

Popular Annual Financial Report

For the Year Ended June 30, 2020



City of Hazelwood

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**DISCOVER
HAZELWOOD**

From the Finance Director

To the Hazelwood Community:

I am pleased to present the City of Hazelwood's (City's) Popular Annual Financial Report (PAFR) for the year ended June 30, 2020. We create the PAFR to increase the community's awareness regarding the financial operations of the City.

The financial information in this report is derived from the City's 2020 Comprehensive Annual Financial Report (CAFR). If you want more detailed information, including the report written by an independent auditor from a licensed certified public accountant, you can review the CAFR on our website at www.hazelwoodmo.org. It 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 been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) every year from 1998 to 2019. We believe our current CAFR continues to meet the requirements and we have submitted it to the GFOA.

I hope that you find this report informative and I welcome your comments and questions.

Sincerely,

David L. Tuberty, CPA
Assistant City Manager-Finance

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: 154
 - Part-time: 36
 - Seasonal: Varies

Demographics

- Population: 25,703
- Median household income: \$51,218
- Per capita income: \$25,505
- Residential households (occupied): 10,993
- Business licenses issued: 847

Appointed Officials

- City Manager: Matt Zimmerman - appointed 2013
- 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
- Assistant City Manager - Economic Development: Becky Ahlvin - appointed 2020
- Assistant City Manager - Finance: David Tuberty - appointed 2020
- City Clerk: Julie Lowery - appointed 2020



Financial Activity

The City of Hazelwood's fiscal year runs from July 1 to June 30. As we all know, the COVID-19 pandemic had the most impact on everyone, including the City. During the fiscal year 2020, the pandemic impacted the City's activities and operations, as well as affecting the City's finances. Because there tends to be a delay in economic events before they affect the government, we are still uncertain of the full impact of the pandemic on our revenue areas. For example, the property taxes the City receives in fiscal year 2020 are actually taxes collected for 2019, which had a 17% increase from the prior year. This was due to a combination of increased assessed valuation as determined by St. Louis County and an increase in industrial activity within the City. The City has seen major decreases in revenue from the Recreation department, as well as in fines and forfeitures - this was clearly a result of the pandemic.

City expenses decreased by almost \$1.4 million, primarily in response to the pandemic. The City furloughed many non-emergency personnel and reduced staff in these areas as well. The most significant reductions were in Recreation due to closing facilities and limiting recreational activities. Capital outlay decreased due to fewer capital projects scheduled for 2020 than in the prior year. The only major increase was to Fire and Ambulance - midway through fiscal year 2019, the City resumed payments to the Robertson Fire Protection District. A full year of payments were made in fiscal year 2020, resulting in a \$2 million increase in the Fire and Ambulance.

City of Hazelwood, Missouri		
Financial Activity Statements for all Governmental Funds		
	2020	2019
Revenues		
Property taxes	\$ 9,413,312	\$ 8,060,276
Taxes-other	14,739,503	14,014,987
Utility gross receipts taxes	2,763,504	2,959,713
Other taxes	1,373,526	1,401,924
Permits and inspections	719,181	799,345
Licenses	3,653,863	3,680,534
Intergovernmental	598,158	533,902
Fines and forfeitures	611,370	761,952
Investment income	163,421	270,239
Recreation fees	355,068	598,897
Sewer lateral	141,453	141,553
Miscellaneous	1,578,023	5,245,272
Total Revenues	36,110,382	38,468,594
Expenditures		
General government	2,911,505	3,012,469
Police	7,943,474	8,093,483
Fire and ambulance	10,201,193	8,215,474
Public works		
Administration	1,196,993	1,269,904
General maintenance	909,801	879,842
Park maintenance	810,156	850,489
Recreation	1,700,491	1,909,879
Sewer lateral	89,052	55,229
Economic development	5,140,505	5,193,193
Capital outlay	1,255,950	2,012,056
Principal	1,619,363	1,525,424
Interest	1,610,293	1,002,208
Total Expenditures	35,388,776	34,019,650
Other Financing Sources (Uses)	35,180	720,962
Net Change In Fund Balance	756,786	5,169,906

Where does the money come from?

Taxes-other make up the largest revenue source for the City. The taxes included in this category are:

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

In 2020, Hazelwood voters approved an increase the Fire Sales Tax by 0.25% for a total of 0.50%. This revenue will start coming in next year.

Property taxes are derived from the City's combined real estate tax rate of \$0.922 per \$100 of assessed valuation from the 2019 Property tax collection. Based on the 2020 tax rate, a typical \$100,000 home with a \$30,000 car pays \$302 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. Homeowners do not pay this tax.

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

Permits and inspections come from building and zoning fees.

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

Intergovernmental grants come from federal or state agencies.

Revenues	2020	
Property taxes	\$ 9,413,312	26.1%
Taxes-other	14,739,503	40.8%
Utility gross receipts taxes	2,763,504	7.7%
Other taxes	1,373,526	3.8%
Permits and inspections	719,181	2.0%
Licenses	3,653,863	10.1%
Intergovernmental	598,158	1.7%
Fines and forfeitures	611,370	1.7%
Investment income	163,421	0.5%
Recreation fees	355,068	1.0%
Sewer lateral	141,453	0.4%
Miscellaneous	1,578,023	4.4%
Total Revenues	36,110,382	100.0%

Fines and forfeitures, as determined by the Municipal Court.

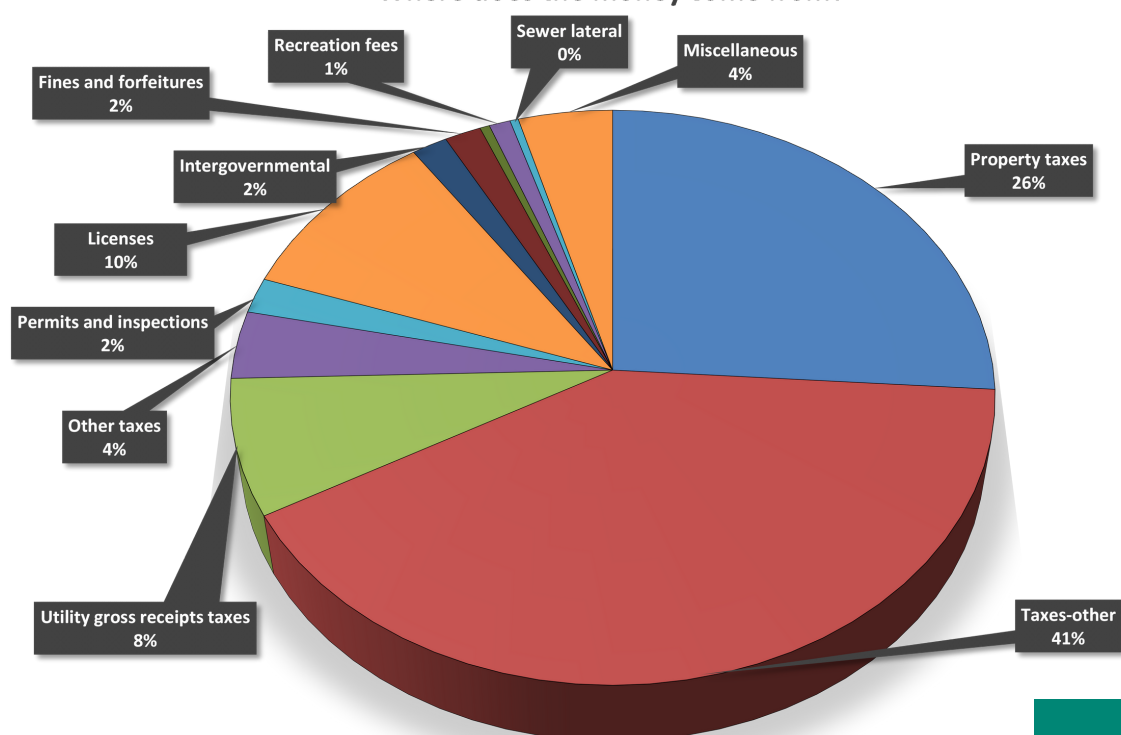
Investment income is earned by investing City Funds pursuant to the City's investment policy.

Recreation fees are parks and recreational program fees.

Sewer lateral is revenue from the Sewer Lateral program. This is a fee 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.

Where does the money come from?



Where does the money go?

General government expenditures includes the mayor and city council, the city manager office, the city clerk's office, municipal court, information technology, insurance and finance functions.

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

Fire and ambulance 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.

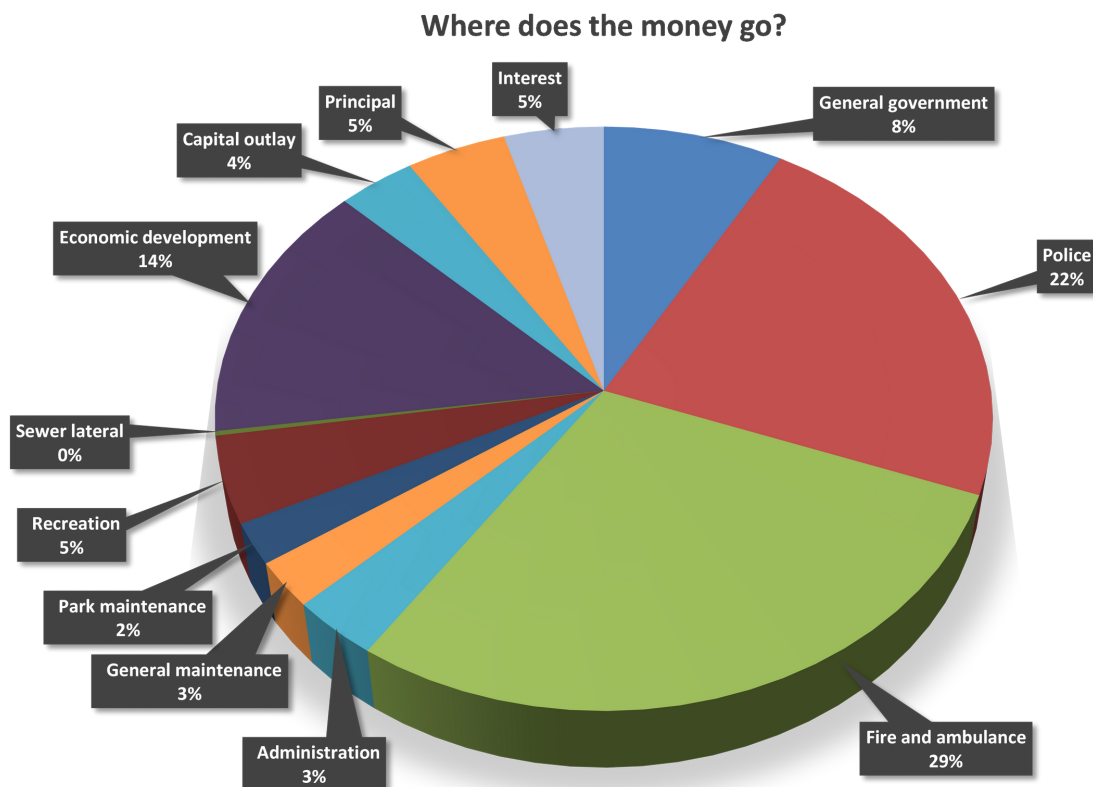
Sewer lateral are expenditures for the maintenance of lateral sewer lines for property owners to MSD.

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	2020
General government	2,911,505
Police	7,943,474
Fire and ambulance	10,201,193
Public Works Administration	1,196,993
General maintenance	909,801
Park maintenance	810,156
Recreation	1,700,491
Sewer lateral	89,052
Economic development	5,140,505
Capital outlay	1,255,950
Principal	1,619,363
Interest	1,610,293
Total Expenditures	35,388,776



Fund Structure and Balance

The City maintains different funds for designated purposes. We have adopted a fund structure to define the purpose of each fund and be a guide to maintain a healthy balance for long-term financial stability.

- 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, such as vehicle purchases, building maintenance, and major infrastructure projects.
- The **Debt Service Fund** is for the resources accumulated and payments made for the principal and interest on long-term general obligation debt, or loan the City takes out, 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, such as loans and business support and retention, and is funded by the one-half cent Economic Development sales tax. Money in this account can only be used for economic development.
- **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, allowing the City to continue functioning in the situation of unforeseen events.

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

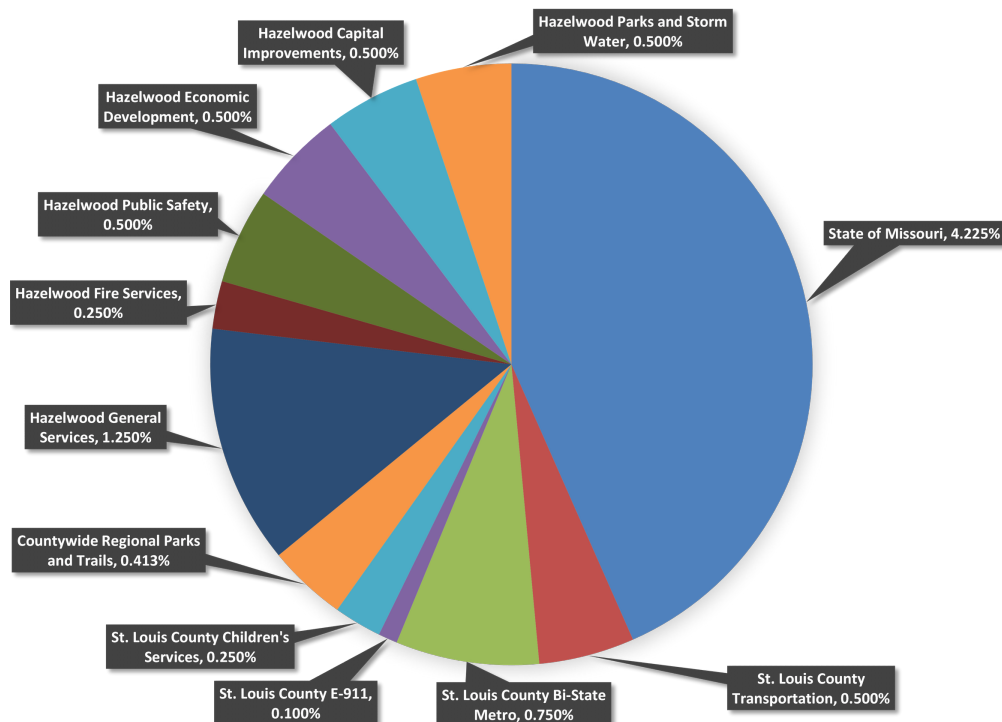
- **Nonspendable:** Consists of prepaid expenses.
- **Restricted:** Resources that are legally restricted by outside parties or by law.
- **Committed:** Resources which are subject to limitations the City imposes upon itself. The City had none in 2020.
- **Assigned:** Resources intended to be used for a specific purpose as approved by the City Council. The City had none in 2020.
- **Unassigned:** Resources available for any purpose.

Fund Balance As of June 30, 2020								
	General	Capital Projects	Debt Service	370/MO Bottom Rd. TIF	Economic Development	Other Non-major Funds	Total Governmental Funds	
Non-spendable	\$ 60,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,765	
Restricted	198,666	815,875	668,154	442	7,524,237	555,219	9,762,593	
Unassigned	7,741,837	-	-	-	-	-	7,741,837	
Total Fund								
Balances	\$ 8,001,268	\$ 815,875	\$ 668,154	\$ 442	\$ 7,524,237	\$ 555,219	\$ 17,565,195	

Sales Tax Rates in Hazelwood

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 that take place within 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

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.

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, to finance the improvements of Fire Station #1. The final payments are in 2027.

Outstanding Debt as of June 30, 2020				
	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020
General Obligation Refinancing Bonds	\$ 6,965,638	\$ -	\$ (1,034,376)	\$ 5,931,262
Certificates of Participation	2,890,605	-	(318,475)	2,572,130
Tax Increment Revenue Bonds	17,055,000	-	-	17,055,000
Capital lease obligation	1,837,688	-	(339,363)	1,498,325
Compensated absences	1,377,520	900,770	(748,561)	1,529,729
	\$ 30,126,451	\$ 900,770	\$ (2,440,775)	\$ 28,586,446

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



Dan Herin
Ward 4
Elected 2020



Russ Todd
Ward 5
Elected 2008



Warren Taylor
Ward 6
Elected 2008



Ro Hendon
Ward 7
Elected 2007



Mary Singleton
Ward 8
Elected 2008