



City of Hazelwood, Missouri
Comprehensive Annual Financial Report
For The Year Ended
June 30, 2011

*much more
than you imagine*





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June 30, 2011

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than you imagine*

Prepared by the Finance Department
Donnie Burns, Finance Director

CITY OF HAZELWOOD, MISSOURI
FINANCIAL REPORT

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Section I

Introductory Section



much more
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The City of Hazelwood

December 13, 2011

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

Ladies and Gentlemen:

We are pleased to present the comprehensive financial report of the City of Hazelwood, Missouri (the City) for the fiscal year ended June 30, 2011. 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.

The City has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2002. Statement No. 34 establishes standards for external financial reporting for all state and local government entities which includes a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

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 centrally 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, the primary undeveloped commercial area in the City, which is home to the St. Louis Mills and Cabela's to St. Charles County. This transportation crossroads is a prime location for businesses and residents alike. The mix of major

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

industrial and commercial areas, which transitions to beautiful parks and residential neighborhoods, is an unusual and diverse blend. The central business district of the City of St. Louis is 20 miles to the southeast. Interstate 55, U.S. Highway 61-67, and State Highways 141 and 231 provide access to St. Louis City and St. Louis County.

High unemployment, high gas prices, a depressed housing market, and just the beginning of only slow to moderate growth are the economic factors that determine City's revenues. City staff continues to monitor economic conditions and will make adjustments as indicated.

Though the outlook for the nation's economy is decidedly troubling, the City benefits from some positive and offsetting aspects. The City's location near the 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 Mill's status as a discount mall afforded sales growth even during the beginning of a national recession. Similarly, Cabela's sales were strong. Also, the City's unique blend of industrial, commercial, and residential property provides a diverse and robust foundation.

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 and mid-month updates are utilized.

The City has made difficult but prudent choices, declining any general Pay Plan increases since July 1, 2008, and also foregoing employee step increases during fiscal year 2011. No layoffs or furloughs or pay decreases were implemented. At \$135,000 per one percent increase, this was a conservative course to maintain service levels and staffing while protecting fund balance. That conservative approach paid off.

Management is confidently informed of available expenditure cuts in the event of revenue short-falls and is ready to relax cuts in the event of steady revenue increases.

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 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. At this time one loan is pending funding. But when it is completed 800 jobs will have been added and 800 will have been retained through four different loans.

One of the loans approved in 2011 was for Emerald Automotive, which plans to construct a hybrid-powered delivery van assembly plant in the City. The company is a spin-off of an R&D operation in the United Kingdom and they will ship vehicles from the City to Europe initially while developing a market for the vans in North America.

While the national economy has been in a downturn and the City has lost businesses and sales tax revenues, the community still hosts about 970 companies of all sizes and continues to add large projects.

In 2009, a business incubator, Cargo Bay, was opened in an empty building. Currently, forty-six startup and small businesses share resources there.

Goal -- Encourage energy efficiency

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

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

Also, utilizing a Federal grant of \$97,889 and a State interest-free loan of \$22,217, the City invested \$1,113,563 to implement energy efficiency upgrades to all City facilities. The project is expected to return savings and cost avoidance of \$1.9 million over 15 years, resulting in a net positive cash flow of \$867,000.

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

The City is continuing needed investment in vehicles including police cars, a fire truck, two dump trucks, City buildings including City Hall tuck-pointing, the Truman Park/St. Stanislaus Trail, and White Birch Bay and Musick Park Spray ground repairs. 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 U.S. generally accepted accounting principles. 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. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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, 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's continues to contribute more than 100% of the annual required contribution to the Pension Plan annually. According to the most recent actuarial valuation dated July 1, 2010, the funded ratio is 87.2%, compared to 91.7% in 2009, and 90.2% in 2008.

Long-term Debt

At June 30, 2011 the City had long-term debt in the amount of \$38,334,844 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 \$54.3 million.

OTHER INFORMATION

Independent Audit

Missouri statutes require an annual audit by independent certified public accountants. The certified public accounting firm of Hochschild, Bloom & Company LLP was selected by the City Council to perform the 2011 audit. The auditors' report on basic financial statements is included in the financial section of this report. As independent auditors, Hochschild, Bloom & Company LLP, also provides an objective outside review of management's performance in reporting operating results and financial condition.

Award

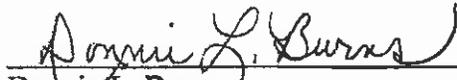
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twelfth consecutive year that the 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 U.S. generally accepted accounting principles 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, Hochschild, Bloom & Company LLP, in formulating this report. In closing, without the support of the Mayor and Council, preparation of this report would not have been possible.

Respectfully submitted,



Donnie L. Burns
Director of Finance

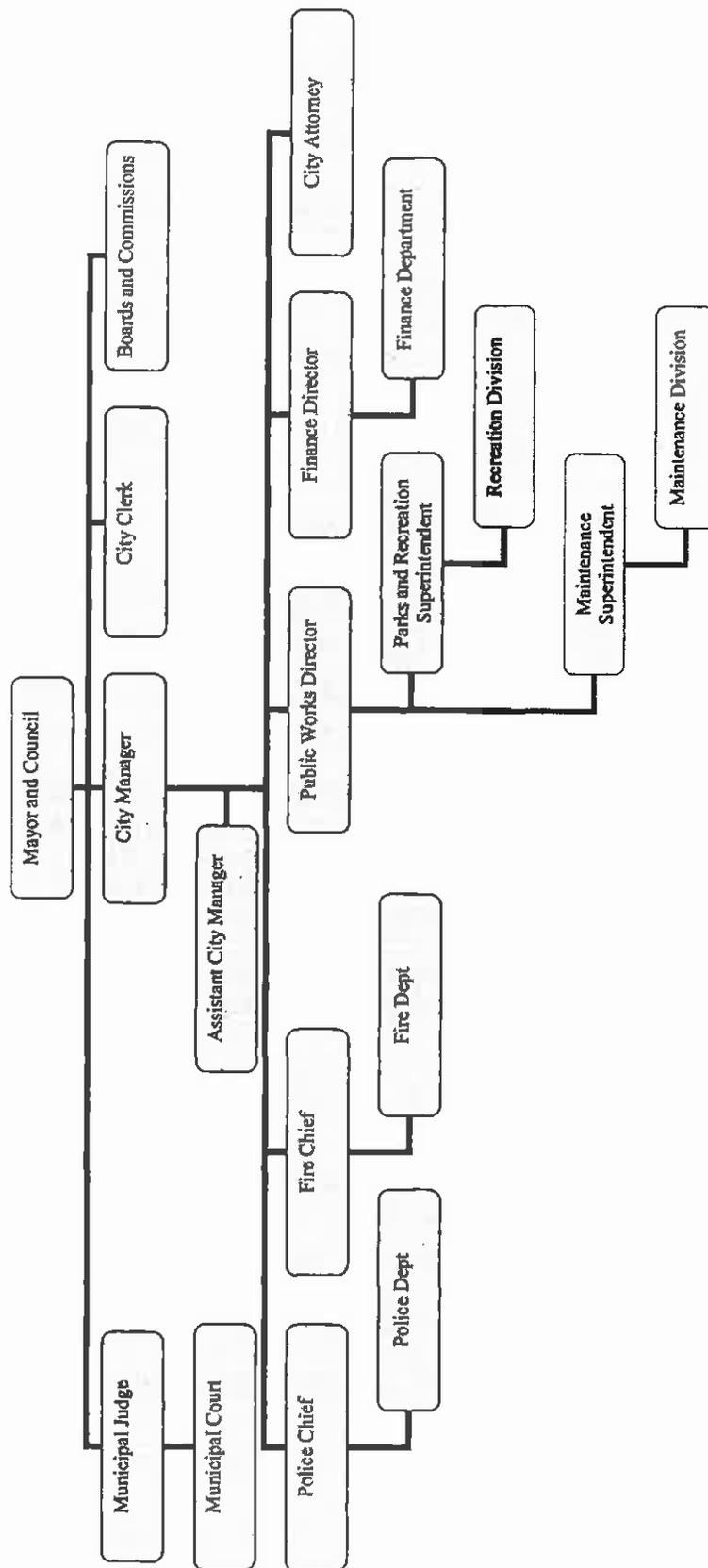


Edwin G. Carlstrom
City Manager

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL CITY OFFICIALS AT JUNE 30, 2011

<u>Position</u>	<u>Name</u>	<u>Election/Hire Date</u>	<u>Term Dates</u>
Mayor	Matthew Robinson	4/2009	4/2009 - 4/2012
Council-Ward 1	Carol Stroker	4/2010	4/2010 - 4/2013
Council-Ward 2	Robert Aubuchon	4/1997	4/2011 - 4/2014
Council-Ward 3	Donald Ryan	4/2010	4/2010 - 4/2013
Council-Ward 4	Michael Conley	4/2005	4/2011 - 4/2014
Council-Ward 5	Russell Todd	8/2008	4/2010 - 4/2013
Council-Ward 6	Warren Taylor	4/2008	4/2011 - 4/2014
Council-Ward 7	Rosalie Hendon	4/2007	4/2010 - 4/2013
Council-Ward 8	Mary Singleton	4/2008	4/2011 - 4/2014
City Manager	Edwin Carlstrom	6/1/1979	
Assistant City Manager	Robert J. Frank	8/30/2007	
Finance Director	Donnie Burns	7/9/1979	
City Clerk	Colleen Klos	7/1/1996	
Judge	Kevin Kelly	2003	
Prosecuting Attorney	Stephanie Karr	2004	
City Attorney	Kevin O'Keefe	2/7/1994	
Police Chief	Carl Wolf	11/25/1985	
Fire Chief	James Matthies	10/20/1993	
Public Works Director	David Stewart	7/31/2009	
Parks and Recreation Superintendent	Douglas Littlefield	11/30/1992	
Maintenance Superintendent	Paul Williams	6/9/1972	

City of Hazelwood, Missouri Organizational Chart



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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



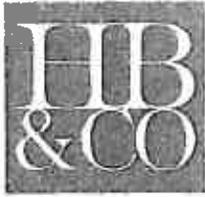
President

Executive Director



Section II

Financial Section



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

December 13, 2011

Honorable Mayor and City Council
CITY OF HAZELWOOD, MISSOURI

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** (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its

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compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.


CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

As management of the City of Hazelwood, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$13,747,087 (net assets). The City had unrestricted net asset deficit totaling \$12,626,730. This deficit is mainly due to \$17,055,000 of TIF revenue notes that were used for development that the City does not own.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,111,526, an increase of \$3,330,328 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,183,410 or 25% of total General Fund revenues.
- The City's total long-term debt increased \$661,570 during the most recent fiscal year. An additional \$22,439 in a note payable was issued and \$1,776,263 in capital leases were issued, while the rest of the debt was paid down.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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.

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund 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 fund 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. 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 statements 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 funds balance sheet and in the governmental funds 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 the Economic Development Fund, all of 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.

The basic governmental funds financial statements can be found on pages 13 through 16 of this report.

Fiduciary funds. 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.

The basic fiduciary fund financial statements can be found on pages 17 and 18 of this report.

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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. The notes to financial statements can be found on pages 19 through 41 of this report.

Required supplemental information. This Management's Discussion and Analysis and the General Fund and Economic Development Fund budgetary comparison schedules (starting on page 43) represent financial information required by GAAP to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other supplemental information. This part of the annual report (starting on page 50) 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$13,747,087 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets 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 assets is as follows:

CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

	June 30		2011 Change	
	2011	2010	Amount	Percent
ASSETS				
Current and other assets	\$ 20,273,224	16,459,171	3,814,053	23.2 %
Capital assets	38,483,923	37,400,683	1,083,240	2.9
Total Assets	<u>58,757,147</u>	<u>53,859,854</u>	<u>4,897,293</u>	9.1
LIABILITIES				
Current and other liabilities	6,647,431	4,481,439	2,165,992	48.3
Long-term liabilities	38,362,629	37,701,059	661,570	1.8
Total Liabilities	<u>45,010,060</u>	<u>42,182,498</u>	<u>2,827,562</u>	6.7
NET ASSETS				
Invested in capital assets, net of related debt	19,331,051	18,810,695	520,356	2.8
Restricted	7,042,766	5,679,975	1,362,791	24.0
Unrestricted	<u>(12,626,730)</u>	<u>(12,813,314)</u>	<u>186,584</u>	1.5
Total Net Assets	<u>\$ 13,747,087</u>	<u>11,677,356</u>	<u>2,069,731</u>	17.7 %

Governmental activities. Governmental activities increased the City's net assets by \$2,069,731.

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

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

	For The Years Ended June 30		2011 Change	
	2011	2010	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 3,742,494	3,760,246	(17,752)	(0.5) %
Operating grants and contributions	2,193,975	2,056,089	137,886	6.7
Capital grants and contributions	909,734	292,830	616,904	210.7
General revenues:				
Taxes	28,492,226	26,773,326	1,718,900	6.4
Licenses and other	3,450,653	3,355,354	95,299	2.8
Total Revenues	<u>38,789,082</u>	<u>36,237,845</u>	<u>2,551,237</u>	7.0
EXPENSES				
General government	2,687,257	2,825,251	(137,994)	(4.9)
Police	7,507,749	7,720,152	(212,403)	(2.8)
Fire and ambulance	8,684,030	8,436,527	247,503	2.9
Public works	3,325,951	3,489,426	(163,475)	(4.7)
Parks and recreation	3,030,546	2,902,659	127,887	4.4
Economic development	8,909,277	8,715,851	193,426	2.2
Sewer lateral	70,560	113,739	(43,179)	(38.0)
Interest on long-term debt	2,503,981	2,424,195	79,786	3.3
Total Expenses	<u>36,719,351</u>	<u>36,627,800</u>	<u>91,551</u>	0.2
CHANGE IN NET ASSETS	<u>\$ 2,069,731</u>	<u>(389,955)</u>	<u>2,459,686</u>	630.8 %

Revenues increased mainly due to an increase in sales tax revenues and grant revenues related to street projects.

In light of the economic downturn, the City tried to cut expenses wherever possible. The City is utilizing the current slow-down as an opportunity to improve eligible streets.

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 resources available for spending at the end of the fiscal year.

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,111,526, an increase of \$3,330,328 in comparison with the prior year. The City currently has an unassigned fund balance of \$6,172,132. The remainder of fund balance is restricted or committed to indicate that it is not available for 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 \$6,183,410, while total fund balance reached \$8,542,168. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27% of total General Fund expenditures, while total fund balance represents 38% of that same amount. The fund balance of the General Fund increased by \$1,382,643 during the current fiscal year. This increase is mainly due to increased sales and property taxes due to an increasing economy from the prior year.

The Capital Projects Fund balance increased \$584,075 during the fiscal year to \$640,537. The main reason for the increase was due to a grant received for a park trail project and an insurance settlement received.

The Debt Service Fund increased its fund balance \$101,951 during the fiscal year to \$1,030,228. The entire fund balance is restricted for payment of the general obligations bonds.

The Economic Development Fund increased its fund balance \$912,683 during the fiscal year to \$3,564,330. The main reason for the increase is due to grants received for street improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there were various budget transfers for the General Fund. Revenues were \$1,063,898 above the budgeted amount of \$23,440,800, primarily due to increased tax revenues that were budgeted conservatively due to prior years' decreased revenues. Expenditures were \$771,594 below the budgeted amount of \$23,515,177 due to deliberate adjustments made to spending.

CAPITAL ASSETS

Capital asset balances (net of accumulated depreciation) are as follows:

	June 30	
	2011	2010
Land and construction in progress	\$ 5,465,069	4,433,233
Buildings and improvements	13,745,557	13,151,647
Infrastructure	16,457,840	17,361,075
Machinery, equipment, and furniture and fixtures	817,671	1,035,097
Automotive equipment	<u>1,997,786</u>	<u>1,419,631</u>
Total Capital Assets	<u>\$38,483,923</u>	<u>37,400,683</u>

More information on capital asset activity during the year is provided in the notes to financial statements in Note C.

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

LONG-TERM DEBT

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

	June 30	
	2011	2010
Certificates of participation	\$ 4,863,224	5,060,428
Tax increment revenue notes	17,055,000	17,055,000
General obligation bonds	13,238,214	13,889,606
Note payable	22,439	-
Compensated absences	1,330,380	1,343,284
Capital lease obligations	<u>1,825,587</u>	<u>324,956</u>
Total Long-term Debt	<u>\$38,334,844</u>	<u>37,673,274</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic conditions may be highlighted as follows at the close of fiscal 2011:

- Gas prices average \$3.50 in the Midwest and \$3.565 nationally per www.eia.gov/petroleum/gasdiesel/allhistory
- Midwest urban consumer price index at June 30, 2011 has increased 4.4% since June 2010.
- Job growth has been strong since the beginning of the year, with 768,000 jobs added since January. The May 5 jobs report showed the U.S. added a stronger-than-expected 244,000 jobs in April.
- Unemployment worsened to 9% from a 2-year best of 8.8% in March, and progress towards more normal levels of unemployment seems likely to be slow (Fed. Reserve Bank press release 4.27.11).
- The housing market remains debilitated with significant numbers of backlogged foreclosures and greatly eroded housing values.

Total General Fund revenues were approximately \$1 million, or 5%, greater than 2010, and \$1 million, or 5%, greater than budget. Over \$400,000 of the increase was due to \$240,000 received in prior years' property taxes and \$190,000 in a one-time settlement of utility tax on mobile phones.

- Sales taxes (including park and stormwater, capital improvements, and economic development) increased 4%, or \$334,000, over 2010 and 3%, or \$303,000, over budget. A 1% increase is included in the 2012 budget.
- Additionally, use tax receipts exceeded budget by \$476,000, presumably due to businesses taking advantage of low interest rates to refresh equipment.

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

- To provide perspective: sales tax receipts were \$521,500, 5%, less than collected in the peak year of 2008.
- Since 2010 was not a reassessment year, 2011 property tax had little variance expected except prior years' receipts.
- The 2011 assessed valuation, which is collected in fiscal year 2012, is 7% less than 2010. The reduction will provide a \$232,000 reduction in projected property tax. However, this is offset by a \$208,000 reduction in fire district fees, which are based on the assessed values in the annexed areas.
- The constricted credit market and declines in business activity continues to dramatically slow economic development activity, although incentives were approved for an exciting "green project" with Emerald Automotive, which plans to construct a hybrid-powered delivery van assembly plant in Hazelwood.
- The City's Fund Balance Policy requires a minimum General Fund unassigned fund balance of 17% of revenue. 2011 unassigned fund balance represents 25% of revenue, which is the City's informal ideal balance.
- After implementing a refreshed market study into the City Pay Plan and reinstating prior years and current step increases, the 2012 Budget projects a \$219,000 reduction in fund balance. It is expected that this shortfall will probably be offset during the fiscal year.
- The City will remain vigilant in examining revenue trends and react as needed.

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

CITY OF HAZELWOOD, MISSOURI

STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Industrial Development Authority</u>
ASSETS		
Cash and investments	\$ 9,066,071	9,633,478
Taxes receivable	3,924,834	-
Other receivables:		
Special assessments	635,000	-
Ambulance	153,187	-
Court	934,223	-
Other	1,793,292	889,896
Due from Fiduciary Fund	9,397	-
Prepaid items:		
Fire protection services	2,294,213	-
Other	50,204	-
Bond issue costs	262,445	305,764
Cash and investments - restricted	676,649	737,896
Net pension asset	473,709	-
Capital assets:		
Land and construction in progress	5,465,069	-
Other capital assets, net of accumulated depreciation	33,018,854	-
Total Assets	<u>58,757,147</u>	<u>11,567,034</u>
LIABILITIES		
Accounts payable	1,739,523	8,388,403
Accrued payroll	529,100	-
Accrued interest	4,180,990	170,302
Other liabilities	163,919	-
Unearned revenue	33,899	-
Long-term debt:		
Due within one year	2,048,529	360,000
Due in more than one year	36,286,315	6,722,997
Due in more than one year - net OPEB obligation	27,785	-
Total Liabilities	<u>45,010,060</u>	<u>15,641,702</u>
NET ASSETS		
Invested in capital assets, net of related debt	19,331,051	-
Restricted for:		
Capital projects	49,181	-
Debt service	2,094,992	-
Economic development	4,300,026	-
Sewer lateral	598,567	-
Unrestricted	<u>(12,626,730)</u>	<u>(4,074,668)</u>
Total Net Assets	<u>\$ 13,747,087</u>	<u>(4,074,668)</u>

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	General	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 3,809,917	-	835,875	-	3,072,439	1,347,840	9,066,071
Receivables, net:							
Property taxes	956,042	-	109,060	-	-	-	1,065,102
Sales taxes	1,747,592	276,860	-	446,220	362,355	26,705	2,859,732
Special assessments	-	-	635,000	-	-	-	635,000
Ambulance	153,187	-	-	-	-	-	153,187
Court	934,223	-	-	-	-	-	934,223
Other	634,104	517,684	-	-	641,128	376	1,793,292
Due from other funds	666,191	-	-	-	-	-	666,191
Prepaid items:							
Fire protection services	2,294,213	-	-	-	-	-	2,294,213
Other	40,545	9,659	-	-	-	-	50,204
Cash and investments - restricted	-	591,356	85,293	-	-	-	676,649
Total Assets	\$ 11,236,014	1,395,559	1,665,228	446,220	4,075,922	1,374,921	20,193,864
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 648,462	99,985	-	455,741	505,955	29,380	1,739,523
Accrued payroll	523,463	-	-	-	5,637	-	529,100
Due to other funds	-	655,037	-	1,757	-	-	656,794
Other liabilities	163,919	-	-	-	-	-	163,919
Deferred revenues:							
Property taxes	298,855	-	-	-	-	-	298,855
Fire protection service	33,899	-	-	-	-	-	33,899
Ambulance	91,025	-	-	-	-	-	91,025
Court	934,223	-	-	-	-	-	934,223
Special assessments	-	-	635,000	-	-	-	635,000
Total Liabilities	2,693,846	755,022	635,000	457,498	511,592	29,380	5,082,338
Fund Balances (Deficit)							
Nonspendable:							
Prepaid items	2,334,758	9,659	-	-	-	-	2,344,417
Restricted for:							
Capital projects	-	201,114	-	-	-	-	201,114
Debt service	-	429,764	1,030,228	-	-	-	1,459,992
Economic development	-	-	-	-	3,564,330	746,974	4,311,304
Sewer lateral	-	-	-	-	-	598,567	598,567
Committed for:							
Purchase of services	24,000	-	-	-	-	-	24,000
Unassigned	6,183,410	-	-	(11,278)	-	-	6,172,132
Total Fund Balances (Deficit)	8,542,168	640,537	1,030,228	(11,278)	3,564,330	1,345,541	15,111,526
Total Liabilities And Fund Balances	\$ 11,236,014	1,395,559	1,665,228	446,220	4,075,922	1,374,921	20,193,864

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Balances - Governmental Funds \$ 15,111,526

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$68,638,498 and the accumulated depreciation is \$30,154,575. 38,483,923

The net pension asset is not reported in the governmental funds financial statements 473,709

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 1,959,103

Net OPEB obligation is not a use of financial resources and, therefore, is not reported in the governmental funds. (27,785)

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:

Accrued liability for compensated absences	(1,330,380)
Bonds and capital leases payable outstanding	(36,963,026)
Accrued interest	(4,180,990)
Unamortized bond premium/discount	(41,438)
Unamortized bond issuance costs	262,445
	<u>262,445</u>

Net Assets Of Governmental Activities \$ 13,747,087

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 5,018,910	-	1,249,078	4,949,316	-	345,448	11,562,752
Sales taxes	7,470,386	1,512,664	-	2,612,501	2,153,138	63,839	13,812,528
Utility taxes	3,347,156	-	-	57,137	-	-	3,404,293
Other taxes	1,571,615	-	-	-	-	-	1,571,615
Permits and inspections	406,077	-	-	-	-	-	406,077
Licenses	2,953,086	-	-	-	-	-	2,953,086
Intergovernmental	539,231	228,701	-	-	679,755	-	1,447,687
Fines and forfeitures	2,220,257	-	-	-	-	-	2,220,257
Investment income	13,127	-	-	-	5,196	1,503	19,826
Recreation fees	507,906	-	-	-	-	-	507,906
Sewer lateral	-	-	-	-	-	36,123	36,123
Other	456,947	399,310	83,233	-	9,755	-	949,245
Total Revenues	<u>24,504,698</u>	<u>2,140,675</u>	<u>1,332,311</u>	<u>7,618,954</u>	<u>2,847,844</u>	<u>446,913</u>	<u>38,891,395</u>
EXPENDITURES							
Current:							
Mayor and council	46,334	-	-	-	-	-	46,334
City manager	514,153	-	-	-	-	-	514,153
Information system	429,938	-	-	-	-	-	429,938
Finance	389,657	-	-	-	-	-	389,657
Legal	538,314	-	-	-	-	-	538,314
City clerk	227,964	-	-	-	-	-	227,964
Police	7,231,554	-	-	-	-	-	7,231,554
Fire and ambulance	8,455,698	-	-	-	-	-	8,455,698
Public works:							
Administration	1,141,672	-	-	-	-	-	1,141,672
General maintenance	922,765	-	-	-	-	-	922,765
Park maintenance	920,953	-	-	-	-	-	920,953
Recreation	1,742,736	-	-	-	-	-	1,742,736
Sewer lateral	-	-	-	-	-	70,560	70,560
Economic development	-	455,498	870	7,618,952	919,351	-	8,994,671
Capital outlay	181,845	2,619,274	-	-	944,079	-	3,745,198
Debt service:							
Principal	-	416,532	645,000	-	59,100	-	1,120,632
Interest	-	253,058	584,490	-	2,043	27,379	866,970
Total Expenditures	<u>22,743,583</u>	<u>3,744,362</u>	<u>1,230,360</u>	<u>7,618,952</u>	<u>1,924,573</u>	<u>97,939</u>	<u>37,359,769</u>
REVENUES OVER (UNDER) EXPEN- DITURES	<u>1,761,115</u>	<u>(1,603,687)</u>	<u>101,951</u>	<u>2</u>	<u>923,271</u>	<u>348,974</u>	<u>1,531,626</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	1,798,702	-	-	-	-	1,798,702
Transfers in	25,813	404,685	-	-	-	-	430,498
Transfers out	(404,285)	(15,625)	-	-	(10,588)	-	(430,498)
Total Other Financing Sources (Uses)	<u>(378,472)</u>	<u>2,187,762</u>	<u>-</u>	<u>-</u>	<u>(10,588)</u>	<u>-</u>	<u>1,798,702</u>
NET CHANGE IN FUND BALANCES	1,382,643	584,075	101,951	2	912,683	348,974	3,330,328
FUND BALANCES (DEFICIT), JULY 1	<u>7,159,525</u>	<u>56,462</u>	<u>928,277</u>	<u>(11,280)</u>	<u>2,651,647</u>	<u>996,567</u>	<u>11,781,198</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 8,542,168</u>	<u>640,537</u>	<u>1,030,228</u>	<u>(11,278)</u>	<u>3,564,330</u>	<u>1,345,541</u>	<u>15,111,526</u>

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net Change In Fund Balances - Governmental Funds \$ 3,330,328

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold \$3,432,945 exceeded depreciation \$2,323,885 in the current period.	1,109,060
The net effect of various miscellaneous transactions involving capital assets:	
Cost of disposals, net of accumulated depreciation	(27,098)
Contributed capital assets	1,278
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements.	(76,493)
Bond proceeds are reported as financing sources in the governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the liability in the statement of net assets.	
Debt issued during the current year:	
Note payable	(22,439)
Capital lease obligations	(1,776,263)
Repayments during the current year:	
Principal payments on bonds	845,000
Principal payments on capital leases	275,632
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	12,904
Accrued interest on bonds, notes, and capital leases	(1,623,577)
Premium/discount on debt issuances, net of amortization	3,596
Bond issuance costs, net of amortization	(17,030)
Net pension asset	34,833
Change In Net Assets Of Governmental Activities	<u>\$ 2,069,731</u>

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND
JUNE 30, 2011

ASSETS

Investments at fair value:

Common stock	\$ 12,685,409
Corporate obligations	5,928,301
Money market funds	896,350
Mutual funds	1,519,741
Government and agency securities	4,797,734
Interest receivable	89,748
Total Assets	<u>25,917,283</u>

LIABILITIES

Accounts payable	18,732
Due to other funds	9,397
Total Liabilities	<u>28,129</u>

NET ASSETS

Held in trust for pension benefits	<u><u>\$ 25,889,154</u></u>
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CITY OF HAZELWOOD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2011

ADDITIONS

Employer contributions	\$ 1,187,655
Investment income:	
Interest and dividends	528,626
Realized and unrealized gain, net	3,559,098
Trustee fees - asset management	(140,305)
Total Investment Income	<u>3,947,419</u>
Total Additions	<u>5,135,074</u>

DEDUCTIONS

Benefits	<u>1,383,076</u>
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CHANGE IN NET ASSETS 3,751,998

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, JULY 1 22,137,156

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, JUNE 30 \$ 25,889,154

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the **CITY OF HAZELWOOD, MISSOURI** (the City) in the preparation of the accompanying basic financial statements are summarized below:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provision of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an Amendment of GASB 14*. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on 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. The accompanying financial data presented for the IDA reflects twelve months of activity ending June 30, 2011. Complete financial information for the IDA can be obtained from the City's finance department.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate 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.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets,

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

liabilities, fund balances, revenues, and expenditures. 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 various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition uses and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the City's governmental major funds:

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund -- The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

Debt Service Fund -- The Debt Service Fund is used 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 -- 370/MO Bottom Road Tax Increment Financing District is a Special Revenue Fund used 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 Economic Development Fund is a Special Revenue Fund used to account for economic development sales tax, which is required to be used for economic development within the City.

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

Fiduciary Fund Type

Pension Trust Fund -- The Pension Trust Fund is used to account for assets held by the City in a trustee capacity for the City's employee retirement plan. This fund is accounted for in essentially the same manner as a proprietary fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

Discretely Presented Component Unit - Industrial Development Authority

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

In the government-wide financial statements, the City applies all applicable GASB pronouncements, unless these pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs of the Committee on Accounting Procedure.

3. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for governmental fund types. All fiduciary funds use the accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the City, available is defined as expected to be received within sixty days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due (i.e., matured).

GASB Statement No. 33 (GASB 33) groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is im-

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus and Basis of Accounting (Continued)

posed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include permits and court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

4. 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.

5. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital Assets

Capital assets, which include 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 are recorded at estimated fair value at the date of donation.

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:

Assets	Years
Buildings	10 - 99
Improvements other than buildings	5 - 40
Infrastructure	10 - 20
Machinery, equipment, and furniture and fixtures	5 - 30
Automotive equipment	5 - 30

7. 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 outstanding at year-end were \$24,000 for the General Fund and \$147,014 for the Capital Projects Fund.

8. Fund Balance Policies

The City's policy is to report the fund balance in the following categories, when applicable, listed from the most restrictive to the least restrictive:

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

Restricted -- The portion of fund balance that is constrained to specific purposes through constitutional provisions or by enabling legislation.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Fund Balance Policies (Continued)

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 applicable City officials to which the City Council has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both 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 revenues for the fiscal year.

9. 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 service 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 or equivalent shift time. 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.

10. 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.

11. Allowance for Doubtful Accounts

Court fines are shown net of an allowance for uncollectibles of \$886,929, and ambulance revenues are shown net of an allowance for uncollectibles of \$153,187.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Restricted Assets

Certain resources set aside for the repayment of certificates of participation, general obligation bonds, capital projects bonds, and tax increment financing bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

13. 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.

14. Long-term Obligations

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, as well as issuance costs, 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. Bond issuance costs are reported and amortized over the term of the related debt.

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.

15. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

16. Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles 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.

NOTE B - CASH AND INVESTMENTS

1. Deposits

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 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, 2011, the City's and IDA's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

Investments Policies

The City's formal investments policies are as follows:

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments 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 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 the investment portfolio.

Custodial Credit 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 investments 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 investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

As of June 30, 2011, the City had the following investments:

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments	Fair Value	Maturities					Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	
Primary Government							
Certificates of deposit	\$ 4,555,422	-	4,555,422	-	-	-	N/A
Repurchase agreement	4,668,396	-	4,668,396	-	-	-	N/A
Money market funds	594,008	594,008	-	-	-	-	Not rated
Total Primary Government	9,817,826	594,008	9,223,818	-	-	-	
Component Unit (IDA)							
Certificates of deposit	135,814	-	135,814	-	-	-	N/A
Money market funds	9,502,033	9,502,033	-	-	-	-	Not rated
Government securities:							
Federal agency notes	715,387	-	-	-	-	715,387	AA
Total Component Unit	10,353,234	9,502,033	135,814	-	-	715,387	
Fiduciary Funds							
Common stock	12,685,409	12,685,409	-	-	-	-	N/A
Corporate obligations	1,675,177	-	10,439	563,689	1,073,599	27,450	A
Corporate obligations	376,291	-	-	203,534	172,757	-	AA
Corporate obligations	1,918,493	-	12,101	981,885	286,377	638,130	AAA
Corporate obligations	1,958,340	-	-	603,905	1,082,550	271,885	BBB
Money market funds	896,350	896,350	-	-	-	-	Not rated
Mutual funds	1,519,741	1,519,741	-	-	-	-	N/A
Government securities:							
Federal agency notes	2,583,905	-	134,998	1,353,084	649,139	446,684	AAA
Municipal issues	56,653	-	-	-	56,653	-	A
U.S. Treasury notes	2,157,176	-	678,171	298,247	1,180,758	-	AAA
Total Fiduciary Funds	25,827,535	15,101,500	835,709	4,004,344	4,501,833	1,384,149	
Grand Total Investments	\$ 45,998,595	25,197,541	10,195,341	4,004,344	4,501,833	2,099,536	

NOTE C - CAPITAL ASSETS

Capital assets activity was as follows:

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2011			
	Balance June 30 2010	Additions And Transfers	Deletions And Transfers	
Capital assets not being depreciated:				
Land and right-of-way	\$ 4,312,951	1,278	-	4,314,229
Construction in progress	120,282	1,030,558	-	1,150,840
Total Capital Assets Not Being Depreciated	<u>4,433,233</u>	<u>1,031,836</u>	<u>-</u>	<u>5,465,069</u>
Capital assets being depreciated:				
Buildings and improvements	20,517,488	1,311,319	1,664	21,827,143
Infrastructure	31,928,340	151,752	-	32,080,092
Machinery, equipment, and furniture and fixtures	5,036,585	84,337	73,927	5,046,995
Automotive equipment	4,141,805	854,979	777,585	4,219,199
Total Capital Assets Being Depreciated	<u>61,624,218</u>	<u>2,402,387</u>	<u>853,176</u>	<u>63,173,429</u>
Less: - Accumulated depreciation for:				
Buildings and improvements	7,365,841	716,660	915	8,081,586
Infrastructure	14,567,265	1,054,987	-	15,622,252
Machinery, equipment, and furniture and fixtures	4,001,488	282,323	54,487	4,229,324
Automotive equipment	2,722,174	269,915	770,676	2,221,413
Total Accumulated Depreciation	<u>28,656,768</u>	<u>2,323,885</u>	<u>826,078</u>	<u>30,154,575</u>
Total Capital Assets Being Depreciated, Net	<u>32,967,450</u>	<u>78,502</u>	<u>27,098</u>	<u>33,018,854</u>
Capital Assets, Net	<u>\$37,400,683</u>	<u>1,110,338</u>	<u>27,098</u>	<u>38,483,923</u>

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

	For The Year Ended June 30 2011
General government	\$ 532,297
Police	192,368
Fire and ambulance	179,009
Public works, including depreciation of infrastructure assets	1,159,342
Parks and recreation	<u>260,869</u>
 Total	 <u>\$2,323,885</u>

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

June 30
2011

Certificates of Participation

2008 certificates of participation issue of \$5,485,000 used for acquiring, constructing, furnishing, and equipping a new aquatic center and improving Fire Station #1. Interest rates range from 3% to 5%, due March 1, 2028.

\$4,910,000

General Obligation Bonds

2007 general obligation street bonds issue of \$6,630,000 used for constructing, reconstructing, extending, and improving the City's streets and sidewalks. Interest rates range from 4% to 4.75%, due March 1, 2027.

\$ 5,730,000

2005 general obligation street bonds issue of \$8,415,000 used for constructing, reconstructing, extending, and improving the City's streets and sidewalks. Interest rates range from 4% to 5%, due March 1, 2025.

6,785,000

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.

635,000

Total General Obligation Bonds

\$13,150,000

Note Payable

2011 note payable to the Missouri Department of Natural Resources of \$22,439 used to finance the costs of the design, acquisition, installation, and implementation of energy conservation measures. Interest rate is 0%, due February 1, 2018.

\$22,439

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

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

For The Years Ended June 30	General Obligation Bonds		Certificates Of Participation		Note Payable
	Principal	Interest	Principal	Interest	Principal
2012	\$ 670,000	556,827	205,000	222,219	3,353
2013	695,000	528,378	210,000	215,300	3,353
2014	725,000	497,890	220,000	207,845	3,353
2015	760,000	466,370	230,000	199,595	3,353
2016	790,000	434,263	235,000	190,683	3,353
2017 - 2021	4,530,000	1,645,097	1,335,000	796,927	5,674
2022 - 2026	4,505,000	638,388	1,680,000	456,312	-
2027 - 2028	475,000	20,187	795,000	60,000	-
Total	\$ 13,150,000	4,787,400	4,910,000	2,348,881	22,439

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%. Notes outstanding at June 30, 2011 are as follows:

	Date Issued	Date Of Maturity	Original Amount	Balance June 30 2011
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	<u>16,639,124</u>
Total Tax Increment Revenue Notes				<u>\$17,055,000</u>

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 2.375% to 5.5%.

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 storm-

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

water 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 \$368,685 to the Capital Projects Fund for its portion of the pledged revenues. The Capital Projects Fund paid \$455,498 to the IDA for the year ended June 30, 2011. The interest rates on the bonds range from 5.31% to 5.875%.

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Original Amount</u>	<u>Balance June 30 2011</u>
Tax increment financing bonds:				
370/Missouri Bottom Road Redevelopment ment Area	11-25-2003	8-1-2020	\$26,385,000	\$1,705,000
Taxable annual appropriation capital projects bonds:				
Cabela's Project	03-7-2007	2-1-2027	5,845,000	<u>5,625,000</u>
Total				<u>\$7,330,000</u>

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

	<u>For The Year Ended June 30, 2011</u>			<u>Balance June 30 2011</u>	<u>Amounts Due Within One Year</u>
	<u>Balance June 30 2010</u>	<u>Additions</u>	<u>Deletions</u>		
Primary Government					
General obligation bonds	\$13,795,000	-	645,000	13,150,000	670,000
Plus - Premium	94,606	-	6,392	88,214	-
Certificates of participation	5,110,000	-	200,000	4,910,000	205,000
Less - Discount	(49,572)	-	(2,796)	(46,776)	-
Tax increment revenue notes	17,055,000	-	-	17,055,000	-
Note payable	-	22,439	-	22,439	3,353
Compensated absences	1,343,284	935,819	948,723	1,330,380	865,000
Capital lease obligations	324,956	1,776,263	275,632	1,825,587	305,176
Total	<u>\$37,673,274</u>	<u>2,734,521</u>	<u>2,072,951</u>	<u>38,334,844</u>	<u>2,048,529</u>
Component Unit					
Capital projects bonds	\$ 5,845,000	-	220,000	5,625,000	225,000
Less - Discount	(27,484)	-	(1,649)	(25,835)	-
Tax increment financing revenue bonds	1,835,000	-	130,000	1,705,000	135,000
Less - Discount	(244,449)	-	(23,281)	(221,168)	-
Total	<u>\$ 7,408,067</u>	<u>-</u>	<u>325,070</u>	<u>7,082,997</u>	<u>360,000</u>

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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

During the year ended June 30, 2011, the City's capital lease debt service payments for principal retirement and interest were \$275,632 and \$26,632, respectively.

NOTE E - 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 and Economic Development Fund. The City currently has three such leases outstanding. Leased equipment with a total capitalized cost of \$2,191,993 and \$46,962 accumulated depreciation is included in the government-wide financial statements. At June 30, 2011, \$161,592 of lease proceeds was in an escrow account awaiting the delivery of a dump truck.

The future minimum lease payment under the capital leases and the present value of the net minimum lease payment as of June 30, 2011 is as follows:

For The Years Ended June 30	
2012	\$ 357,091
2013	303,607
2014	250,119
2015	250,119
2016	233,807
2017 - 2021	<u>657,829</u>
	2,052,572
Less - Amount repre- sented interest	<u>226,985</u>
Present Value Of Future Minimum Lease Payments	<u>\$1,825,587</u>

NOTE F - EMPLOYEE RETIREMENT PLAN

The City maintains a single-employer, defined benefit pension plan (the Plan). The Plan covers all permanent full-time policemen, firemen, and other employees through participation in a single-employer, defined benefit public employee retirement system. All administrative costs of the Plan are financed by the Pension Trust Fund.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

1. Plan Description and Provisions

The Plan was created and is governed by City ordinance. The total payroll for all employees for the year ended June 30, 2010 was \$9,827,733.

The 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 Plan is provided in a summary plan description.

Current membership in the Plan is comprised of the following:

<u>Group</u>	<u>July 1, 2010</u>
Retirees and beneficiaries currently receiving benefits	57
Vested terminated employees	23
Active employees:	
Fully vested	132
Partially vested	52

Employees who attain the age of 60 or have 5 years of credited service are entitled to a normal retirement benefit equal to a) 2% of their final average monthly compensation multiplied by b) 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 Plan in effect immediately prior to 1989, based on credited service to that date. The Plan also provides early retirement, late retirement, vested deferred retirement, and disability benefits. The benefit provisions and funding policy are established by City ordinance.

Employer contributions to the Plan are recognized in the period in which the contributions are due. Plan benefits are recognized when due and payable in accordance with the terms of the Plan. Investments of the Plan are reported at fair value. Equity and debt securities are reported at the readily determinable current fair value.

The Plan's funding policy provides for actuarially determined annual required contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the entry age actuarial cost method. The unfunded actuarial accrued liability is amortized over an initial 30-year period. The Plan is entirely funded by the City. No employee contributions are required.

The required contribution to the Plan of \$1,129,979 for the 2010 - 2011 plan year was computed through an actuarial valuation performed as of July 1, 2010. The required contribution consisted of a) \$700,115 normal cost (7.1% of annual covered payroll), b) \$352,851 amortization of the unfunded actuarial accrued liability (4% of annual covered payroll), and c) \$77,013 expense loading equivalent to 0.3% of the fair value of plan assets (0.8% of annual covered payroll).

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

1. Plan Description and Provisions (Continued)

Pension Plan			
Valuation For The Actuarial Years Ended July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)
2010	\$22,711,703	\$26,059,962	\$3,348,259
2009	22,898,848	24,973,816	2,074,968
2008	22,720,556	25,190,087	2,469,531
2007	21,355,315	23,916,495	2,561,180
2006	19,419,573	22,186,040	2,766,467
2005	17,995,243	20,962,553	2,967,310
Valuation For The Actuarial Years Ended July 1	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
2010	87.2%	\$9,827,733	34.1%
2009	91.7	9,885,427	21.0
2008	90.2	9,445,097	26.1
2007	89.3	9,123,360	28.1
2006	87.5	8,411,660	32.9
2005	85.8	8,242,582	36.0

2. Funding Status and Progress

Schedule Of Employer Contributions			
For The Years Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$1,057,468	\$1,105,631	104.6%
2009	1,039,281	1,091,569	105.0
2008	1,017,336	1,073,125	105.5
2007	973,769	1,027,006	105.5
2006	1,006,404	1,044,593	103.8
2005	981,321	1,022,318	104.2

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

2. Funding Status and Progress (Continued)

The information presented in the required supplemental schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2010
Actuarial cost method	Entry age (level percentage)
Amortization method	Level dollar, open
Remaining amortization period	15 years closed
Asset valuation method	3 year smoothed fair value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5%
Inflation rate	4.0%

3. Annual Pension Cost

Current year annual pension cost for the Plan is shown in the trend information. Annual required contributions (ARC) were made by the Plan. The Plan does not have a net pension obligation.

4. Trend Information

The historical trend information for the Plan is presented herewith to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparison with other Public Employee Retirement Systems (PERS).

Pension Plan			
<u>Valuation For The Actuarial Years Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2011	\$1,070,798	103.3%	(\$473,709)
2010	1,050,510	103.9	(438,876)
2009	1,027,270	104.5	(397,817)
2008	982,446	105.0	(351,962)
2007	1,014,223	103.0	(307,402)
2006	988,177	103.5	(277,032)

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

4. Trend Information (Continued)

Valuation For The Actuarial Years Ended June 30	Pension Plan					Increase (Decrease) In Net Pension Obligation (Asset)	Net Pension Obligation (Asset) End Of Year
	Annual Required Contri- bution	Adjustment To Annual Required Contribution	Interest On Net Pension Obligation (Asset)	Annual Pension Cost	Actual Contri- bution		
2011	\$1,057,468	46,246	(32,916)	1,070,798	(1,105,631)	(34,833)	(473,709)
2010	1,039,281	43,054	(31,825)	1,050,510	(1,091,569)	(41,059)	(438,876)
2009	1,017,336	38,091	(28,157)	1,027,270	(1,073,125)	(45,855)	(397,817)
2008	973,769	33,269	(24,592)	982,446	(1,027,006)	(44,560)	(351,962)
2007	1,006,404	29,982	(22,163)	1,014,223	(1,044,593)	(30,370)	(307,402)
2006	981,321	26,287	(19,431)	988,177	(1,022,318)	(34,141)	(277,032)

NOTE G - 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.

NOTE H - 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 after December 31.

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 and is deferred on the fund financial statements, and recognized as revenue in the government-wide financial statements.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - 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 a 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, if any, to be immaterial.

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters should not have a material adverse effect on the financial condition of the City. 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.

NOTE J - UNRESTRICTED NET ASSET DEFICIT

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$12,626,730). This total is comprised of \$4,428,270 in unrestricted net assets from operations and unrestricted net assets deficit resulting from the issuance of TIF Revenue Notes \$17,055,000, 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.

NOTE K - 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 D is payable through October 2029. For the current year, the IDA's principal and interest paid and total incremental tax revenues were \$774,913 and \$9,063,726, respectively. For the current year, the City's interest paid and total incremental tax revenues were \$27,379 and \$409,395, respectively.

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

Plan Description

The City provides healthcare benefits to employees defined as City retirees who have attained age 55 plus ten years of service until attainment of Medicare Eligibility Age, as long as the retiree pays the monthly premium. Single, spouse, and dependent medical and prescription drug benefits are available to retirees in the City's fully-insured plan. The individual pays the monthly group health insurance premium. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS
(Continued)

the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities. The City's annual OPEB cost for the most recent actuarial valuation and the related information are as follows:

	For The Year Ended June 30 <u>2009</u>
Amortization of past service cost	\$25,850
Normal cost	19,230
Interest to end of fiscal year	<u>1,803</u>
ARC	46,883
Interest on net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB Cost	46,883
Contributions made	<u>(19,098)</u>
Increase In Net OPEB Obligation	27,785
Net OPEB obligation, July 1, 2008	<u>-</u>
 Net OPEB Obligation, June 30, 2009	 <u>\$27,785</u>

The Plan, stated in the City's Personnel Policy, was established by City Ordinance, which assigned the authority to establish and amend plan benefit provisions to the City. The contribution requirements of the City and plan members are established and may be amended by the City.

The Plan does not issue a separate stand-alone financial report. The OPEB obligation is generally liquidated by the General Fund.

In future years, three-year trend information will be presented. 2009 was the year of implementation of GASB 45 and the City has elected to implement prospectively, therefore, prior year comparative funding progress is not available. A valuation will be prepared every three years.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE L - OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS
(Continued)

Required Supplemental Information

Schedule Of Funding Progress						
Valuation For The Actuarial Valuation July 1	Actuarial Value Of Assets (1)	Actuarial Accrued Liability (2)	Unfunded Accrued Liability (UAAL) (1)-(2)	Funded Ratio (1)/(2)	Covered Payroll (3)	UAAL As A Percentage Of Covered Payroll (1-2)/(3)
2010*	\$ -	\$ -	\$ -	- %	\$ -	- %
2009*	-	-	-	-	-	-
2008	-	365,368	365,368	-	9,445,097	4

Schedule Of Employer Contributions			
For The Year Ended June 30	Annual Required Cost	Contribution Made	Percent Contributed
2011*	\$ -	\$ -	- %
2010*	-	-	-
2009	46,883	19,098	40.74

*Valuation was not performed

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit credit method
Latest valuation date	July 1, 2008
Discount rate	4% per annum
Amortization method	Level dollar, open
Amortization period	20 years for initial UAAL, closed
Payroll inflation	4%
Mortality	UP-94 Mortality Table
Medical premium rates	9.5% initial rate; 5.5% alternate rate

NOTE M - DEFICIT BALANCES

At June 30, 2011, the 370/MO Bottom Road Tax Increment Financing District Fund accumulated a deficit of \$11,278, the result of expenditures which exceeded revenues in 2011 plus prior years. The accumulated deficit will be offset by future revenues received by the fund.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE N - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2011</u>
General Fund	Pension Trust Fund	\$ 9,397
General Fund	Capital Projects Fund	655,037
General Fund	370/MO Bottom Road Tax Increment	
	Financing District Fund	<u>1,757</u>
Total		<u>\$666,191</u>

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, 2012.

NOTE O - INTERFUND TRANSFERS

Individual interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>June 30 2011</u>
General Fund	Economic Development Fund	\$ 10,188
General Fund	Capital Projects Fund	15,625
Capital Projects Fund	Economic Development Fund	400
Capital Projects Fund	General Fund	<u>404,285</u>
Total		<u>\$430,498</u>

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 improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE P - RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$7,042,766 of restricted net assets of which \$4,947,774 is restricted by enabling legislation.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE Q - FEDERAL FORFEITURE ACTIVITY

For the year ended June 30, 2011, the City had \$172,301 of revenues and expenditures, and \$0 ending balance for the federal forfeiture account.

NOTE R - SUBSEQUENT EVENTS

In September 2011, the City issued special obligation bonds in the amount of \$1,350,000 to fund an economic development loan to be made to Emerald Automotive, LLC.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Property taxes			
Real estate	\$ 3,420,000	3,581,459	161,459
Personal property	850,000	974,888	124,888
Property surtax	459,000	462,563	3,563
Total Property Taxes	<u>4,729,000</u>	<u>5,018,910</u>	<u>289,910</u>
Sales taxes			
Hotel/motel tax	201,600	212,584	10,984
Park and stormwater	2,015,000	2,107,895	92,895
Sales	3,254,000	3,281,343	27,343
Use	1,392,000	1,868,564	476,564
Total Sales Taxes	<u>6,862,600</u>	<u>7,470,386</u>	<u>607,786</u>
Utility taxes	<u>2,966,000</u>	<u>3,347,156</u>	<u>381,156</u>
Other taxes			
Cigarette	70,700	72,868	2,168
Gasoline	722,200	733,009	10,809
Road and bridge	642,000	650,647	8,647
Vehicle fees	118,100	115,091	(3,009)
Total Other Taxes	<u>1,553,000</u>	<u>1,571,615</u>	<u>18,615</u>
Permits and inspections			
Building permits	168,800	280,393	111,593
Occupancy permits	124,000	125,684	1,684
Total Permits And Inspections	<u>292,800</u>	<u>406,077</u>	<u>113,277</u>
Licenses			
Manufacturers	996,000	1,004,920	8,920
Occupation services	1,105,000	1,174,007	69,007
Merchants	476,000	506,174	30,174
Liquor	14,000	13,698	(302)
Coin devices	4,100	3,760	(340)
Franchises	250,200	250,527	327
Total Licenses	<u>2,845,300</u>	<u>2,953,086</u>	<u>107,786</u>

(Continued)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES (Continued)			
Intergovernmental			
Grant income	589,900	539,231	(50,669)
Fines and forfeitures			
Court fines	2,588,000	2,163,941	(424,059)
Police fines	26,800	35,567	8,767
License fines	10,000	20,749	10,749
Total Fines And Forfeitures	<u>2,624,800</u>	<u>2,220,257</u>	<u>(404,543)</u>
Investment income	<u>26,700</u>	<u>13,127</u>	<u>(13,573)</u>
Recreation fees			
Swimming pools	130,000	145,441	15,441
Rentals	84,000	83,856	(144)
Classes	128,000	131,436	3,436
Disc golf	5,500	3,203	(2,297)
Recreation programs and trips	22,000	25,117	3,117
Concessions	72,500	62,273	(10,227)
Resident cards	50,000	51,552	1,552
Sports complex	6,500	5,028	(1,472)
Total Recreation Fees	<u>498,500</u>	<u>507,906</u>	<u>9,406</u>
Other			
Fire protection service	62,200	72,037	9,837
Ambulance fees	295,000	322,369	27,369
Other	80,000	62,541	(17,459)
Proceeds from sale of assets	15,000	-	(15,000)
Total Other	<u>452,200</u>	<u>456,947</u>	<u>4,747</u>
Total Revenues	<u><u>\$ 23,440,800</u></u>	<u><u>24,504,698</u></u>	<u><u>1,063,898</u></u>

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

EXPENDITURES	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Mayor and council				
Personnel services	\$ 24,964	24,964	24,712	(252)
Contractual services	33,180	33,180	21,248	(11,932)
Commodities	575	575	374	(201)
Capital outlay	50	50	-	(50)
Total Mayor And Council	<u>58,769</u>	<u>58,769</u>	<u>46,334</u>	<u>(12,435)</u>
City manager				
Personnel services	386,208	386,208	366,410	(19,798)
Contractual services	93,995	93,995	105,441	11,446
Commodities	53,995	53,995	42,302	(11,693)
Capital outlay	-	-	507	507
Total City Manager	<u>534,198</u>	<u>534,198</u>	<u>514,660</u>	<u>(19,538)</u>
Information system				
Contractual services	415,440	415,440	401,336	(14,104)
Commodities	26,500	26,500	28,602	2,102
Capital outlay	3,031	13,031	9,771	(3,260)
Total Information System	<u>444,971</u>	<u>454,971</u>	<u>439,709</u>	<u>(15,262)</u>
Finance				
Personnel services	280,778	280,778	279,997	(781)
Contractual services	120,335	120,335	108,670	(11,665)
Commodities	2,250	2,250	979	(1,271)
Capital outlay	1,375	1,375	-	(1,375)
Contingencies	-	-	11	11
Total Finance	<u>404,738</u>	<u>404,738</u>	<u>389,657</u>	<u>(15,081)</u>
Legal				
Personnel services	199,601	199,601	193,709	(5,892)
Contractual services	330,005	330,005	342,534	12,529
Commodities	3,130	3,130	2,071	(1,059)
Capital outlay	-	-	100	100
Total Legal	<u>532,736</u>	<u>532,736</u>	<u>538,414</u>	<u>5,678</u>
City clerk				
Personnel services	185,518	185,518	184,886	(632)
Contractual services	47,854	47,854	42,281	(5,573)
Commodities	1,495	1,495	797	(698)
Total City Clerk	<u>234,867</u>	<u>234,867</u>	<u>227,964</u>	<u>(6,903)</u>
Police				
Personnel services	6,890,540	6,860,540	6,686,981	(173,559)
Contractual services	350,212	350,212	303,054	(47,158)
Commodities	223,680	223,680	232,510	8,830
Capital outlay	40,142	40,142	39,822	(320)
Contingencies	400	400	9,009	8,609
Total Police	<u>7,504,974</u>	<u>7,474,974</u>	<u>7,271,376</u>	<u>(203,598)</u>

(Continued)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

EXPENDITURES (Continued)	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Fire				
Personnel services	3,478,405	3,498,405	3,464,653	(33,752)
Contractual services	4,791,853	4,791,853	4,565,529	(226,324)
Commodities	55,084	55,084	50,397	(4,687)
Capital outlay	27,228	27,228	23,477	(3,751)
Contingencies	3,000	3,000	4,946	1,946
Total Fire	8,355,570	8,375,570	8,109,002	(266,568)
Ambulance				
Personnel services	254,841	254,841	244,988	(9,853)
Contractual services	101,300	101,300	88,576	(12,724)
Commodities	35,869	35,869	35,659	(210)
Capital outlay	7,200	7,200	3,965	(3,235)
Contingencies	-	-	950	950
Total Ambulance	399,210	399,210	374,138	(25,072)
Public works				
Administration:				
Personnel services	726,234	726,234	712,179	(14,055)
Contractual services	402,069	402,069	414,169	12,100
Commodities	24,175	24,175	15,324	(8,851)
Capital outlay	3,500	3,500	2,671	(829)
Contingencies	100	100	-	(100)
Total Administration	1,156,078	1,156,078	1,144,343	(11,735)
General maintenance:				
Personnel services	622,197	622,197	578,213	(43,984)
Contractual services	90,030	90,030	79,820	(10,210)
Commodities	263,405	263,405	261,877	(1,528)
Capital outlay	8,900	8,900	8,405	(495)
Contingencies	1,000	1,000	2,855	1,855
Total General Maintenance	985,532	985,532	931,170	(54,362)
Park maintenance:				
Personnel services	796,848	796,848	754,543	(42,305)
Contractual services	48,550	48,550	57,352	8,802
Commodities	82,105	82,105	106,778	24,673
Capital outlay	4,500	4,500	7,194	2,694
Contingencies	1,000	1,000	2,280	1,280
Total Park Maintenance	933,003	933,003	928,147	(4,856)
Recreation:				
Personnel services	1,327,990	1,327,990	1,211,519	(116,471)
Contractual services	496,061	496,061	446,862	(49,199)
Commodities	70,905	70,905	84,110	13,205
Capital outlay	74,575	74,575	85,933	11,358
Contingencies	1,000	1,000	245	(755)
Total Recreation	1,970,531	1,970,531	1,828,669	(141,862)
Total Public Works	5,045,144	5,045,144	4,832,329	(212,815)
Total Expenditures	\$ 23,515,177	23,515,177	22,743,583	(771,594)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - ECONOMIC DEVELOPMENT FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Sales taxes	\$ 2,028,000	2,153,138	125,138
Intergovernmental	1,596,000	679,755	(916,245)
Investment income	1,000	5,196	4,196
Other	-	9,755	9,755
Total Revenues	3,625,000	2,847,844	(777,156)
EXPENDITURES			
Current:			
Economic development	2,050,405	919,351	(1,131,054)
Capital outlay	2,270,258	944,079	(1,326,179)
Debt service:			
Principal	59,100	59,100	-
Interest	2,043	2,043	-
Total Expenditures	4,381,806	1,924,573	(2,457,233)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ (756,806)	923,271	1,680,077
ADJUSTMENT TO RECONCILE TO GAAP BASIS			
Unbudgeted activity		(10,588)	
NET CHANGE IN FUND BALANCE - GAAP BASIS		912,683	
FUND BALANCE, JULY 1		2,651,647	
FUND BALANCE, JUNE 30		\$ 3,564,330	

**CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

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, Sewer Lateral Fund, and Economic Development 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 U.S. generally accepted accounting principles except certain transfers and other financing source for debt issues are not budgeted. Expenditures modified for some year-end accrual may not legally exceed budgeted appropriations at the department level.
- e. A motion from 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 departments, without City Council approval. Appropriations lapse at year-end.

For the year ended June 30, 2011, expenditures exceeded appropriations in the legal department by \$5,678 of the General Fund. These over expenditures were funded by greater than anticipated revenues or fund balance reserves in the respective fund.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Sewer Lateral</u>	<u>Elm Grove Area Tax Incremental Financing District</u>	<u>Robertson Area Tax Increment Financing District</u>	
ASSETS				
Cash and investments	\$ 600,918	638,671	108,251	1,347,840
Receivables:				
Sales tax	-	26,705	-	26,705
Other	376	-	-	376
	<u>376</u>	<u>-</u>	<u>-</u>	<u>376</u>
Total Assets	<u>\$ 601,294</u>	<u>665,376</u>	<u>108,251</u>	<u>1,374,921</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,727	26,653	-	29,380
	<u>2,727</u>	<u>26,653</u>	<u>-</u>	<u>29,380</u>
Fund Balances				
Restricted for:				
Economic development	-	638,723	108,251	746,974
Sewer lateral	598,567	-	-	598,567
	<u>598,567</u>	<u>638,723</u>	<u>108,251</u>	<u>1,345,541</u>
Total Fund Balances	<u>598,567</u>	<u>638,723</u>	<u>108,251</u>	<u>1,345,541</u>
Total Liabilities And Fund Balances	<u>\$ 601,294</u>	<u>665,376</u>	<u>108,251</u>	<u>1,374,921</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Sewer Lateral</u>	<u>Elm Grove Area Tax Incremental Financing District</u>	<u>Robertson Area Tax Increment Financing District</u>	
REVENUES				
Property taxes	\$ -	83,312	262,136	345,448
Sales taxes	-	63,794	45	63,839
Investment income	1,395	-	108	1,503
Sewer lateral	36,123	-	-	36,123
Total Revenues	<u>37,518</u>	<u>147,106</u>	<u>262,289</u>	<u>446,913</u>
EXPENDITURES				
Current:				
Sewer lateral	70,560	-	-	70,560
Debt service - interest	-	-	27,379	27,379
Total Expenditures	<u>70,560</u>	<u>-</u>	<u>27,379</u>	<u>97,939</u>
NET CHANGE IN FUND BALANCES	(33,042)	147,106	234,910	348,974
FUND BALANCES (DEFICIT), JULY 1	<u>631,609</u>	<u>491,617</u>	<u>(126,659)</u>	<u>996,567</u>
FUND BALANCES, JUNE 30	<u>\$ 598,567</u>	<u>638,723</u>	<u>108,251</u>	<u>1,345,541</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Sales taxes	\$ 1,455,000	1,455,000	1,512,664	57,664
Intergovernmental	145,000	145,000	228,701	83,701
Other	180,000	180,000	399,310	219,310
Total Revenues	<u>1,780,000</u>	<u>1,780,000</u>	<u>2,140,675</u>	<u>360,675</u>
EXPENDITURES				
Current:				
Economic development	550,720	550,720	455,498	(95,222)
Capital outlay	2,164,862	2,864,862	2,619,274	(245,588)
Debt service:				
Principal	416,532	416,532	416,532	-
Interest	253,058	253,058	253,058	-
Total Expenditures	<u>3,385,172</u>	<u>4,085,172</u>	<u>3,744,362</u>	<u>(340,810)</u>
REVENUES UNDER EXPENDITURES	<u>(1,605,172)</u>	<u>(2,305,172)</u>	<u>(1,603,687)</u>	<u>701,485</u>
OTHER FINANCING SOURCES				
Issuance of debt	1,237,479	1,237,479	1,798,702	561,223
Transfers in	381,664	381,664	404,685	23,021
Total Other Financing Sources	<u>1,619,143</u>	<u>1,619,143</u>	<u>2,203,387</u>	<u>584,244</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 13,971</u>	<u>(686,029)</u>	599,700	<u>1,285,729</u>
ADJUSTMENT TO RECONCILE TO GAAP BASIS				
Unbudgeted activity			<u>(15,625)</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS			584,075	
FUND BALANCE, JULY 1			<u>56,462</u>	
FUND BALANCE, JUNE 30			<u>\$ 640,537</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, 2011

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Investment income	\$ 630	1,395	765
Sewer lateral	37,840	36,123	(1,717)
Total Revenues	38,470	37,518	(952)
EXPENDITURES			
Current:			
Sewer lateral	90,800	70,560	(20,240)
NET CHANGE IN FUND BALANCE	\$ (52,330)	(33,042)	19,288
FUND BALANCE, JULY 1		631,609	
FUND BALANCE, JUNE 30		\$ 598,567	

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Section III

Statistical Section

CITY OF HAZELWOOD, MISSOURI

STATISTICAL

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City'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.	55 - 58
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	59 - 63
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.	64 - 67
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.	68 - 69
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.	70 - 72

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF HAZELWOOD, MISSOURI
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

	June 30								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities									
Invested in capital assets, net of related debt	\$ 19,331,051	18,810,695	17,868,052	16,593,187	17,810,632	11,944,325	13,191,043	12,215,273	11,532,817
Restricted	7,042,766	5,679,975	5,816,170	7,064,680	798,525	8,476,959	11,461,713	3,693,656	6,034,203
Unrestricted	(12,626,730)	(12,813,314)	(11,616,911)	(11,126,528)	4,495,726	(2,276,499)	(5,203,306)	2,195,465	53,274
Total Governmental Activities Net Assets	\$13,747,087	11,677,356	12,067,311	12,531,339	23,104,883	18,144,785	19,449,450	18,104,394	17,620,294

Source: Basic financial statements

GASB 34 was implemented in 2003.

CITY OF HAZELWOOD, MISSOURI
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

For The Years Ended June 30

	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES									
General government	\$ 2,687,257	2,825,251	2,793,428	2,588,055	2,511,326	2,464,356	2,087,773	3,025,041	2,623,008
Police	7,507,749	7,720,152	7,589,247	7,261,558	6,936,775	6,435,271	5,975,923	5,862,217	5,208,275
Fire and ambulance	8,684,030	8,436,527	8,218,900	7,667,628	7,181,802	7,087,575	6,374,396	6,043,746	5,830,812
Public works	3,325,951	3,489,426	3,756,069	3,616,598	3,594,390	3,376,711	2,629,157	2,583,716	973,378
Parks and recreation	3,030,546	2,902,659	3,137,528	2,902,669	2,797,974	2,879,118	2,334,874	2,138,623	1,910,345
Economic development	8,909,277	8,715,851	11,793,396	23,412,225	7,188,357	11,116,868	5,601,583	2,941,286	866,727
Sewer lateral	70,560	113,739	60,549	104,127	104,454	173,934	69,341	107,273	114,599
Interest on long-term debt	2,503,981	2,424,195	2,191,555	1,291,226	420,838	431,849	126,381	55,343	69,055
Total Expenses	36,719,351	36,627,800	39,540,672	48,844,086	30,735,916	33,965,682	25,199,428	22,757,245	17,596,199
PROGRAM REVENUES									
Charges for services:									
General government	426,826	255,810	368,801	381,132	631,949	487,576	480,120	590,523	470,841
Police	2,412,430	2,657,616	2,414,229	2,752,449	1,358,339	1,211,838	808,956	607,281	581,343
Fire and ambulance	359,209	335,649	453,861	439,731	352,505	468,918	294,125	149,370	147,448
Parks and recreation	507,906	473,284	560,978	313,148	325,064	308,855	279,008	264,643	260,474
Sewer lateral	36,123	37,887	72,519	127,995	129,418	192,044	198,946	224,172	224,615
Operating grants and contributions	2,193,975	2,056,089	2,100,070	1,940,193	2,096,786	1,647,110	2,043,262	195,756	211,850
Capital grants and contributions	909,734	292,830	1,136,393	55,581	364,320	-	-	1,091,302	-
Total Program Revenues	6,846,203	6,109,165	7,108,851	6,010,229	5,258,381	4,316,341	4,104,417	3,123,047	1,896,571
NET REVENUES (EXPENSES)	(29,873,148)	(30,518,635)	(32,431,821)	(42,833,857)	(25,477,535)	(29,649,341)	(21,095,011)	(19,634,198)	(15,699,628)
GENERAL REVENUES									
Property taxes	11,358,534	11,044,917	12,542,793	11,640,116	10,033,698	13,388,774	7,411,051	4,113,306	2,670,426
Sales taxes	13,656,531	12,495,802	13,548,928	13,796,329	10,197,675	9,197,588	8,907,348	8,382,356	9,793,356
Utility taxes	3,404,293	3,155,918	2,740,588	3,625,891	2,111,099	2,294,316	2,256,529	2,243,347	2,160,914
Other taxes	72,868	76,689	82,848	85,921	89,475	93,331	93,722	1,520,986	1,394,575
License taxes	2,953,086	2,973,670	2,654,812	2,607,053	2,356,074	2,410,356	3,230,993	3,382,104	3,425,626
Investment income	19,826	31,232	105,316	267,842	263,127	424,989	103,999	35,360	24,692
Miscellaneous	477,741	350,452	292,508	237,161	386,485	535,322	436,425	398,085	270,319
Contributed capital	-	-	-	-	5,000,000	-	-	-	-
Total General Revenues	31,942,879	30,128,680	31,967,793	32,260,313	30,437,633	28,344,676	22,440,067	20,075,544	19,739,908
CHANGES IN NET ASSETS	\$ 2,069,731	(389,955)	(464,028)	(10,573,544)	4,960,098	(1,304,665)	1,345,056	441,346	4,040,280

Source: Basic financial statements

GASB 34 was implemented in 2003.

CITY OF HAZELWOOD, MISSOURI
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	June 30								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund									
Nonspendable	\$ 2,334,758	-	-	-	-	-	-	-	-
Committed	24,000	-	-	-	-	-	-	-	-
Unassigned	6,183,410	-	-	-	-	-	-	-	-
Reserved	-	2,296,095	2,492,183	2,188,897	1,757,712	1,700,947	1,415,870	1,463,622	1,339,228
Unreserved	-	4,863,430	4,205,313	3,842,018	1,763,241	1,615,749	2,204,816	1,188,737	(593,413)
Total General Fund	\$ 8,542,168	7,159,525	6,697,496	6,030,915	3,520,953	3,316,696	3,620,686	2,652,359	745,815
All Other Governmental Funds									
Nonspendable	\$ 9,659	-	-	-	-	-	-	-	-
Restricted	6,570,977	-	-	-	-	-	-	-	-
Unassigned	(11,278)	-	-	-	-	-	-	-	-
Reserved	-	1,607,230	1,980,507	1,687,749	2,695,376	3,561,286	878,402	702,892	1,135,985
Unreserved, reported in:									
Capital Projects Funds	-	(622,491)	(196,026)	2,010,434	(2,835,211)	4,119,255	9,332,589	1,596,055	1,906,849
Special Revenue Funds	-	3,636,934	3,310,179	2,591,497	938,360	796,418	1,125,386	1,394,709	2,991,369
Total All Other Governmental Funds	\$ 6,569,358	4,621,673	5,094,660	6,289,680	798,525	8,476,959	11,336,377	3,693,656	6,034,203

Source: Basic financial statements

GASB 34 was implemented in 2003.

GASB 54 was implemented in 2011.

CITY OF HAZELWOOD, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

For The Years Ended June 30

	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES									
Property taxes	\$ 11,562,752	10,900,226	12,478,667	11,584,947	10,007,380	13,324,363	7,441,915	4,005,954	2,670,426
Sales taxes	13,812,528	12,638,582	13,686,724	13,964,723	10,404,567	9,359,838	9,080,912	8,382,356	6,901,856
Utility taxes	3,404,293	3,155,918	2,740,588	3,625,891	2,111,099	2,294,316	2,256,528	2,243,346	2,160,914
Other taxes	1,571,615	1,527,385	1,604,456	1,580,647	1,592,510	1,535,725	1,520,813	1,520,987	1,394,575
Permits and inspections	406,077	236,088	340,767	363,908	608,253	465,329	466,120	571,618	449,525
Licenses	2,953,086	2,973,670	2,654,812	2,607,053	2,356,074	2,410,356	3,230,995	3,382,104	3,425,626
Intergovernmental	1,447,687	755,443	600,352	332,654	751,179	81,217	453,405	1,314,020	3,103,350
Fines and forfeitures	2,220,257	2,468,649	2,275,932	2,503,292	1,362,835	1,227,257	822,955	626,186	602,658
Investment income	19,826	31,232	105,316	267,842	263,127	424,989	103,999	35,359	24,692
Recreation fees	507,906	473,284	560,978	313,148	325,064	308,855	279,009	264,643	260,475
Sewer lateral	36,123	37,887	72,519	127,995	129,418	192,044	198,946	224,172	224,615
Miscellaneous	949,245	810,509	728,620	654,629	853,141	931,500	674,579	550,494	417,767
Total Revenues	38,891,395	36,008,873	37,849,731	37,926,729	30,764,647	32,555,789	26,530,176	23,121,239	21,636,479
EXPENDITURES									
Current:									
Mayor and council	46,334	72,157	80,693	87,212	86,426	93,030	87,442	74,608	50,165
City manager	514,153	618,390	803,883	937,796	960,133	866,243	768,748	605,132	567,498
Information system	429,938	456,916	404,377	292,118	326,577	344,742	233,397	194,267	163,963
Finance	389,657	386,544	378,533	355,565	328,347	315,169	278,646	271,569	258,799
Legal	538,314	512,820	501,183	405,689	376,802	357,769	307,347	310,032	350,952
City clerk	227,964	227,854	230,127	215,710	217,936	234,143	237,975	215,341	211,092
Police	7,231,554	7,398,812	7,203,854	6,913,346	6,459,800	6,096,344	5,665,655	5,503,721	4,997,085
Fire and ambulance	8,455,698	8,250,191	8,054,242	7,489,821	6,977,273	6,619,176	6,200,753	5,875,455	5,682,597
Public works:									
Administration	1,141,672	1,148,820	1,191,680	1,045,955	1,093,051	1,062,926	983,824	968,005	946,344
General maintenance	922,765	919,287	1,148,052	1,053,512	960,177	962,004	985,934	961,585	824,791
Park maintenance	920,953	904,521	982,270	841,625	851,366	722,594	784,424	672,362	627,362
Recreation	1,742,736	1,661,705	1,781,173	1,592,473	1,520,675	1,450,587	1,359,589	1,175,347	1,180,873
Street	-	-	93,215	234,016	757,849	430,763	171,986	-	-
Sewer lateral	70,560	113,739	60,549	104,127	104,454	173,934	69,341	107,273	114,599
Economic development	8,994,671	8,820,801	11,795,074	23,573,741	7,188,357	11,116,868	5,476,247	2,941,286	864,106
Capital outlay	3,745,198	2,855,697	3,396,238	10,117,629	9,293,463	4,610,085	3,327,998	3,597,427	1,465,071
Debt service - principal	1,120,632	1,157,837	1,089,413	525,000	335,000	70,000	35,000	35,000	35,000
Debt service - interest	866,970	1,950,504	895,889	572,659	401,138	355,796	44,470	46,832	49,195
Debt service - bond issue costs	-	-	-	176,138	-	-	136,920	-	-
Total Expenditures	37,359,769	37,456,595	40,090,445	56,534,132	38,238,824	35,882,273	27,155,696	23,555,242	18,389,492
REVENUES OVER (UNDER) EXPENDITURES									
	<u>1,531,626</u>	<u>(1,447,722)</u>	<u>(2,240,714)</u>	<u>(18,607,403)</u>	<u>(7,474,177)</u>	<u>(3,326,484)</u>	<u>(625,520)</u>	<u>(434,003)</u>	<u>3,246,987</u>
OTHER FINANCING SOURCES (USES)									
Issuance of debt	1,798,702	1,436,764	1,712,275	26,664,461	-	163,076	9,234,060	-	-
Premium/discount on debt issue	-	-	-	(55,941)	-	-	127,844	-	-
Transfers in	430,498	396,069	362,259	309,458	145,928	-	-	-	646,520
Transfers out	(430,498)	(396,069)	(362,259)	(309,458)	(145,928)	-	-	-	(646,520)
Total Other Financing Sources (Uses)	<u>1,798,702</u>	<u>1,436,764</u>	<u>1,712,275</u>	<u>26,608,520</u>	<u>-</u>	<u>163,076</u>	<u>9,361,904</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES									
	<u>\$ 3,330,328</u>	<u>(10,958)</u>	<u>(528,439)</u>	<u>8,001,117</u>	<u>(7,474,177)</u>	<u>(3,163,408)</u>	<u>8,736,384</u>	<u>(434,003)</u>	<u>3,246,987</u>

Debt service as a percentage of noncapital expenditures 5.9 % 8.9 5.3 2.7 2.5 1.3 0.9 0.4 0.5

Source: Basic financial statements

GASB 34 was implemented in 2003.

CITY OF HAZELWOOD, MISSOURI
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
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					
2011	2010	\$189,018,800	\$248,081,321	\$364,850	\$543,594,666	0.769 *	\$2,091,519,419	26.0 %	
2010	2009	206,437,790	268,003,582	366,180	594,715,006	0.769 *	2,286,799,740	26.0	
2009	2008	206,458,070	264,987,245	367,970	590,778,442	0.769 *	2,274,668,449	26.0	
2008	2007	233,774,890	282,046,440	211,620	643,587,412	0.714 *	2,496,216,169	25.8	
2007	2006	232,247,950	277,223,487	213,500	630,994,896	0.666 *	2,451,690,072	25.7	
2006	2005	183,360,930	249,515,091	214,630	551,113,896	0.755 *	2,100,650,504	26.2	
2005	2004	179,413,310	236,475,420	218,790	522,402,340	0.749 *	2,003,973,976	26.1	
2004	2003	153,511,320	221,916,419	270,450	489,429,190	0.764 *	1,844,889,878	26.5	
2003	2002	152,635,550	191,386,245	188,700	462,614,878	0.410	1,758,213,020	26.3	
2002	2001	N/A	N/A	N/A	439,842,121	0.310	1,668,487,235	26.4	

(1) Source: St. Louis County Assessor, Post-BOE Assessed Values

N/A - Not Available

*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 2003 through 2010 reflects a re-blended rate for the various types of taxable property.

CITY OF HAZELWOOD, MISSOURI
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (1)
LAST TEN CALENDAR YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
City of Hazelwood	0.979	0.978	0.864	0.841	0.902	0.867	0.789	0.750	0.410	0.310
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	0.190	0.190	0.190	0.190	0.190	0.190	0.255	0.190	0.190	0.190
County Park Maintenance	0.050	0.050	0.050	0.050	0.035	0.035	0.045	0.035	0.035	0.035
County Bond Retire	0.028	0.028	0.063	0.063	0.063	0.063	-	0.085	0.085	0.085
Road and Bridges	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
County Hospital/Health	0.150	0.150	0.150	0.150	0.165	0.165	0.175	0.165	0.165	0.165
Metro Zoo	0.255	0.249	0.234	0.233	0.261	0.265	0.276	0.226	0.222	0.222
Sheltered Workshop	0.079	0.074	0.069	0.070	0.082	0.082	0.085	0.085	0.085	0.085
County Library	0.157	0.140	0.140	0.140	0.150	0.150	0.150	0.140	0.140	0.140
Special School District	0.995	0.938	0.918	0.908	0.824	0.840	0.905	0.833	0.849	0.835
St. Louis Community College	0.218	0.214	0.201	0.200	0.223	0.223	0.237	0.231	0.232	0.230
Hazelwood School District	6.220	6.039	5.370	5.124	5.463	5.230	4.880	4.690	4.743	4.559
Metro Sewer District	0.079	-	-	0.067	0.069	0.069	0.069	0.069	0.069	0.069
Coldwater Creek Sewer District	0.097	-	-	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Total Overlapping Governments	8.652	8.207	7.521	7.400	7.730	7.517	7.282	6.954	7.020	6.820
Total City And Overlapping Governments	9.631	9.185	8.385	8.241	8.632	8.384	8.071	7.704	7.430	7.130

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

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL TAXPAYERS (1)
MOST RECENT AND SIX YEARS AGO

Taxpayer	2010				2004			
	Taxable Assessed Valuation	Rank	Percentage Of		Taxable Assessed Valuation	Rank	Percentage Of	
			Total City Taxable Assessed Value	%			Total City Taxable Assessed Value	%
The Boeing Company	\$ 37,254,500	1	6.85 %		\$ 30,633,130	3	5.86 %	
St. Louis Mills Limited Partnership	25,310,240	2	4.66		32,327,460	2	6.19	
IBM Corporation	21,737,680	3	4.00		10,098,460	6	1.93	
Mallinckrodt, Inc.	14,439,550	4	2.66		12,175,660	5	2.33	
bioMerieux, Inc.	11,228,100	5	2.07		6,132,460	7	1.17	
Welsh Lambert Pointe Development	9,677,280	6	1.78		5,610,890	8	1.07	
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		5,489,590	9	1.05	
Aviator Business Park LLC	6,881,860	10	1.27		-		-	
DP Properties LP	-		-		12,800,000	4	2.45	
Ford Motor Company	-		-		62,572,410	1	11.98	
GKN Aerospace North America, Inc.	-		-		4,854,590	10	0.93	
Total	\$ 152,796,859		28.10 %		\$ 182,694,650		34.96 %	

(1) Source: St. Louis County Assessor

No data available prior to 2004.

CITY OF HAZELWOOD, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy Year	Net Tax Levy (2)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections	Total		Outstanding		Outstanding Delinquent Taxes As Percent Of Levy	Outstanding Delinquent Taxes As Percent Of Levy
							As Percent Of Levy	Delinquent Taxes	As Percent Of Levy	Delinquent Taxes		
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			
2009	2008	5,691,770	4,412,559	77.5	1,081,533	5,494,092	96.5	1,468,061	25.8			
2008	2007	5,076,029	4,021,114	79.2	303,426	4,324,540	85.2	1,251,612	24.7			
2007	2006	4,439,956	4,003,857	90.2	804,546	4,808,403	108.3	569,950	12.8			
2006	2005	4,149,340	3,322,034	80.1	221,108	3,543,142	85.4	952,122	22.9			
2005	2004	3,432,757	3,169,377	92.3	491,603	3,660,980	106.6	354,478	10.3			
2004	2003	3,343,567	2,827,095	84.6	130,992	2,958,087	88.5	157,192	4.7			
2003	2002	1,745,103	1,593,058	91.3	76,576	1,669,634	95.7	169,722	9.7			
2002	2001	984,353	901,203	91.6	118,066	1,019,269	103.5	24,777	2.5			

(1) Source: St. Louis County Collector's office

(2) Originally adjusted for strikeouts and additions by St. Louis Board of Equalization after 1978.

(3) Data for delinquent tax collection, excluding penalties and interest, is not available by levy year.

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

For The Years Ended June 30	City Direct Rate	St. Louis County	State Of Missouri	Direct And Overlapping	Sales	
					Revenues	Taxable Sales (1)
2011	1.500 %	2.700 %	4.225 %	8.425 %	\$ 13,812,528	\$ 557,048,412
2010	1.500	2.200	4.225	7.925	12,638,582	502,241,682
2009	1.500	2.100	4.225	7.825	13,686,724	549,158,541
2008	1.500	1.850	4.225	7.575	13,964,723	573,794,621
2007	1.000	1.850	4.225	7.075	10,404,567	569,229,016
2006	1.000	1.850	4.225	7.075	9,359,838	513,840,003
2005	1.000	1.850	4.225	7.075	9,080,912	461,632,515
2004	1.000	1.850	4.225	7.075	8,382,356	430,164,309
2003	1.000	1.850	4.225	7.075	6,901,856	314,354,526
2002	1.000	1.850	4.225	7.075	5,803,283	304,729,664

(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

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

Fiscal Year	Governmental Activities										Total Primary Government	Percentage Of Personal Income (1)	Per Capita
	General Obligation Bonds	Tax Increment Financing Notes	Certificates Of Participation		Note Payable	Special Assessment GO Bonds	Capital Lease Obligations	Capital		Total			
			Participation	Of				Lease	Income (1)				
2011	\$ 12,603,214	\$ 17,055,000	\$ 4,863,224	\$ 22,439	\$ 635,000	\$ 1,825,587	\$ 37,004,464	N/A	1,440				
2010	13,204,606	17,055,000	5,060,428	-	685,000	324,956	36,329,990	6.21 %	1,386				
2009	13,785,998	15,924,236	5,252,630	-	730,000	361,793	36,054,657	6.17	1,376				
2008	14,342,390	14,211,961	5,429,832	-	775,000	676,206	35,435,389	6.06	1,352				
2007	8,203,782	-	-	-	815,000	589,050	9,607,832	1.64	367				
2006	8,505,174	-	-	-	855,000	779,113	10,139,287	1.73	387				
2005	8,541,566	-	-	-	895,000	792,214	10,228,780	1.75	390				
2004	-	-	-	-	930,000	33,392	963,392	0.16	37				
2003	-	-	-	-	965,000	297,822	1,262,822	0.22	48				
2002	-	-	-	-	1,000,000	555,691	1,555,691	0.27	59				

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

(1) See Demographics and Economic Statistics Table.

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

Fiscal Year	Population (1)	Actual Taxable Value Of Property (2)	General Obligation Debt (3)	Amount Available In Debt Service Fund	Net General Bonded Debt	Percentage Of	
						Actual Taxable Value Of Property	Net General Bonded Debt Per Capita
2011	25,703	\$ 2,091,519,419	\$ 12,603,214	\$ 944,935	\$ 11,658,279	0.56 %	\$ 454
2010	26,206	2,286,799,740	13,204,606	842,984	12,361,622	0.54	472
2009	26,206	2,274,668,449	13,785,998	859,330	12,926,668	0.57	493
2008	26,206	2,496,216,169	14,342,390	511,956	13,830,434	0.55	528
2007	26,206	2,451,690,072	8,203,782	326,558	7,877,224	0.32	301
2006	26,206	2,100,650,504	8,505,174	312,149	8,193,025	0.39	313
2005	26,206	2,003,973,976	8,541,566	20,606	8,520,960	0.43	325
2004	26,206	1,844,889,878	-	-	-	-	-
2003	26,206	1,758,213,020	-	-	-	-	-
2002	26,206	1,668,487,235	-	-	-	-	-

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

CITY OF HAZELWOOD, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
St. Louis County	\$ 26,085,000	2.5 %	\$ 652,125
Hazelwood School District	232,289,695	26.9	62,485,928
Ferguson-Florissant School District	12,370,000	8.7	1,076,190
Pattonville School District	<u>58,335,000</u>	0.4	<u>233,340</u>
Total Overlapping	329,079,695		64,447,583
City direct debt	<u>13,238,214</u>	100.0 %	<u>13,238,214</u>
Total Direct And Overlapping Debt	<u>\$ 342,317,909</u>		<u>\$ 77,685,797</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
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$ 54,359,467	59,471,501	59,077,844	64,358,741	63,009,490	55,111,390	52,240,234	48,942,919	46,261,488	43,984,212
Amount of Debt Subject to Limit										
Total Bonded Debt	12,603,214	13,204,606	13,785,998	14,342,390	8,203,782	8,505,174	8,541,566	-	-	-
Less: Amounts Available in Debt Service Fund	944,935	842,984	859,330	511,956	326,558	312,149	20,606	-	-	-
Total Amount Of Debt Applicable To Debt Limit	11,658,279	12,361,622	12,926,668	13,830,434	7,877,224	8,193,025	8,520,960	-	-	-
Legal Debt Margin	\$ 42,701,188	47,109,879	46,151,176	50,528,307	55,132,266	46,918,365	43,719,274	48,942,919	46,261,488	43,984,212
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	21.45 %	20.79	21.88	21.49	12.50	14.87	16.31	-	-	-

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
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (1) (In Thousands)	Per Capita Personal Income (1)	Median Age (1)	Education Level In Years Of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2011	25,703	N/A	N/A	37	N/A	N/A	9.4 %
2010	26,206	\$ 584,682	\$ 22,311	36	13.0	4,655	10.0
2009	26,206	584,682	22,311	36	13.0	4,655	9.7
2008	26,206	584,682	22,311	36	13.0	4,655	5.9
2007	26,206	584,682	22,311	36	13.0	4,655	5.2
2006	26,206	584,682	22,311	36	13.0	4,655	4.5
2005	26,206	584,682	22,311	36	13.0	4,655	4.4
2004	26,206	584,682	22,311	36	13.0	4,655	4.8
2003	26,206	584,682	22,311	36	13.0	4,655	4.7
2002	26,206	584,682	22,311	36	13.0	4,634	3.8

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

(2) The City's Community Profile

(3) Source: Missouri Department of Economic Development

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

	2011				2002			
	Employer	Employees	Rank	Percent Of Total City Employment	Employer	Employees	Rank	Percent Of Total City Employment
The Boeing Company	5,610	1	25.14 %	Ford Motor Company	2,800	1	13.76 %	
Mallinckrodt, Inc.	930	2	4.17	IBM Corporation	1,110	2	5.45	
Convergys Corporation	914	3	4.10	Mallinckrodt, Inc.	921	3	4.52	
IBM Corporation	808	4	3.62	McDonnell Douglas Corporation	823	4	4.04	
bioMerieux, Inc.	609	5	2.73	bioMerieux, Inc.	609	5	2.99	
GKN Aerospace North America, Inc.	600	6	2.69	GKN Aerospace North America, Inc.	600	6	2.95	
Supervalu St. Louis Division	355	7	1.59	Pillsbury Company	500	7	2.46	
Fiserv Solutions, Inc.	283	8	1.27	First Bank	422	8	2.07	
First Bank	277	9	1.24	Knights Ltd.	419	9	2.06	
Aclara Power-Line Systems, Inc.	233	10	1.04	Supervalu St. Louis Division	355	10	1.74	
	<u>10,619</u>		<u>47.59 %</u>		<u>8,559</u>		<u>42.04 %</u>	

Source: The City's Planning Department

CITY OF HAZELWOOD, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government:										
City manager	5	7	7	7	7	7	7	7	6	7
Economic development	3	2	2	-	-	-	-	-	-	-
Finance	4	4	4	4	4	4	4	4	4	4
Legal/municipal court	4	4	4	5	3	3	3	3	3	3
City clerk	3	3	3	3	3	3	3	3	3	4
Public safety:										
Police	85	89	85	83	81	81	78	78	70	79
Fire	34	34	34	34	34	34	34	34	35	35
Ambulance	3	3	3	3	3	3	3	-	-	-
Public works:										
Administration	11	12	11	11	11	11	10	10	10	10
General/street maintenance	9	11	11	13	13	13	13	13	12	12
Parks maintenance	12	13	13	11	11	11	12	12	12	15
Recreation	42	43	35	29	30	30	27	27	27	29

(1) Source: Annual Budget Document

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

CITY OF HAZELWOOD, MISSOURI
OPERATING INDICATORS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	As Of June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police:										
Arrests	2,964	2,984	3,090	3,002	3,054	2,393	2,503	2,177	1,994	2,225
Traffic citations	12,484	10,366	12,939	13,584	17,613	16,260	8,673	8,373	7,261	9,613
Fire:										
Fire calls	826	843	556	604	997	973	1,345	1,670	1,686	2,138
Ambulance calls	1,595	1,553	1,611	1,593	1,568	1,587	1,189	1,465	451	726
Inspections	998	1,168	1,155	1,151	1,124	1,124	980	1,016	758	684
Public works:										
Streets:										
Streets resurfacing (miles)	-	2	2	4	11	8	19	N/A	N/A	N/A
Sidewalk repairs (lineal ft.)	40	231	271	145	12,665	6,115	24,452	N/A	N/A	N/A
Potholes repaired (tons of material)	160	289	141	125	84	185	N/A	N/A	N/A	N/A
Administration:										
Building permits issued	732	646	629	714	883	820	964	1,200	838	348
Residential occupancy permits issued	2,071	2,000	1,564	1,728	2,068	1,958	2,053	2,104	1,773	2,060
Recreation:										
Community center admissions	104,068	103,528	103,868	99,486	101,440	110,548	103,200	100,319	106,070	134,291
Finance:										
Business licenses issued	1,029	1,072	985	969	1,101	1,163	1,172	1,162	1,099	914
Payroll transactions	7,365	7,340	7,545	7,119	7,221	6,865	6,587	6,309	5,855	6,053
Accounting funds	15	15	15	15	13	13	13	12	10	7
Payable checks issued	4,940	5,339	5,882	5,602	5,577	5,702	6,029	7,375	6,993	6,759

Source: City records - various departments listed

In 2004, checks were issued to all charged sewer lateral fees.

CITY OF HAZELWOOD, MISSOURI
CAPITAL ASSETS BY FUNCTIONS/PROGRAMS
LAST TEN FISCAL YEARS

FUNCTIONS/PROGRAMS	As Of June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public safety/police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	31	31	31	32	25	39	33	33	33	33
Sectors	6	6	6	6	6	6	6	6	5	5
Public safety/fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	583	580	580	580	573	573	573	573	573	563
Vehicles	10	11	10	10	7	7	7	5	5	5
Public works:										
Miles of streets	168	168	168	168	158	158	158	158	158	158
Street lights and signals	111	111	111	111	108	108	108	108	41	41
Parks and recreation:										
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