	8,215,474	6,759,574	9,425,751	9,439,566	9,087,169	8,103,252	8,519,532	8,169,334	8,455,698	8,250,191
Public works:										
Administration	1,269,904	1,184,438	1,277,719	1,287,119	1,247,460	1,258,408	1,274,562	1,172,431	1,141,672	1,148,820
General maintenance	879,842	940,115	949,353	977,152	1,057,317	977,058	858,639	1,020,863	922,765	919,287
Park maintenance	850,489	890,568	836,450	857,852	729,793	784,335	878,348	935,160	920,953	904,521
Recreation	1,909,879	1,918,572	1,845,663	1,891,442	1,678,093	1,727,606	1,745,150	1,742,744	1,742,736	1,661,705
Street	-	-	-	-	-	-	-	-	-	-
Sewer lateral	55,229	120,156	133,673	69,192	97,294	96,021	115,874	105,482	70,560	113,739
Economic development	5,193,193	8,608,248	6,492,758	7,067,603	7,709,311	7,819,131	8,055,648	12,085,939	8,994,671	8,820,801
Capital outlay	2,012,056	2,736,140	1,274,438	3,379,928	3,004,413	1,785,243	2,358,176	3,726,463	3,745,198	2,855,697
Debt service:										
Principal	1,525,424	1,555,486	1,612,385	1,491,637	6,704,264	1,627,087	1,612,502	1,512,630	1,120,632	1,157,837
Interest	1,002,208	930,351	1,474,509	2,691,852	1,747,766	1,626,798	965,760	1,133,145	866,970	1,950,504
Bond issuance costs	-	-	-	169,047	-	-	-	103,580	-	-
Total Expenditures	34,019,650	35,981,813	35,342,068	39,325,629	43,175,793	37,128,082	36,745,228	41,785,749	37,359,769	37,456,595
Excess of revenues over (under) expenditures	4,448,944	54,624	(1,252,663)	(2,097,230)	(3,853,100)	1,592,674	(803,938)	(3,525,223)	1,531,626	(1,447,722)
Other Financing Sources (Uses)										
Sale of assets	6,960	1,940	3,450	11,310	-	-	-	-	-	-
Insurance proceeds	-	-	6,471	-	-	-	-	-	-	-
Lease proceeds	714,002	370,000	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	8,488,995	714,749	63,333	-	6,639,047	1,798,702	1,436,764
Premium/discount on debt issuance	-	-	-	542,727	-	-	-	256,919	-	-
Payment to escrow agent	-	-	-	(8,641,494)	-	-	-	-	-	-
Payment to trustee	-	-	2,067	76	-	-	-	-	-	-
Transfers in	723,455	619,732	614,242	618,597	722,525	421,991	631,352	507,745	430,498	396,069
Transfers out	(723,455)	(619,732)	(614,242)	(618,597)	(722,525)	(421,991)	(631,352)	(507,745)	(430,498)	(396,069)
Total Other	720,962	371,940	11,988	401,614	714,749	63,333	-	6,895,966	1,798,702	1,436,764
Net change in fund balances	\$ 5,169,906	\$ 426,564	\$ (1,240,675)	\$ (1,695,616)	\$ (3,138,351)	\$ 1,656,007	\$ (803,938)	\$ 3,370,743	\$ 3,330,328	\$ (10,958)
Debt service as a percentage of noncapital expenditures	8.0%	7.1%	9.0%	11.6%	19.6%	9.1%	7.4%	6.9%	5.9%	8.9%

Source: Basic financial statements

CITY OF HAZELWOOD, MISSOURI
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Calendar Year	Real Property				Personal Property	Total Assessed Value	Total Direct Tax	Estimated Actual Value	Assessed Value As A Percentage of Actual Value
		Residential Property	Commercial Property	Agricultural Property	Total Real Property					
2019	2018	\$ 176,757,687	\$ 216,320,690	\$ 292,190	\$ 393,370,567	\$ 113,843,024	\$507,213,591	0.989	\$ 1,950,269,761	26.0 %
2018	2017	172,689,270	225,370,777	292,190	398,352,237	113,190,034	511,542,271	0.989	1,955,179,592	26.2
2017	2016	160,650,480	216,494,183	276,640	377,421,303	125,513,406	502,934,709	0.989	1,900,918,715	26.5
2016	2015	162,160,520	224,810,450	289,650	387,260,620	129,113,667	516,374,287	0.987	1,945,763,828	26.5
2015	2014	169,592,870	243,322,239	169,600	413,084,709	127,633,119	540,717,828	0.986	2,037,288,740	26.5
2014	2013	169,255,140	246,874,725	169,600	416,299,465	105,861,890	522,161,355	0.987	2,057,371,686	25.4
2013	2012	188,504,600	248,865,162	182,170	437,551,932	108,612,044	546,163,976	0.987	1,982,598,371	27.5
2012	2011	189,018,800	248,071,371	364,850	437,455,021	106,693,195	544,148,216	0.987	2,104,505,986	25.9
2011	2010	206,383,410	265,491,942	366,180	472,241,532	118,834,404	591,075,936	0.987	2,091,519,419	28.3
2010	2009	206,458,070	264,306,865	367,970	471,132,905	118,789,087	589,921,992	0.977	2,286,799,740	25.8

Source: St. Louis County Assessor, Assessment Roll Dec 31

*Commencing in 2003, Missouri State Law required the City to calculate a separate tax rate for residential real estate, agricultural real estate, commercial real estate, and personal property. The tax rate stated above for each year represents a re-blended rate for the various types of taxable property.

CITY OF HAZELWOOD, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
FOR THE LAST TEN CALENDAR YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City of Hazelwood*										
Basic Rate	\$ 0.767	\$ 0.767	\$ 0.767	\$ 0.765	\$ 0.764	\$ 0.765	\$ 0.765	\$ 0.765	\$ 0.765	\$ 0.755
General Obligation Debt Service	0.222	0.222	0.222	0.222	0.222	0.222	0.222	0.222	0.222	0.222
Total Direct Rate	<u>0.989</u>	<u>0.989</u>	<u>0.989</u>	<u>0.987</u>	<u>0.986</u>	<u>0.987</u>	<u>0.987</u>	<u>0.987</u>	<u>0.987</u>	<u>0.977</u>
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
County General	0.195	0.195	0.206	0.206	0.200	0.200	0.200	0.200	0.190	0.190
County Park Maintenance	0.046	0.046	0.049	0.049	0.050	0.050	0.050	0.050	0.050	0.050
County Bond Retire	0.019	0.019	0.019	0.019	0.028	0.028	0.028	0.028	0.028	0.028
Road and Bridges	0.098	0.098	0.103	0.103	0.105	0.105	0.105	0.105	0.105	0.105
County Hospital/Health	0.131	0.131	0.138	0.138	0.140	0.140	0.140	0.140	0.150	0.150
Metropolitan Zoo	0.272	0.269	0.279	0.278	0.280	0.280	0.268	0.267	0.255	0.249
Sheltered Workshops	0.084	0.084	0.088	0.088	0.090	0.089	0.084	0.084	0.079	0.074
County Library	0.234	0.234	0.246	0.246	0.250	0.250	0.173	0.163	0.157	0.140
Special School District	1.198	1.191	1.240	1.235	1.261	1.240	1.012	1.013	0.995	0.938
St. Louis Community College	0.213	0.211	0.218	0.218	0.220	0.220	0.220	0.220	0.218	0.214
Hazelwood School District	6.520	6.520	6.520	6.220	6.220	6.220	6.220	6.220	6.220	6.039
Metro Sewer District	0.117	0.116	0.120	0.088	0.088	0.087	0.064	0.082	0.079	-
Coldwater Creek Sewer District	0.000	-	-	0.100	0.100	0.100	0.100	0.100	0.097	-
Total Overlapping Governments	<u>9.158</u>	<u>9.144</u>	<u>9.256</u>	<u>9.017</u>	<u>9.062</u>	<u>9.039</u>	<u>8.694</u>	<u>8.702</u>	<u>8.653</u>	<u>8.207</u>
Total City And Overlapping Governments	<u>\$ 10.147</u>	<u>\$ 10.133</u>	<u>\$ 10.245</u>	<u>\$ 10.004</u>	<u>\$ 10.048</u>	<u>\$ 10.026</u>	<u>\$ 9.681</u>	<u>\$ 9.689</u>	<u>\$ 9.640</u>	<u>\$ 9.184</u>

Source - St. Louis County Assessor (rates stated per \$100 assessed valuation)

*Rate for residential property

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL PROPERTY TAX PAYERS
FOR THE CURRENT YEAR AND NINE YEARS AGO

Property Taxpayer	2018			2009		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessment Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
The Boeing Company	\$ 29,301,910	1	5.78%	\$ 37,254,500	1	6.85 %
bioMerieux, Inc.	17,177,240	2	3.39	11,228,100	5	2.07
TSP Blackhawk, LLC	11,741,280	3	2.31			
McDonnell Douglas Corporation	11,623,850	4	2.29			
IBM Corp	9,460,750	5	1.87	21,737,680	3	4.00
Aviator 10 LLC	8,466,850	6	1.67			
Ryan, LLC	7,647,460	7	1.51			
DP Properties, LLC	7,116,230	8	1.40			
Ducharme McMillen & Associates	6,451,950	9	1.27			
Duke Realty LP	5,782,750	10	1.14			
St. Louis Mills Limited Partnership	-		-	25,310,240	2	4.66
Mallinckrodt, LLC				14,439,550	4	2.66
Welsh Lambert Pointe Development	-		-	9,677,280	6	1.78
Thomson Reuters	-			9,175,280	7	1.69
J B Management LP	-		-	9,137,210	8	1.68
AT&T	-		-	7,955,159	9	1.46
Aviator Business Park LLC	-		-	6,881,860	10	1.27
Totals	<u>\$114,770,270</u>		<u>16.91 %</u>	<u>\$152,796,859</u>		<u>28.12 %</u>

Source: St. Louis County Assessor

CITY OF HAZELWOOD, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Tax Collections In Fiscal Year Of The Levy	Percent Collected As Current	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Levy
2019	2018	\$ 4,666,458	\$ 3,391,479	72.7 %	1,204,793	\$ 4,596,272	98.5 %	\$ 1,677,233	35.9 %
2018	2017	4,709,736	3,396,578	72.1	857,927	4,254,505	90.3	1,688,611	35.9
2017	2016	4,563,563	3,579,563	78.4	799,654	4,379,217	96.0	1,405,472	30.8
2016	2015	4,595,233	3,400,325	74.0	751,237	4,151,562	90.3	1,418,037	30.9
2015	2014	4,806,775	3,839,448	79.9	949,738	4,789,186	99.6	1,201,310	25.0
2014	2013	4,610,158	3,568,026	77.4	796,952	4,364,978	94.7	1,255,997	27.2
2013	2012	4,831,599	3,940,910	81.6	1,000,832	4,941,742	102.3	1,096,107	22.7
2012	2011	4,784,782	3,824,120	79.9	986,785	4,810,905	100.5	1,226,476	25.6
2011	2010	5,204,983	4,280,714	82.2	789,152	5,069,866	97.4	1,252,553	24.1
2010	2009	5,166,580	4,268,454	82.6	1,211,668	5,480,122	106.1	1,203,700	23.3

(1) Source: St. Louis County Collector's Office as of December 31 of the tax levy year.

(2) Originally adjusted for strike offs and addititions by St. Louis Board of Equalization after 1978.

(3) Data for delinquent tax collection, excluding penalties and interest, is not available by levy year. St. Louis County will need more time to make system updates to track this information.

CITY OF HAZELWOOD, MISSOURI
SALES TAX RATES AND TAXABLE SALES
FOR THE LAST TEN FISCAL YEARS

For the Years Ended June 30	City Direct Rate	St. Louis County	State of Missouri	Direct and Overlapping	Sales Tax Revenues	Taxable Sales (1)
2019	2.00 %	2.888 %	4.225 %	9.113 %	\$ 14,014,987	\$ 282,395,855
2018	2.00	2.888	4.225	9.113	15,359,920	300,608,229
2017	2.00	2.888	4.225	9.113	14,758,062	328,173,099
2016	2.00	2.888	4.225	9.113	14,984,160	464,489,977
2015	1.75	2.888	4.225	8.863	14,738,292	505,385,586
2014	1.50	2.888	4.225	8.613	13,680,453	527,893,274
2013	1.50	2.888	4.225	8.613	13,854,157	542,931,031
2012	1.50	2.700	4.225	8.425	13,904,278	538,076,663
2011	1.50	2.700	4.225	8.425	13,812,528	557,048,412
2010	1.50	2.200	4.225	7.925	12,638,582	502,241,682

(1) Taxable sales reported by the Missouri Department of Revenue. State Law prohibits the disclosure of specific taxpayer information.

Note: The City participates in the county-wide sales tax sharing pool, which is generally distributed based on population.

Note: The City's direct rate is made up of the following:

- 0.500 % Capital improvements sales tax effective October 1996
- 0.500 % Parks and stormwater sales tax effective April 2002
- 0.500 % Economic development sales tax effective July 2007
- 0.250 % 1/4 Fire sales tax effective January 2015
- 0.250 % 1/4 Local sales tax effective October 2015
- 0.500 % Public Safety effective October 2017 (Prop P)

CITY OF HAZELWOOD, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities							Total Primary Government	Percentage of Personal Income (1)		
	General Obligation Bonds	Special Obligation Bonds	Tax Increment Financing Notes	Certificates of Participation	Notes Payable	Special Assessment GO Bonds	Capital Lease Obligations		Per Capita		
2019	\$ 6,810,638	\$ -	\$ 17,055,000	\$ 2,890,605	\$ -	\$ 155,000	\$ 1,837,688	\$ 28,748,931	4.39	%	1,119
2018	7,750,014	-	17,055,000	3,204,080	-	225,000	1,399,110	29,633,204	4.52		1,153
2017	8,674,390	-	17,055,000	3,507,555	2,321	295,000	1,357,275	30,891,541	4.69		1,202
2016	9,583,766	-	17,055,000	3,806,030	5,674	360,000	1,766,308	32,576,778	4.93		1,267
2015	10,170,847	-	17,055,000	4,009,412	9,027	420,000	1,480,598	33,144,884	5.02		1,290
2014	16,152,324	117,541	17,055,000	4,236,615	12,380	480,000	1,104,219	39,158,079	5.93		1,523
2013	16,848,801	577,313	17,055,000	4,453,818	15,733	535,000	1,259,848	40,745,513	6.46		1,585
2012	17,520,277	1,020,899	17,055,000	4,661,021	19,086	585,000	1,520,411	42,381,694	6.42		1,649
2011	12,603,214	-	17,055,000	4,863,224	22,439	635,000	1,825,587	37,004,464	6.16		1,440
2010	13,204,606	-	17,055,000	5,060,428	-	685,000	324,956	36,329,990	6.21		1,386

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Demographics and Economic Statistics Table.

CITY OF HAZELWOOD, MISSOURI
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Actual		Amount		Percentage of Actual Taxable Value of Property	% \$	Net General Bonded Debt Per Capita
		Value of Taxable Property (2)	General Obligation Debt (3)	Available In Debt Service Fund (4)	Net General Bonded Debt			
2019	25,703	\$ 1,950,269,761	\$ 6,810,638	\$ 695,708	\$ 6,114,930	0.31	% \$	238
2018	25,703	1,955,179,592	7,750,014	696,569	7,053,445	0.36		274
2017	25,703	1,900,918,715	8,674,390	731,150	7,943,240	0.42		309
2016	25,703	1,945,763,828	9,583,766	777,597	8,806,169	0.45		343
2015	25,703	2,037,288,740	10,170,847	870,237	9,300,610	0.46		362
2014	25,703	2,057,371,686	16,152,324	6,177,574	9,974,750	0.48		388
2013	25,703	1,982,598,371	16,848,801	6,320,034	10,528,767	0.53		410
2012	25,703	2,104,505,986	17,520,277	6,384,431	11,135,846	0.53		433
2011	25,703	2,091,519,419	12,603,214	944,935	11,658,279	0.56		454
2010	25,703	2,286,799,740	13,204,606	842,984	12,361,622	0.54		481

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements

(1) Source: U.S. Census Bureau

(2) Source: St. Louis County Assessor

(3) Special assessment general obligation bonds are not included because they are not repaid with property taxes.

(4) The amount available in Debt Service Fund includes amounts restricted for payment of certain cross-over debt from 2012 to 2014.

CITY OF HAZELWOOD, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
St. Louis County	\$ 87,375,000	2.5 %	\$ 2,184,375
Hazelwood School District	264,212,704	26.9	71,073,217
Ferguson-Florissant School District	42,640,000	8.7	3,709,680
Pattonville School District	68,460,000	0.4	273,840
Total Overlapping Debt	462,687,704		77,241,112
City direct debt	28,266,735	100	28,266,735
 Total Direct And Overlapping Debt	 <u>\$ 490,954,439</u>		 <u>\$ 105,507,847</u>

Source: Information was obtained by contacting the Taxing Jurisdiction and the St. Louis County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

CITY OF HAZELWOOD, MISSOURI
 LEGAL DEBT MARGIN INFORMATION
 FOR THE LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 50,721,359	\$ 51,154,227	\$ 50,293,471	\$ 51,637,429	\$ 54,071,783	\$ 52,216,136	\$ 54,616,398	\$ 54,414,822	\$ 59,107,594	\$ 58,992,199
Amount of Debt Subject to Limit										
Total Bonded Debt	6,810,638	7,750,014	8,674,390	9,583,766	10,170,847	16,152,324	16,848,801	17,520,277	12,603,214	13,204,606
Less- Amounts Available in Debt Service Fund	695,708	696,569	731,150	777,597	870,237	6,177,274	6,320,034	6,384,431	944,935	842,984
Total Amount of Debt Applicable to Debt Limit	6,114,930	7,053,445	7,943,240	8,806,169	9,300,610	9,975,050	10,528,767	11,135,846	11,658,279	12,361,622
Legal Debt Margin	\$ 44,606,429	\$ 44,100,782	\$ 42,350,231	\$ 42,831,260	\$ 44,771,173	\$ 42,241,086	\$ 44,087,631	\$ 43,278,976	\$ 47,449,315	\$ 46,630,577
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.06%	13.79%	15.79%	17.05%	17.20%	19.10%	19.28%	20.46%	19.72%	20.95%

Note: bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF HAZELWOOD, MISSOURI
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FOR THE LAST TEN CALENDAR YEARS

Fiscal Year	Population (1) <i>(in thousands)</i>	Per Capita Personal Income (1)							School Enrollment (1)	Unemployment Rate (2)
		Personal Income	Capita Income (1)	Median Household Income (1)	Median Age (1)	School Enrollment (1)				
2019	25,703	\$ 655,555	\$ 25,505	\$ 51,218	37	3,722			3.9 %	
2018	25,703	655,555	25,505	51,218	37	3,722			3.9	
2017	25,703	658,100	25,604	45,851	37	4,037			4.3	
2016	25,703	660,207	25,686	44,807	37	4,271			5.1	
2015	25,703	659,822	25,671	44,855	37	4,497			6.2	
2014	25,703	660,336	25,691	44,441	37	4,802			6.6	
2013	25,703	630,366	24,525	46,365	37	4,967			7.5	
2012	25,703	660,541	25,699	47,218	37	4,867			7.1	
2011	26,206	600,978	25,716	47,838	36	5,032			9.4	
2010	25,703	665,501	25,395	49,355	36	4,655			10.0	

(1) Source: 2000 and 2010 U.S. Bureau of Census

(2) Source: Missouri Department of Economic Development

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL EMPLOYERS
FOR THE CURRENT YEAR AND NINE YEARS AGO

Employer	2019			Employer	2010		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
The Boeing Company	5,610	1	28.20 %	The Boeing Company	5,662	1	24.82 %
Amazon.com Services, Inc.	1,206	2	6.06	Mallinckrodt, Inc.	980	2	4.30
bioMerieux, Inc.	609	3	3.06	IBM Corporation	872	3	3.82
Concentrix CVG Corporation	538	4	2.70	Convergys Corp.	870	4	3.81
GKN Aerospace North America	464	5	2.33	bioMerieux, Inc.	694	5	3.04
Mallinckrodt, Inc.	343	6	1.72	GKN Aerospace North America, In	600	6	2.63
SAK Construction	318	7	1.60	First Bank	428	7	1.88
First Bank	304	8	1.53	Supervalu St. Louis Division	355	8	1.56
IMB Corporation	299	9	1.50	Printpack, Inc.	290	9	1.27
Fiserve Solutions, Inc.	283	10	1.42	Fiserve Solutions, Inc.	283	10	1.24
 Total	 <u>9,974</u>		 <u>50.14</u> %		 <u>11,034</u>		 <u>48.37</u> %

Source: City of Hazelwood's License Database as of 10/1/19

CITY OF HAZELWOOD, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
City Manager	5	5	5	5	5	5	5	5	5	7
Information Technology	2	2	2	2	2	-	-	-	-	-
Economic Development	3	3	3	3	3	3	3	3	3	2
Finance	4	4	4	4	4	4	4	4	4	4
Legal	1	1	3	3	4	4	4	4	4	4
Municipal Court	2	2								
City clerk	2	2	3	3	3	3	3	3	3	3
Public Safety:										
Police	80	80	80	83	84	84	85	85	85	89
Fire	45	32	35	34	34	34	34	34	34	34
Ambulance	12	6	3	3	3	3	3	3	3	3
Public Works:										
Administration	10	9	10	11	11	11	11	11	11	12
General/street maintenance	9	9	9	10	10	10	10	9	9	11
Parks maintenance	11	11	11	11	11	10	11	12	12	13
Recreation	30	30	31	42	36	42	42	41	42	43
Total	216	196	199	214	210	213	215	214	215	225

(1) Source: Annual Budget Document

Mayor and Council excluded (elected officials, not employees).

CITY OF HAZELWOOD, MISSOURI
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 FOR THE LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police:										
Arrests	2,489	3,012	1,958	1,343	2,117	3,318	3,394	3,307	2,964	2,984
Traffic citations	5,189	8,016	5,495	5,286	6,645	11,838	12,044	14,087	12,484	10,366
Fire:										
Fire calls	1,016	881	672	897	601	804	766	765	826	843
Ambulance calls	2,905	2,808	2,973	2,274	2,224	2,006	1,840	1,665	1,595	1,553
Inspections	1,190	1,163	1,077	1,068	1,132	1,013	710	984	998	1,168
Public works:										
Streets:										
Streets resurfacing (miles)	-	-	2	-	3	2	2	-	-	2
Sidewalk repairs (lineal ft.)	200	100	56	160	60	100	865	85	40	231
Potholes repaired (tons of material)	63	62	166	80	80	80	30	80	160	289
Administration:										
Building permits issued	1,145	1,006	901	933	883	989	913	751	732	646
Residential occupancy permits issued	1,854	2,053	1,918	1,542	1,400	1,961	2,066	1,988	2,071	2,000
Recreation:										
Community center admissions	91,697	103,679	110,896	92,751	93,464	106,598	112,231	103,620	104,068	10,528
Finance:										
Business licenses issued	792	833	872	873	901	952	1,008	1,031	1,029	1,072
Payroll transactions	6,846	7,196	7,411	7,184	7,343	7,415	7,380	7,260	7,365	7,310
Accounting funds	16	16	16	16	16	16	15	15	15	15
Payable checks issued	3,810	4,081	4,002	4,285	4,349	4,824	4,930	5,043	4,940	5,339
Payable EFT's issued	1,208	1,096	1,074	1,048	459	N/A	N/A	N/A	N/A	N/A

Source: City records- various departments listed.

CITY OF HAZELWOOD, MISSOURI
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
FOR THE LAST TEN FISCAL YEARS

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Public safety/police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	31	31	32	31	31	31	31	31	31	31
Sectors	6	6	6	6	6	6	6	6	6	6
<u>Public safety/fire:</u>										
Stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	588	588	588	586	586	586	586	586	583	580
Vehicles	13	11	11	10	10	10	10	10	10	11
<u>Public works:</u>										
Miles of streets	169	169	169	168	168	168	168	168	168	168
Street lights and signals	145	145	143	111	111	111	111	111	111	111
<u>Parks and recreation:</u>										
Community centers	2	2	2	2	2	2	2	2	2	2
Parks	16	16	16	16	16	16	16	16	16	16
Park acreage	179	179	179	179	179	179	179	179	179	179
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	13	13	13	13	13	13	13	13	13	13
Athletic complex	1	1	1	1	1	1	1	1	1	1

Source: City Finance Department records