

City of Hazelwood, MO

Popular Annual Financial Report for the Year Ended June 30, 2019



**DISCOVER
HAZELWOOD**

City of Hazelwood
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From the Finance Director

To the Residents of Hazelwood:

I am pleased to present the the City of Hazelwood's (City's) Popular Annual Financial Report (PAFR) for the budget year ended June 30, 2019. The PAFR is intended to increase the community's awareness of and summarize the City's financial operations.

The financial information within this report comes from the City's 2019 Comprehensive Annual Financial Report (CAFR), which provides more detailed information and includes an independent auditor report from a firm of licensed certified public accountants. The CAFR is prepared in accordance with Accounting Principles Generally Accepted in the United States of America.

We are proud to report that the City's Finance Department has earned the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) every year from 1998 to 2018. We believe our current CAFR continues to meet the requirements and we have submitted it to the GFOA.



Copies of the 2019 CAFR are available on the City's website at www.hazelwoodmo.org. I hope that you find this report informative and I welcome your comments and questions.

Sincerely,
David L. Tuberty, CPA
Finance Director

About Hazelwood

General Data

- Year of incorporation as a Village: 1949
- Year of incorporation as a City: 1970
- Form of Government: Council/Manager
- Area (square miles): 16.76
- Miles of streets: 169
- Street lights and signals: 145
- Acres of parks: 179
- Total number of employees:
 - Full-time: 164
 - Part-time: 50
 - Seasonal: 94

Demographics

- Population: 25,703
- Median household income: \$51,218
- Per capita income: \$25,505
- Residential households (occupied): 10,993
- Business licenses issued: 792

Appointed Officials

- City Manager - Matt Zimmerman - appointed 2013
- City Clerk - Chris Thomas - appointed 2016
- City Attorney - Kevin O'Keefe - appointed 1994
- Municipal Judge - Kevin Kelly - appointed 2003
- Director of Public Works - David Stewart - appointed 2009
- Chief of Police - Gregg Hall - appointed 2013
- Fire Chief - Dave Herman - appointed 2017
- Director of Finance - David Tuberty - appointed 2017



City of Hazelwood Wall and Clock

Financial Activity

This year, the City had an increase in available funding. Due to a single one-time event, the return of a \$4 million economic development loan, the City's revenues exceeded expenditures in its Governmental Funds and increased by over \$4.7 million. Increases in other revenue areas such as licensing and permits offset significant decreases in sales tax revenue.

Expenditures decreased this year because we spent less in capital improvements, such as roads, parks, and buildings, and we had lower economic development costs.

The City temporarily resumed payments in 2019 to the Robertson Fire Protection District, causing a major expenditure increase was caused by the termination of the Fire Service contract with the Robertson Fire Protection District.

Debt service (payment and expenses) was less in 2019 than in 2018 and the City's General Fund increased by just over \$300,000. As shown in the table to the right, the City has sufficient funds to meet its obligations.



Hazelwood Community Center

City of Hazelwood, Missouri Financial Activity Statements for all Governmental Funds		
	2019	2018
Revenues		
Property taxes	\$ 8,060,276	\$ 8,003,729
Taxes-other	14,014,987	15,359,920
Utility gross receipts taxes	2,959,713	3,038,291
Other taxes	1,401,924	1,376,082
Permits and inspections	799,345	646,328
Licenses	3,680,534	3,432,070
Intergovernmental	533,902	954,744
Fines and forfeitures	761,952	686,086
Investment income	270,239	74,638
Recreation fees	598,897	646,556
Sewer lateral	141,553	70,313
Miscellaneous	5,245,272	1,747,680
Total Revenues	38,468,594	36,036,437
Expenditures		
General government	3,012,469	2,466,145
Police	8,093,483	7,872,020
Fire and ambulance	8,215,474	6,759,574
Public works		
Administration	1,269,904	1,184,438
General maintenance	879,842	940,115
Park maintenance	850,489	890,568
Recreation	1,909,879	1,918,572
Sewer lateral	55,229	120,156
Economic development	5,193,193	8,608,248
Capital outlay	2,012,056	2,736,140
Principal	1,525,424	1,555,486
Interest	1,002,208	930,351
Total Expenditures	34,019,650	35,981,813
Other Financing Sources (Uses)	720,962	371,940
Net Change In Fund Balance	5,169,906	426,564

Where does the money come from?

Taxes-other make up the largest revenue source for the City. These taxes include:

- 1.00% Sales Tax
- 0.25% Local Option Sales Tax
- 0.50% Capital Improvement Sales Tax
- 0.50% Park and Storm Water Sales Tax
- 0.50% Economic Development Sales Tax
- 0.50% Public Safety Sales Tax
- 0.25% Fire Sales Tax

Property taxes are based on the City's tax rate of \$0.989 per \$100. Based on the 2019 tax rate, a typical \$100,000 home with a \$30,000 car pays \$305 per year to the City.

Utility gross receipts tax is charged on the gross receipts of all utility companies within the City, including telephone, electric, natural gas, water and cable, for businesses. Homeowners do not pay this tax.

Other taxes from state or federal sources, including gasoline, cigarette, motor vehicle and road, bridge, and hotel/motel tourism taxes.

Permits and inspections from building and zoning fees.

Licenses include the fees for merchant, vending, and liquor licenses required by the City's code or state law.

Intergovernmental grants, including from federal or state agencies.

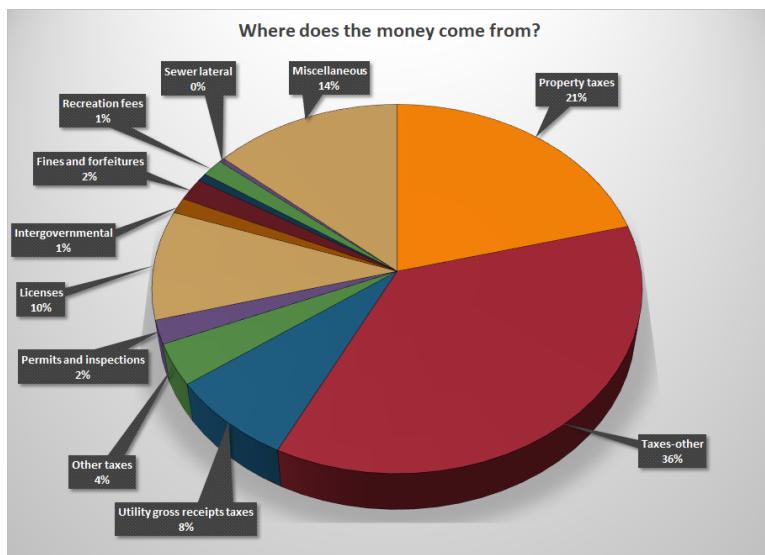
Fines and forfeitures, as determined by the Municipal Court.

Investment income is revenue earned by investing City Funds in accordance to the City's investment policy.

Recreation fees are parks and recreational program fees.

Sewer lateral fees are collected with property taxes and fees collected from property owners for repairs to the connector lines between houses and the main sewer line.

Miscellaneous consists of refunds, insurance premium reimbursements, sale of surplus property, financing proceeds, and other infrequent and otherwise unclassified revenue.



Revenues	2019	
Property taxes	\$ 8,060,276	21%
Taxes-other	14,014,987	36%
Utility gross receipts taxes	2,959,713	8%
Other taxes	1,401,924	4%
Permits and inspections	799,345	2%
Licenses	3,680,534	10%
Intergovernmental	533,902	1%
Fines and forfeitures	761,952	2%
Investment income	270,239	1%
Recreation fees	598,897	2%
Sewer lateral	141,553	0%
Miscellaneous	5,245,272	14%
Total Revenues	38,468,594	100%

Where does the money go?

General government expenditures include the Mayor and City Council, City Manager, City Clerk, Municipal Court, information technology, insurance, and finance functions.

Police department expenditures include police protection, investigation, and dispatch.

Fire and ambulance expenditures include fire protection and medical emergency.

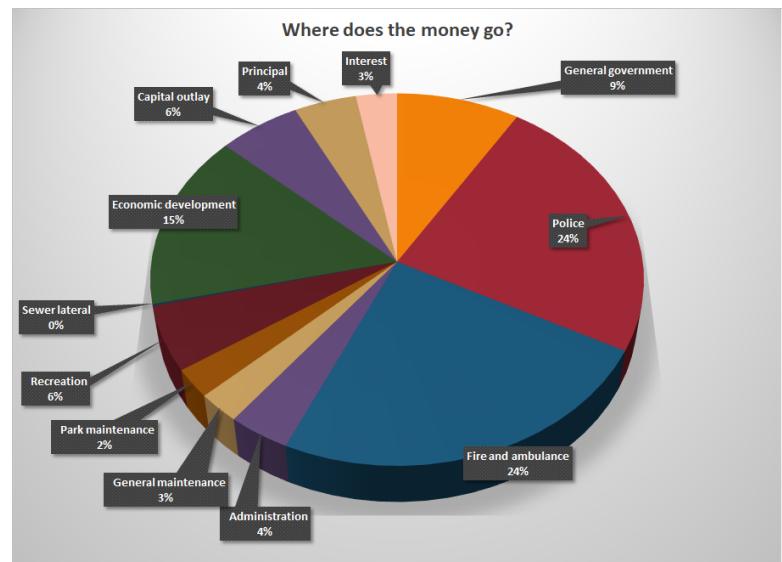
Public works expenditures include code enforcement, street maintenance, snow removal, trash removal, park and recreation programs, and the maintenance of City property.

Sewer lateral expenditures include maintenance of lateral sewer lines for property owners to MSD.

Economic development expenditures relate to business and industry development within the City.

Capital outlay is the cost of purchasing capital items, such as buildings, vehicles, and equipment, and the construction or acquisition of buildings or infrastructure, such as streets, sidewalks, bridges, and storm channels.

Principal and interest represent the expenditures for debt service on the City's General Obligation Bonds and Tax Increment Financing (TIF) revenue bonds.



Expenditures	2019
General government	3,012,469
Police	8,093,483
Fire and ambulance	8,215,474
Public Works Administration	1,269,904
General maintenance	879,842
Park maintenance	850,489
Recreation	1,909,879
Sewer lateral	55,229
Economic development	5,193,193
Capital outlay	2,012,056
Principal	1,525,424
Interest	1,002,208
Total Expenditures	34,019,650

Fund Structure and Balance

The City maintains different funds for designated purposes. **The General Fund** is the City's main fund and is used for all purposes except the special funds listed below:

- **The Capital Projects Fund** uses sales tax revenue and proceeds from the issuance of debt designated for capital improvements.
- **The Debt Service Fund** is for the resources accumulated and payments made for the principal and interest on long-term general obligation debt of the governmental funds.
- **The 370 MO Bottom Road TIF Fund** accounts for the activity from the St. Louis Outlet Mall TIF District area.
- **The Economic Development Fund** is for economic development support activity and is funded by the one-half cent Economic Development sales tax.
- **Other Non-Major Funds:** Special revenue funds (4 in total) which account for specific revenue sources that are legally restricted to expenditures for specific purposes.

The City's policy requires that a minimum of 17% of its Budgeted General Fund spending be on hand. This allows the City to continue to function in the situation of unforeseen events.

The Governmental Accounting Standards Board (GASB) requires the fund balances be distinguished in five (5) categories:

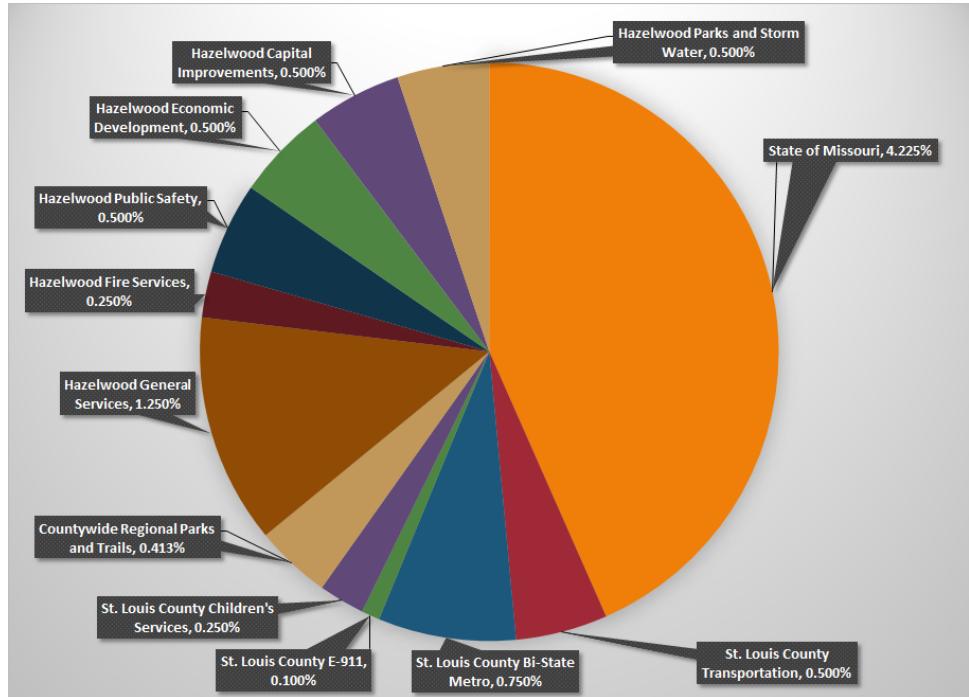
- **Nonspendable:** Consists of prepaid expenses.
- **Restricted:** Resources that are legally restricted by outside parties or by law.
- **Committed:** Resources which are subject to limitations the City imposes upon itself. The City had none in 2019.
- **Assigned:** Resources intended to be used for a specific purpose as approved by the City Council. The City had none in 2019.
- **Unassigned:** Resources available for any purpose.

Fund Balance as of June 30, 2019										Total Government Funds
	General	Capital Projects	Debt Service	370/MO Bottom Rd. TIF	Economic Development	Other Non- major Funds				
Non-spendable	\$ 47,953	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 297,953	
Restricted	49,108	787,931	695,708	-	6,140,672	475,895	-	-	8,149,314	
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		

Sales Tax Rates in the City

Sales within the City of Hazelwood are subject to several different rates, depending on the type of sale and the location of the sale. The basic sales tax for non-food items is 9.738% and for food items is 6.738%. Sales which take place in the TDD areas of the City are subject to additional taxes for those areas.

These rates are made up of the following sales taxes:



Outstanding Debt

The General Obligation (GO) Refinancing Bonds were issued to finance street reconstruction in 1999. In order to take advantage of lower interest rates, the GO Bonds were refinanced in 2005 and again in 2007. These bonds mature in 2026.

The City used Certificates of Participation, a form of bank financing for public funds, to finance White Birch Bay Aquatic Center in 2008. They were refinanced in 2015, and with additional funding, financed the improvements of Fire Station #1. The final payments are in 2027.

Tax Increment Revenue Bonds are special, limited obligations of the City and are payable solely from the incremental sales and property taxes generated by the Lambert Redevelopment Area. The annual debt service payments are contingent upon the revenues collected. The bonds were issued in 2007 and are due in 2029.

Capital lease obligations are agreements to purchase capital assets, such as buildings, vehicles, and equipment. The City currently has five lease obligations that run until 2029.

Compensated absences are the outstanding liability on the City's financial statement for the value of employee benefits such as sick time and vacation time.

Outstanding Debt as of June 30, 2019

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2018
General Obligation Refinancing Bonds	\$ 7,975,014		\$ (1,009,376)	\$ 6,965,638
Certificates of Participation	3,204,080		(313,475)	2,890,605
Tax Increment Revenue Bonds	17,055,000			17,055,000
Capital lease obligation	1,399,110	714,022	(275,424)	1,837,708
Compensated absences	1,432,984	939,132	(994,596)	1,377,520
	\$ 31,066,188	\$ 1,653,154	\$ (2,592,871)	\$ 30,126,471

Elected Officials



Mathew Robinson
Mayor
Elected 2009



Carol Stroker
Ward 1
Elected 2010



Bob Aubuchon
Ward 2
Elected 1997



Don Ryan
Ward 3
Elected 2010



Tyler Wildson
Ward 4
Appointed 2019



Russ Todd
Ward 5
Elected 2008



Warren Taylor
Ward 6
Elected 2008



Ro Hendon
Ward 7
Elected 2007



Mary Singleton
Ward 8
Elected 2008