

Popular Annual Financial Report

For the Year Ended June 30, 2021



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, 2021. 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 2021 Annual Comprehensive Financial Report (ACFR). If you want more detailed information, including the report written by an independent auditor from a licensed certified public accountant, you can review the ACFR 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 2020. We believe our current ACFR 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: 25,458
- Median household income: \$51,218
- Per capita income: \$25,505
- Residential households (occupied): 10,955
- Business licenses issued: 847

Appointed Officials

- City Manager:
Matt Zimmerman - appointed 2013
- City Attorney:
Kevin O'Keefe - appointed 1994
- Municipal Judge:
Patrick Monahan - appointed 2021
- 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. The COVID-19 pandemic continues to impact the City. During the fiscal year 2020, the pandemic impacted the City's activities and operations, as well as affecting the City's finances, slowing things down. The impact on 2021 shows a much more positive impact that usually is seen in a recovery. The property taxes collected in 2021 are considered 2020 taxes. These property taxes showed a 14% increase from the prior year due to a combination of increased assessed valuation (as determined by St. Louis County) and an increase in industrial activity within the City. The most significant increase in the City's budget is a result of the CARES Act grant from the Federal Government, which increased our revenue by \$1.7 million.

City expenses increased by over \$300,000 across all funds. Increases in Economic Development projects indicate growth in business activity within the City. Capital outlay expenses increased as projects resumed in the City. The major increase in the General Fund was to Fire and Ambulance as payments to the Robertson Fire Protection District increased by about \$500,000.

City of Hazelwood, Missouri		
Financial Activity Statements for all Governmental Funds		
	2021	2020
Revenues		
Property taxes	\$ 10,695,385	\$ 9,413,312
Sales taxes	15,595,270	14,739,503
Utility gross receipts taxes	2,508,902	2,763,504
Other taxes	1,397,576	1,373,526
Permits and inspections	837,611	719,181
Licenses	4,038,398	3,653,863
Intergovernmental	2,705,233	598,158
Fines and forfeitures	470,357	611,370
Investment income	33,226	163,421
Recreation fees	201,571	355,068
Sewer lateral	143,521	141,453
Miscellaneous	2,683,845	1,578,023
Total Revenues	41,310,895	36,110,382
Expenditures		
General government	2,469,399	2,911,505
Police	7,841,636	7,943,474
Fire and ambulance	10,600,061	10,201,193
Public works		
Administration	1,180,674	1,196,993
General maintenance	719,763	909,801
Park maintenance	875,558	810,156
Recreation	1,318,608	1,700,491
Sewer lateral	85,967	89,052
Economic development	5,882,048	5,140,505
Capital outlay	1,734,824	1,255,950
Principal	1,609,437	1,619,363
Interest	1,379,017	1,610,293
Total Expenditures	35,696,992	35,388,776
Other Financing Sources (Uses)		
	28,603	35,180
Net Change In Fund Balance	5,642,506	756,786

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% County 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 \$0.933 per \$100 of assessed valuation from the 2020 Property tax collection. A typical Hazelwood homeowner with a home worth \$150,000 generally pays around \$2,568 in real estate taxes. About 10% of that goes to the City. The City's rate does include 0.222 for debt service.

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 and 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	2021	
Property taxes	\$ 10,695,385	25.9%
Taxes-other	15,595,270	37.8%
Utility gross receipts taxes	2,508,902	6.1%
Other taxes	1,397,576	3.4%
Permits and inspections	837,611	2.0%
Licenses	4,038,398	9.8%
Intergovernmental	2,705,233	6.5%
Fines and forfeitures	470,357	1.1%
Investment income	33,226	0.1%
Recreation fees	201,571	0.5%
Sewer lateral	143,521	0.3%
Miscellaneous	2,683,845	6.5%
Total Revenues	41,310,895	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.

Tax Entity	2021	Cost	Percentage
Hazelwood School District	5.6409	\$ 1,608	63%
Special School District	1.0158	290	11%
City of Hazelwood	0.9230	263	10%
St. Louis County	0.4180	119	5%
St. Louis County Library	0.2060	59	2%
St. Louis Community College	0.2787	79	3%
Metropolitan Zoo and Museum District	0.2455	70	3%
Metropolitan St. Louis Sewer District	0.1041	30	1%
Coldwater Sewer District	0.0780	22	1%
Developmental Disability-Productive Living	0.0710	20	1%
State of Missouri	0.0300	9	0%
	9.0110	\$ 2,568	

Where does the money go?

General government expenditures include 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.

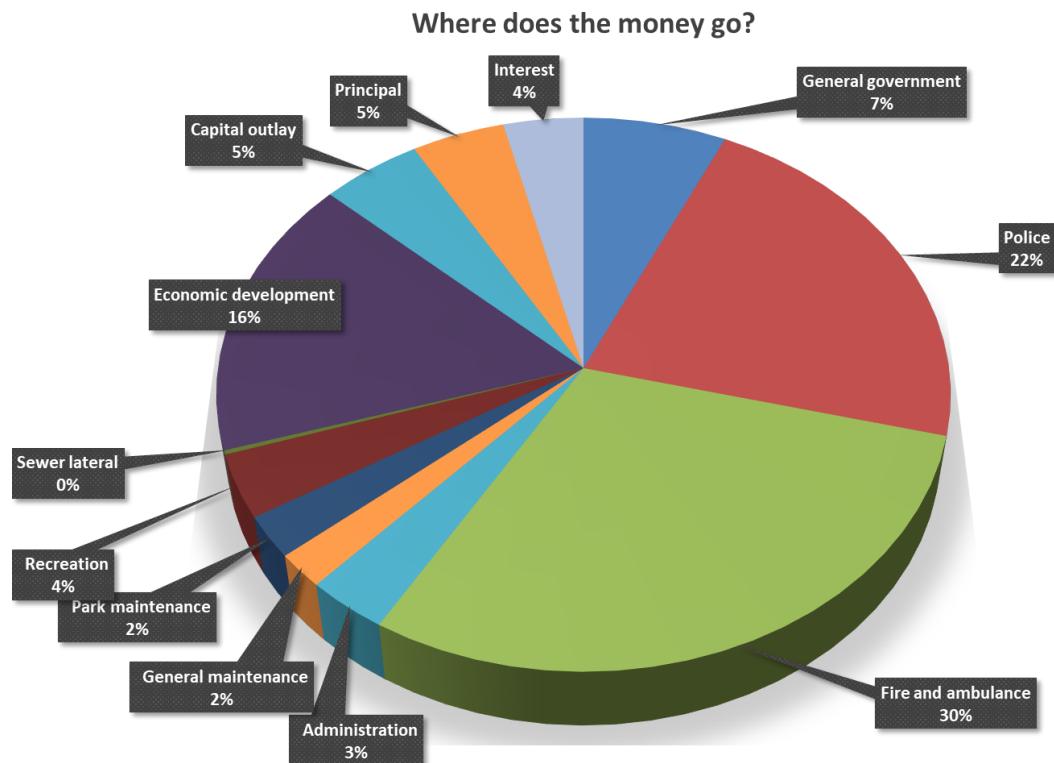
Sewer lateral are expenditures for the maintenance of lateral sewer lines for property owners to MSD.

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	2021
General government	2,469,399
Police	7,841,636
Fire and ambulance	10,600,061
Public Works Administration	1,180,674
General maintenance	719,763
Park maintenance	875,558
Recreation	1,318,608
Sewer lateral	85,967
Economic development	5,882,048
Capital outlay	1,734,824
Principal	1,609,437
Interest	1,379,017
Total Expenditures	35,696,992



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. As of Dec. 2021, this TIF was finished and closed out.
- 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 2021.
- **Assigned:** Resources intended to be used for a specific purpose as approved by the City Council. The City had none in 2021.
- **Unassigned:** Resources available for any purpose.

As shown on this table, the City has sufficient funds to meet its obligations in the near term.

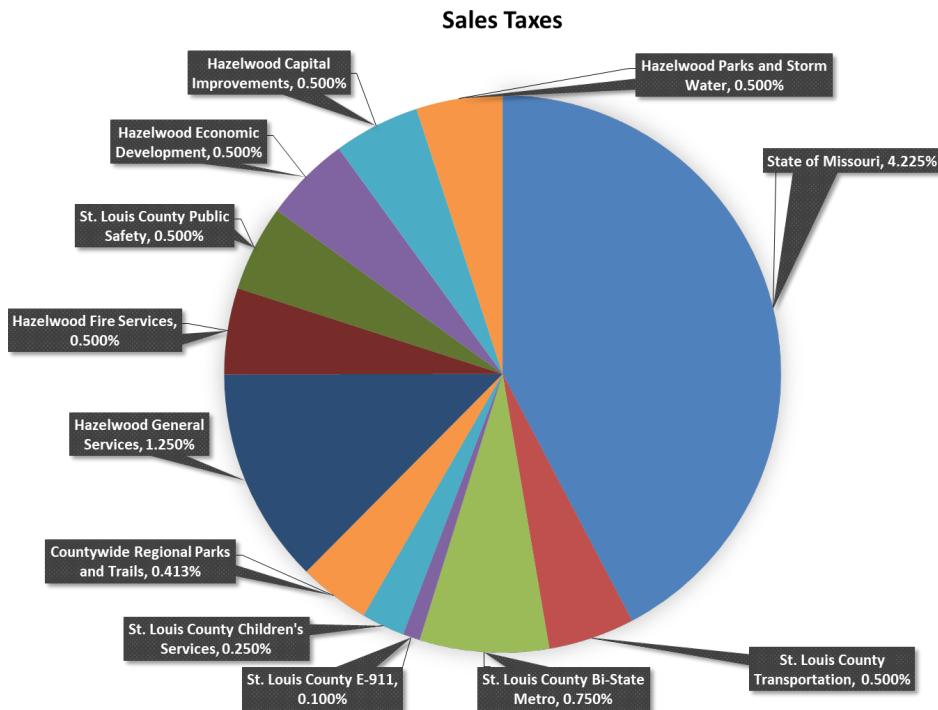
Fund Balance
As of June 30, 2021

	General	Capital Projects	Debt Service	370/MO Bottom Rd. TIF	Economic Development	Other Non-major Funds	Total Governmental Funds
Non-spendable	\$ 14,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,608
Restricted	299,606	1,335,483	666,169	1,023,074	8,235,876	589,195	12,149,403
Unassigned	11,043,690	-	-	-	-	-	11,043,690
Total Fund Balances	\$ 11,357,904	\$ 1,335,483	\$ 666,169	\$ 1,023,074	\$ 8,235,876	\$ 589,195	\$ 23,207,701

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 9.988% and for food items is 6.600%. 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, 2021				
	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021
General Obligation Refinancing Bonds	\$ 5,931,262		\$ (1,059,376)	\$ 4,871,886
Certificates of Participation	2,572,130		(328,475)	2,243,655
Tax Increment Revenue Bonds	17,055,000			17,055,000
Capital lease obligation	1,498,325		(294,437)	1,203,888
Postretirement Benefits	507,167		(55,847)	451,320
	\$ 27,563,884	\$ -	\$ (1,738,135)	\$ 25,825,749

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



Lisa Matlock
Ward 5
Elected 2022



Warren Taylor
Ward 6
Elected 2008



Robert Smith
Ward 7
Elected 2022



Mary Singleton
Ward 8
Elected 2008