

City of Hazelwood, Missouri

**Comprehensive Annual Financial Report**

For The Year Ended  
June 30, 2008

City of Hazelwood, Missouri

**Comprehensive Annual Financial Report**

For The Year Ended  
June 30, 2008

Prepared by the Finance Department  
Donnie Burns, Finance Director

**CITY OF HAZELWOOD, MISSOURI**  
**FINANCIAL REPORT**

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**CITY OF HAZELWOOD, MISSOURI**  
**FINANCIAL REPORT**

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Section I

Introductory Section

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The City of Hazelwood

December 5, 2008

much more  
than you imagine



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, 2008. 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. This transportation crossroads is a prime location for businesses and residents alike. Also, the mix of major 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.

**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

The outlook for the City bears some positive aspects which may offset the impact of the overall negative national economy.

The year marked the resolution of a protracted court case regarding mobile phones as related to gross receipts tax on utilities. The court finding resulted in payment to the City of \$1.2 million in prior taxes from 1995 through November 2007 and a recurring additional tax base of over \$200,000.

Also, the 370/Missouri Bottom Road Tax Increment Financing (TIF) District declared a surplus of over \$4.5 million, of which, approximately \$600,000 was distributed to the City of Hazelwood. The City expects to receive approximately \$1.1 million annually in future surplus distributions. The success of The Mills outlet mall and Cabela's generated funds adequate to retire all large term bond debt within four and one half years of issuance, leaving a surplus over the funds needed to retire the remaining serial bonds.

Finally, demolition of the Ford Motor Company plant began, opening the door to development of the new Aviator Business Park. Construction was also started on the Hazelwood Logistics Center project.

## **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 -- Economic Development and Business Retention**

As one of few cities in Missouri that has passed a one half cent Economic Development sales tax, effective July 1, 2007, Hazelwood is keenly focused on economic development.

The City expects demolition and clean-up at the Ford site to be completed by Spring 2009. Programs to promote business retention have been implemented.

Street improvements in the amount of \$15 million+ will have been completed by December 2009, signaling a successful utilization of a G.O. bond issue.

Transportation is further emphasized as Hazelwood works with Missouri Department of Transportation to plan improvements to the I-270/Lindbergh Blvd. intersection.

A major beautification program is planned at City entrances.

City identity is reinforced as the theme, "Much more than you imagine" is employed in newsletters, correspondence, signs, business cards, and stationery.

### **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.

### **Goal -- Municipal Facilities**

Hazelwood is proud of the new Aquatic Center completed in June 2008 at a cost of approximately \$6 million. The City is also reviewing alternative methods of expanding and renovating the City Hall and Police Complex.

## **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.

### **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, Street Bond 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 Plan has continued to show growth. According to the most recent actuarial valuation dated July 1, 2007, the funded ratio is 89.3% compared to 87.5% for the prior year.

### **Long-Term Debt**

At June 30, 2008 the City had long-term debt in the amount of \$36,691,765 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 \$64 million.

## **Cash Management**

Cash temporarily idle during the year was invested in repurchase agreements, certificates of deposit, and government agency issues. All collateral on deposits was held by a financial institution in trust in the City's name. Interest earned totaled \$267,842.

U.S. Bank manages the investments of the Pension Trust Fund; 17% is invested in U.S. Government securities, 40% is invested in stock, 32% is invested in corporate obligations, 6% in mutual funds, and 5% is invested in cash equivalents.

## **Risk Management**

The City has been a member of St. Louis Area Insurance Trust (SLAIT) since August 1986. It is a regional self-insurance pool, comprised of 20 professionally managed cities, providing insurance to its members. SLAIT provides workers' compensation and general liability coverage. The financial condition of SLAIT is excellent. It has been able to significantly increase its self-insurance capacity and services, thereby providing its members superior coverage and cost savings. The City, assisted by SLAIT, seeks to provide supervisory and employee training and identification of hazardous conditions or procedures. Every City division conducts quarterly safety committee meetings.

## **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 2008 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, 2007. This was the tenth 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 es-

pecially 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,

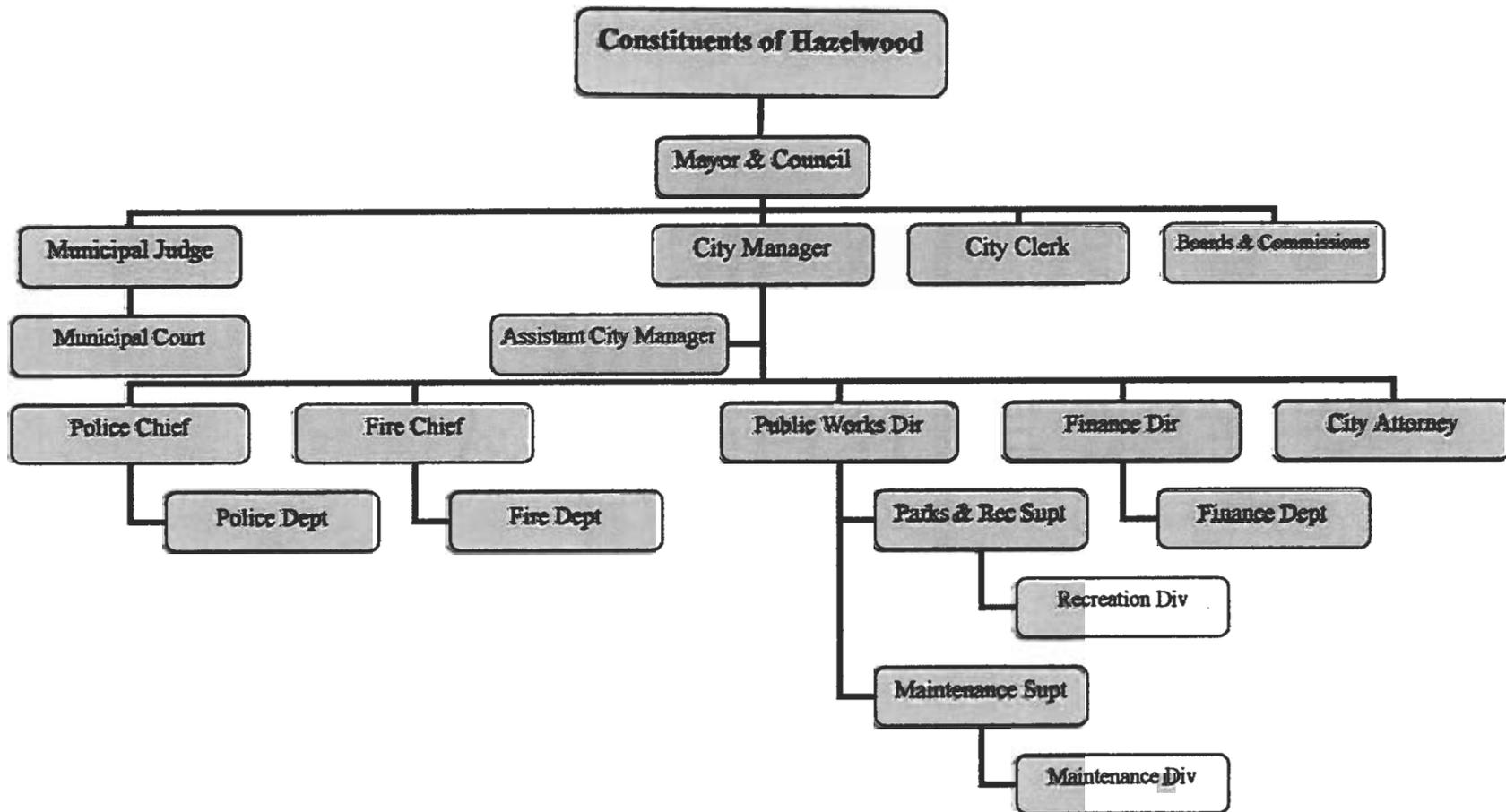
  
\_\_\_\_\_  
Donnie L. Burns  
Director of Finance

  
\_\_\_\_\_  
Edwin G. Carlstrom  
City Manager

**CITY OF HAZELWOOD, MISSOURI**  
**PRINCIPAL CITY OFFICIALS AT JUNE 30, 2008**

<b>Position</b>	<b>Name</b>	<b>Election/Hire Date</b>	<b>Term Dates</b>
Mayor	T. R. Carr	4/2000	4/2006 - 4/2009
Council-Ward 1	Matthew Robinson	4/1994	4/2007 - 4/2010
Council-Ward 2	Robert Aubuchon	4/1997	4/2008 - 4/2011
Council-Ward 3	Terry Salfen	4/2004	4/2007 - 4/2010
Council-Ward 4	Michael Conley	4/2005	4/2008 - 4/2011
Council-Ward 5	Russell Todd	8/2008	8/2008 - 4/2009
Council-Ward 6	Warren Taylor	4/2008	4/2008 - 4/2011
Council-Ward 7	Rosalie Hendon	4/2007	4/2007 - 4/2010
Council-Ward 8	Mary Singleton	4/2008	4/2008 - 4/2011
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	Keith Cheung	2002	
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	Thomas Manning	6/13/1994	
Parks and Recreation Superintendent	Douglas Littlefield	11/30/1992	
Maintenance Superintendent	Paul Williams	6/9/1972	

# City of Hazelwood 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, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director



Section II

Financial Section

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

## INDEPENDENT AUDITORS' REPORT

December 5, 2008

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, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying 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, 2008, 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 our report dated December 5, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its

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- 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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.

Hochschild, Bloan + Company LLP  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF HAZELWOOD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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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, 2008. 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 liabilities of the City exceeded its assets at the close of the most recent fiscal year by \$517,877 (net assets). This deficit is mainly due to the \$14,211,961 issuance of TIF revenue notes that were used for development that the City does not own.
- The City's total net assets decreased by \$12,454,329. The majority of the decrease is due to economic development expenditures for the 370/MO Bottom Road and Robertson Area tax increment financing districts, construction of the new aquatic center, and street improvements.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,320,595, an increase of \$8,001,117 in comparison with the prior year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,842,018 or 18% of total General Fund expenditures.

### **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

**CITY OF HAZELWOOD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, economic development, and culture and recreation. The City does not have any business-type activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Industrial Development Authority 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 10 and 11 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 nine 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 Robertson Area Tax Increment Financing District Fund, all of which are considered to be major funds. Data from the other four 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, Street Bond Fund, Sewer Lateral Fund, and Economic Development Fund. Budgetary comparison statements are provided for these funds to demonstrate compliance with these budgets.

**CITY OF HAZELWOOD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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The basic governmental funds financial statements can be found on pages 12 through 15 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 16 and 17 of this report.

**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 18 through 36 of this report.

**Required supplemental information.** This Management's Discussion and Analysis and the General Fund budgetary comparison schedule (starting on page 38) 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 44) includes optional financial information such as combining statements for the nonmajor governmental funds and budgetary comparison schedules for the Capital Projects Fund, Street Bond Fund, Sewer Lateral Fund, and Economic Development 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, liabilities exceeded assets by \$517,877 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, 2008**

	June 30		2008 Change	
	2008	2007	Amount	Percent
<b>ASSETS</b>				
Current and other assets	\$ 17,542,747	9,055,669	8,487,078	93.7 %
Capital assets	22,461,653	16,898,733	5,562,920	32.9
Total Assets	<u>40,004,400</u>	<u>25,954,402</u>	<u>14,049,998</u>	54.1
<b>LIABILITIES</b>				
Current and other liabilities	3,830,512	3,209,317	621,195	19.4
Long-term liabilities	36,691,765	10,808,633	25,883,132	239.5
Total Liabilities	<u>40,522,277</u>	<u>14,017,950</u>	<u>26,504,327</u>	189.1
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	16,300,447	16,309,683	(9,236)	(0.1)
Restricted	1,803,142	411,851	1,391,291	337.8
Unrestricted	<u>(18,621,466)</u>	<u>(4,785,082)</u>	<u>(13,836,384)</u>	(289.2)
Total Net Assets	<u>\$ (517,877)</u>	<u>11,936,452</u>	<u>(12,454,329)</u>	(104.3) %

**Governmental activities.** Governmental activities decreased the City's net assets by \$12,454,329.

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

	For The Years Ended June 30		2008 Change	
	2008	2007	Amount	Percent
<b>REVENUES</b>				
Program revenues:				
Charges for services	\$ 4,014,455	2,797,275	1,217,180	43.5 %
Operating grants and contributions	1,940,193	2,096,786	(156,593)	(7.5)
Capital grants and contributions	55,581	364,320	(308,739)	(84.7)
General revenues:				
Taxes	29,148,257	22,431,947	6,716,310	29.9
Licenses and other	3,112,056	3,005,686	106,370	3.5
Contributed capital	-	5,000,000	(5,000,000)	(100.0)
Total Revenues	<u>38,270,542</u>	<u>35,696,014</u>	<u>2,574,528</u>	7.2
<b>EXPENSES</b>				
General government	2,588,055	2,511,326	76,729	3.1
Police	7,261,558	6,936,775	324,783	4.7
Fire and ambulance	7,667,628	7,181,802	485,826	6.8
Public works	5,497,383	10,348,453	(4,851,070)	(46.9)
Parks and recreation	2,902,669	2,797,974	104,695	3.7
Economic development	23,412,225	7,188,357	16,223,868	225.7
Sewer lateral	104,127	104,454	(327)	(0.3)
Interest on long-term debt	1,291,226	420,838	870,388	206.8
Total Expenses	<u>50,724,871</u>	<u>37,489,979</u>	<u>13,234,892</u>	35.3
<b>CHANGE IN NET ASSETS</b>	<u>\$ (12,454,329)</u>	<u>(1,793,965)</u>	<u>(10,660,364)</u>	(594.2) %

**CITY OF HAZELWOOD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,320,595, an increase of \$8,001,117 in comparison with the prior year. The City currently has unreserved, undesignated fund balance of \$8,443,949. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$3,842,018, while total fund balance reached \$6,030,915. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 18% of total General Fund expenditures, while total fund balance represents 28% of that same amount. The fund balance of the City's General Fund increased by \$2,509,962 during the current fiscal year. The major increases in the General Fund were due to the settlement of the lawsuit involving telephone companies, which resulted in utility taxes increasing by \$1,510,892 and a \$1,140,457 increase in court revenues due to the installation of red-light cameras.

Unreserved, undesignated fund balance also increased by \$1,510,449 due to the formation of the Economic Development Fund, which collects a new ½% sales tax that was effective July 1, 2007. This fund will be used to stimulate every aspect of economic development.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there were transfers between various accounts in expenditure appropriations between the original and final amended budget.

Revenues were \$2,048,392 above the budgeted amount of \$22,160,000, primarily due to the telecommunications settlement and use tax revenues. Expenditures were moderately \$376,483 below the budgeted amount of \$21,765,455.

**CAPITAL ASSETS**

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

**CITY OF HAZELWOOD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Capital assets:		
Land and construction in progress	\$ 9,663,665	3,911,632
Buildings and improvements	7,802,756	7,966,144
Infrastructure	2,406,257	2,710,454
Machinery, equipment, and furniture and fixtures	1,350,415	1,136,369
Automotive equipment	<u>1,238,560</u>	<u>1,174,134</u>
Total	<u>\$22,461,653</u>	<u>16,898,733</u>

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

**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.

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Certificates of participation	\$ 5,429,832	-
Tax increment revenue notes	14,211,961	-
General obligation bonds	15,117,390	9,018,782
Compensated absences	1,256,376	1,200,801
Capital lease obligations	<u>676,206</u>	<u>589,050</u>
	<u>\$36,691,765</u>	<u>10,808,633</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Preparation of the 2009 budget was influenced by general economic pressures including sluggish assessed valuation and base sales tax growth.
- As the year began, decreases in sales tax became expected.
- Current economic conditions present a challenge; however, a significant offsetting increase due to an expected surplus of \$1.1 million in TIF funds is expected going forward.
- Utilization of the half percent (0.5%) economic development sales tax serves to spark City growth. Almost \$2.2 million is allocated to community projects in fiscal year 2009.
- Additional budgetary pressures include over \$640,000 in salary increases (7% increase) for a new pay plan in fiscal year 2008, a Robertson Fire Protection District rate increase of \$0.15 cost-

**CITY OF HAZELWOOD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008**

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ing over \$350,000, a \$4 million bond issue costing an additional \$350,000, and the national slow-down in retail sales and economic uncertainty.

**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 question 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, 2008**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Industrial Development Authority</b>
<b>ASSETS</b>		
Cash and investments	\$ 9,021,159	10,568,097
Taxes receivable	2,998,226	-
Net pension asset	351,962	-
Other receivables:		
Special assessments	775,000	-
Ambulance	176,970	-
Court	346,281	-
Other	1,145,259	717,198
Due from Pension Trust Fund	4,705	-
Bond issue costs	313,534	388,954
Prepaid items:		
Fire protection services	1,881,175	-
Other	12,290	-
Cash and investments - restricted	516,186	1,239,002
Capital assets:		
Land and construction in progress	9,663,665	-
Other capital assets, net of accumulated depreciation	12,797,988	-
Total Assets	40,004,400	12,913,251
<b>LIABILITIES</b>		
Accounts payable	2,422,056	4,561,740
Accrued payroll	405,960	-
Accrued interest	814,927	217,573
Other liabilities	136,488	-
Unearned revenue	51,081	-
Long-term debt:		
Due within one year	1,394,649	4,880,000
Due in more than one year	35,297,116	7,483,207
Total Liabilities	40,522,277	17,142,520
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	16,300,447	-
Restricted for debt service	1,803,142	1,239,002
Unrestricted	(18,621,466)	(5,468,271)
Total Net Assets	\$ (517,877)	(4,229,269)

See notes to financial statements

**CITY OF HAZELWOOD, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Assets	
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government	Component Unit
					Governmental Activities	Industrial Development Authority
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary Government</b>						
<b>Governmental Activities</b>						
General government	\$ 2,588,055	381,132	-	-	(2,206,923)	-
Police	7,261,558	2,752,449	196,643	-	(4,312,466)	-
Fire and ambulance	7,667,628	439,731	80,030	-	(7,147,867)	-
Public works	5,497,383	-	1,663,120	55,581	(3,778,682)	-
Parks and recreation	2,902,669	313,148	400	-	(2,589,121)	-
Economic development	23,412,225	-	-	-	(23,412,225)	-
Sewer lateral	104,127	127,995	-	-	23,868	-
Interest on long-term debt	1,291,226	-	-	-	(1,291,226)	-
Total Governmental Activities	<u>\$ 50,724,871</u>	<u>4,014,455</u>	<u>1,940,193</u>	<u>55,581</u>	<u>(44,714,642)</u>	<u>-</u>
<b>Component Unit</b>						
Industrial Development Authority	<u>\$ 1,164,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,164,700)</u>
<b>General Revenues</b>						
Property taxes					11,640,116	-
Sales taxes					13,796,329	-
Utility taxes					3,625,891	-
Other taxes					85,921	4,948,862
License taxes					2,607,053	-
Investment income					267,842	305,017
Miscellaneous					237,161	-
Total General Revenues					<u>32,260,313</u>	<u>5,253,879</u>
<b>CHANGES IN NET ASSETS</b>					(12,454,329)	4,089,179
<b>NET ASSETS, JULY 1</b>					<u>11,936,452</u>	<u>(8,318,448)</u>
<b>NET ASSETS, JUNE 30</b>					<u>\$ (517,877)</u>	<u>(4,229,269)</u>

See notes to financial statements

**CITY OF HAZELWOOD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	General	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Robertson Area Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 2,658,569	1,987,393	512,661	1,198	112,201	3,749,137	9,021,159
Receivables:							
Property taxes	590,465	-	-	1,243	-	-	591,708
Sales taxes	1,504,465	260,089	-	305,556	-	336,408	2,406,518
Special assessments	-	-	775,000	-	-	-	775,000
Ambulance	176,970	-	-	-	-	-	176,970
Court	346,281	-	-	-	-	-	346,281
Other	975,475	134,141	-	-	-	35,643	1,145,259
Due from Pension Trust Fund	4,705	-	-	-	-	-	4,705
Prepaid items:							
Fire protection services	1,881,175	-	-	-	-	-	1,881,175
Other	12,290	-	-	-	-	-	12,290
Cash and investments - restricted	-	430,893	85,293	-	-	-	516,186
Total Assets	<u>\$ 8,150,395</u>	<u>2,812,516</u>	<u>1,372,954</u>	<u>307,997</u>	<u>112,201</u>	<u>4,121,188</u>	<u>16,877,251</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 764,087	1,060,428	705	315,747	-	281,089	2,422,056
Accrued payroll	401,753	-	-	-	-	4,207	405,960
Other liabilities	136,488	-	-	-	-	-	136,488
Deferred revenues:							
Property taxes	294,256	-	-	-	-	-	294,256
Fire protection service	51,081	-	-	-	-	-	51,081
Ambulance	125,534	-	-	-	-	-	125,534
Court	346,281	-	-	-	-	-	346,281
Special assessments	-	-	775,000	-	-	-	775,000
Total Liabilities	<u>2,119,480</u>	<u>1,060,428</u>	<u>775,705</u>	<u>315,747</u>	<u>-</u>	<u>285,296</u>	<u>4,556,656</u>
<b>Fund Balances</b>							
Reserved for encumbrances	114,965	27,634	-	-	-	631,973	774,572
Reserved for prepaid items	1,893,465	-	-	-	-	-	1,893,465
Reserved for debt service	-	430,893	567,659	-	-	-	998,552
Reserved for protested property taxes	124,273	-	29,590	-	-	-	153,863
Reserved for protested telecommunications taxes	56,194	-	-	-	-	-	56,194
Unreserved - undesignated, reported in:							
General Fund	3,842,018	-	-	-	-	-	3,842,018
Capital Projects Funds	-	1,293,561	-	-	-	716,873	2,010,434
Special Revenue Funds	-	-	-	(7,750)	112,201	2,487,046	2,591,497
Total Fund Balances	<u>6,030,915</u>	<u>1,752,088</u>	<u>597,249</u>	<u>(7,750)</u>	<u>112,201</u>	<u>3,835,892</u>	<u>12,320,595</u>
Total Liabilities And Fund Balances	<u>\$ 8,150,395</u>	<u>2,812,516</u>	<u>1,372,954</u>	<u>307,997</u>	<u>112,201</u>	<u>4,121,188</u>	<u>16,877,251</u>

See notes to financial statements

**CITY OF HAZELWOOD, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

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Total Fund Balances - Governmental Funds	\$ 12,320,595
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 \$46,357,927 and the accumulated depreciation is \$23,896,274.	22,461,653
The net pension asset is not reported in the governmental funds financial statements.	351,962
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	1,541,071
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	(1,256,376)
Bonds and capital leases payable outstanding	(35,383,167)
Accrued interest	(814,927)
Unamortized bond premium/discount	(52,222)
Unamortized bond issuance costs	313,534
Net Assets Of Governmental Activities	\$ (517,877)

**CITY OF HAZELWOOD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>370/MO Bottom Road Tax Increment Financing District</u>	<u>Robertson Area Tax Increment Financing District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Property taxes	\$ 4,414,594	-	1,204,873	5,915,266	7,495	42,719	11,584,947
Sales taxes	7,941,071	1,605,980	-	2,238,751	-	2,178,921	13,964,723
Utility taxes	3,572,200	-	-	53,691	-	-	3,625,891
Other taxes	1,580,647	-	-	-	-	-	1,580,647
Permits and inspections	363,908	-	-	-	-	-	363,908
Licenses	2,607,053	-	-	-	-	-	2,607,053
Intergovernmental	277,073	55,581	-	-	-	-	332,654
Fines and forfeitures	2,503,292	-	-	-	-	-	2,503,292
Investment income	86,312	48,534	-	-	2,906	130,090	267,842
Recreation fees	313,148	-	-	-	-	-	313,148
Sewer lateral	-	-	-	-	-	127,995	127,995
Miscellaneous	549,094	10,615	79,150	-	-	15,770	654,629
Total Revenues	<u>24,208,392</u>	<u>1,720,710</u>	<u>1,284,023</u>	<u>8,207,708</u>	<u>10,401</u>	<u>2,495,495</u>	<u>37,926,729</u>
<b>EXPENDITURES</b>							
Current:							
Mayor and council	87,212	-	-	-	-	-	87,212
City manager	937,796	-	-	-	-	-	937,796
Information system	292,118	-	-	-	-	-	292,118
Finance	355,565	-	-	-	-	-	355,565
Legal	405,689	-	-	-	-	-	405,689
City clerk	215,710	-	-	-	-	-	215,710
Police	6,913,346	-	-	-	-	-	6,913,346
Fire and ambulance	7,489,821	-	-	-	-	-	7,489,821
Public works:							
Administration	1,045,955	-	-	-	-	-	1,045,955
General maintenance	1,053,512	-	-	-	-	-	1,053,512
Park maintenance	841,625	-	-	-	-	-	841,625
Recreation	1,592,473	-	-	-	-	-	1,592,473
Street	-	-	-	-	-	234,016	234,016
Sewer lateral	-	-	-	-	-	104,127	104,127
Economic development	-	326,768	966	8,207,708	14,211,961	826,338	23,573,741
Capital outlay	326,900	7,396,125	-	-	-	2,394,604	10,117,629
Debt service:							
Principal	-	-	525,000	-	-	-	525,000
Interest	-	-	572,659	-	-	-	572,659
Bond issuance costs	-	139,068	-	-	-	37,070	176,138
Total Expenditures	<u>21,557,722</u>	<u>7,861,961</u>	<u>1,098,625</u>	<u>8,207,708</u>	<u>14,211,961</u>	<u>3,596,155</u>	<u>56,534,132</u>
<b>REVENUES OVER (UNDER)</b>	<u>2,650,670</u>	<u>(6,141,251)</u>	<u>185,398</u>	<u>-</u>	<u>(14,201,560)</u>	<u>(1,100,660)</u>	<u>(18,607,403)</u>
<b>EXPENDITURES</b>							
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from debt issue	-	5,485,000	-	-	14,211,961	6,630,000	26,326,961
Proceeds from capital lease	168,750	-	-	-	-	168,750	337,500
Discount on debt issue	-	(55,941)	-	-	-	-	(55,941)
Transfers in	-	309,458	-	-	-	-	309,458
Transfers out	(309,458)	-	-	-	-	-	(309,458)
Total Other Financing Sources (Uses)	<u>(140,708)</u>	<u>5,738,517</u>	<u>-</u>	<u>-</u>	<u>14,211,961</u>	<u>6,798,750</u>	<u>26,608,520</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,509,962	(402,734)	185,398	-	10,401	5,698,090	8,001,117
<b>FUND BALANCES (DEFICIT), JULY 1</b>	<u>3,520,953</u>	<u>2,154,822</u>	<u>411,851</u>	<u>(7,750)</u>	<u>101,800</u>	<u>(1,862,198)</u>	<u>4,319,478</u>
<b>FUND BALANCES (DEFICIT), JUNE 30</b>	<u>\$ 6,030,915</u>	<u>1,752,088</u>	<u>597,249</u>	<u>(7,750)</u>	<u>112,201</u>	<u>3,835,892</u>	<u>12,320,595</u>

See notes to financial statements

**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, 2008**

Net Change In Fund Balances - Governmental Funds \$ 8,001,117

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

Capital outlays are reported in 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 (\$7,016,557) exceeded depreciation (\$1,438,431) in the current period. 5,578,126

The net effect of various miscellaneous transactions involving capital assets:  
 Cost of disposals, net of accumulated depreciation (15,206)

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements. 343,813

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:

Bonds and notes	(26,326,961)
Bond issuance costs	176,138
Discount on debt issue	55,941
Capital leases	(337,500)

Repayments during the current year:

Principal payments on bonds	525,000
Principal payments on leases included in capital outlay	250,344

Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes of these items are:

Accrued compensated absences	(55,575)
Accrued interest on bonds, notes, and capital leases	(687,744)
Premium/discount on debt issuances, net of amortization	5,618
Bond issuance costs, net of amortization	(12,000)
Net pension asset	44,560

Change In Net Assets Of Governmental Activities \$ (12,454,329)

**CITY OF HAZELWOOD, MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND**  
**JUNE 30, 2008**

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**ASSETS**

Investments at fair value:

Common stock	\$ 8,624,471
Corporate obligations	6,881,878
Money market funds	1,051,469
Mutual funds	1,434,239
U.S. government and agency securities	3,627,759
Interest receivable	118,208
Total Assets	<u>21,738,024</u>

**LIABILITIES**

Accounts payable	15,758
Due to General Fund	4,705
Total Liabilities	<u>20,463</u>

**NET ASSETS**

Held in trust for pension benefits	<u>\$ 21,717,561</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, 2008**

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**ADDITIONS**

Employer contributions	<u>\$ 1,073,126</u>
Investment income (net):	
Interest and dividends	656,748
Realized and unrealized loss, net	(1,236,565)
Trustee fees - asset management	<u>(84,216)</u>
Total Investment Income (Net)	<u>(664,033)</u>
Total Additions	409,093

**DEDUCTIONS**

Benefits	<u>858,120</u>
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<b>CHANGE IN NET ASSETS</b>	(449,027)
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, JULY 1	<u>22,166,588</u>
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<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, JUNE 30</b>	<u><u>\$ 21,717,561</u></u>
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**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**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 City defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 14 (GASB 14), *The Financial Reporting Entity*. GASB 14 requirements for inclusion of component units are primarily based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body, and is able to impose its will on the PCU or there is a potential for the PCU to provide specific financial benefits to or impose specific financial burdens 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, 2008. 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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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, 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.

**Robertson Area Tax Increment Financing District Fund** -- Robertson Area 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.

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

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fiduciary Fund Type**

**Pension Trust Fund** -- The Pension Trust Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. This fund is accounted for in essentially the same manner as proprietary funds.

**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

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Measurement Focus and Basis of Accounting (Continued)**

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 imposed 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**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 owner-

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Cash and Investments (Continued)**

ship, 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.

**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 market 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:

<b>Assets</b>	<b>Years</b>
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.

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. 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.

**9. 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.

**10. Allowance for Doubtful Accounts**

Court fines are shown net of an allowance for uncollectibles of \$314,298, and ambulance revenues are shown net of an allowance for uncollectibles of \$176,970.

**11. 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.

**12. 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.

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. 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.

**14. 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.

**15. 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, 2008, 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.

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH AND INVESTMENTS (Continued)**

**2. Investments**

As of June 30, 2008, the City had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>	<u>Credit Risk</u>
<b>Primary Government</b>							
Certificates of deposit	\$ 1,851,641	-	1,851,641	-	-	-	N/A
Repurchase agreement	2,172,000	-	2,172,000	-	-	-	N/A
Money market funds	<u>5,311,572</u>	<u>5,311,572</u>	-	-	-	-	Not rated
Total Primary Government	<u>9,335,213</u>	<u>5,311,572</u>	<u>4,023,641</u>	-	-	-	
<b>Component Unit (IDA)</b>							
Certificates of deposit	185,918	-	185,918	-	-	-	N/A
Money market funds	10,941,715	10,941,715	-	-	-	-	Not rated
Government securities:							
Federal agency notes	<u>644,791</u>	-	-	<u>644,791</u>	-	-	AAA
Total Component Unit	<u>11,772,424</u>	<u>10,941,715</u>	<u>185,918</u>	<u>644,791</u>	-	-	
<b>Fiduciary Funds</b>							
Common stock	8,624,471	8,624,471	-	-	-	-	N/A
Corporate obligations	702,333	-	-	445,334	63,337	193,662	A
Corporate obligations	362,581	-	-	104,002	258,579	-	A-
Corporate obligations	593,398	-	-	320,117	240,491	32,790	A+
Corporate obligations	86,082	-	-	34,430	51,652	-	AA
Corporate obligations	421,213	-	-	-	421,213	-	AA-
Corporate obligations	82,283	-	-	53,257	29,026	-	AA+
Corporate obligations	3,109,439	-	-	1,301,507	578,026	1,229,906	AAA
Corporate obligations	109,199	-	-	-	-	109,199	AAA+
Corporate obligations	522,352	-	40,441	142,746	339,165	-	BBB
Corporate obligations	209,014	-	-	-	209,014	-	BBB-
Corporate obligations	683,984	-	-	273,285	380,500	30,199	BBB+
Money market funds	1,051,469	1,051,469	-	-	-	-	Not rated
Mutual funds	1,434,239	1,434,239	-	-	-	-	N/A
Government securities:							
Federal agency notes	2,175,009	-	3,493	881,206	332,963	957,347	AAA
U.S. Treasury bonds	118,997	-	-	118,997	-	-	N/A
U.S. Treasury notes	<u>1,333,753</u>	-	<u>345,414</u>	<u>506,504</u>	<u>481,835</u>	-	N/A
Total Fiduciary Funds	<u>21,619,816</u>	<u>11,110,179</u>	<u>389,348</u>	<u>4,181,385</u>	<u>3,385,801</u>	<u>2,553,103</u>	
Grand Total Investments	<u>\$42,727,453</u>	<u>27,363,466</u>	<u>4,598,907</u>	<u>4,826,176</u>	<u>3,385,801</u>	<u>2,553,103</u>	

**NOTE B - CASH AND INVESTMENTS (Continued)**

**2. Investments (Continued)**

**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 minimizes credit risk by pre-qualifying 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 minimizes 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 minimizes 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 pre-qualifying institutions with which the City places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

**NOTE C - CAPITAL ASSETS**

Capital assets activity was as follows:

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - CAPITAL ASSETS (Continued)**

	<b>For The Year Ended June 30, 2008</b>			
	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
	<b>June 30</b>	<b>And</b>	<b>And</b>	<b>June 30</b>
	<b><u>2007</u></b>	<b><u>Transfers</u></b>	<b><u>Transfers</u></b>	<b><u>2008</u></b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,736,171	235,775	-	3,971,946
Construction in progress	<u>175,461</u>	<u>5,691,719</u>	<u>175,461</u>	<u>5,691,719</u>
Total Capital Assets Not Being Depreciated	<u>3,911,632</u>	<u>5,927,494</u>	<u>175,461</u>	<u>9,663,665</u>
Capital assets being depreciated:				
Buildings and improvements	13,680,239	305,449	-	13,985,688
Infrastructure	13,656,335	100,149	-	13,756,484
Machinery, equipment, and furniture and fixtures	4,719,212	545,504	138,407	5,126,309
Automotive equipment	<u>3,573,527</u>	<u>313,422</u>	<u>61,168</u>	<u>3,825,781</u>
Total Capital Assets Being Depreciated	<u>35,629,313</u>	<u>1,264,524</u>	<u>199,575</u>	<u>36,694,262</u>
Less - Accumulated depreciation for:				
Buildings and improvements	5,714,095	468,837	-	6,182,932
Infrastructure	10,945,881	404,346	-	11,350,227
Machinery, equipment, and furniture and fixtures	3,582,843	316,252	123,201	3,775,894
Automotive equipment	<u>2,399,393</u>	<u>248,996</u>	<u>61,168</u>	<u>2,587,221</u>
Total Accumulated Depreciation	<u>22,642,212</u>	<u>1,438,431</u>	<u>184,369</u>	<u>23,896,274</u>
Total Capital Assets Being Depreciated, Net	<u>12,987,101</u>	<u>(173,907)</u>	<u>15,206</u>	<u>12,797,988</u>
Governmental Activities Capital Assets, Net	<u>\$16,898,733</u>	<u>5,753,587</u>	<u>190,667</u>	<u>22,461,653</u>

Depreciation expense for the year was \$1,438,431. Depreciation expense was charged to functions/programs of the City as follows:

	<b>For The Year Ended June 30, 2008</b>
Governmental activities:	
General government	\$ 318,315
Police	218,937
Fire and ambulance	147,731
Public works, including depreciation of infrastructure assets	501,472
Parks and recreation	<u>251,976</u>
	<u>\$1,438,431</u>

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - LONG-TERM DEBT**

Long-term debt consisted of the following:

	<u><b>June 30</b></u> <u><b>2008</b></u>
<b>Certificates of Participation</b>	
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.	<u>\$5,485,000</u>
<b>General Obligation Bonds</b>	
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, 2023.	\$ 6,450,000
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.	7,785,000
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.	<u>775,000</u>
	<u><b>\$15,010,000</b></u>

A summary of principal debt service requirements is as follows:

<u><b>For The</b></u> <u><b>Years Ended</b></u> <u><b>June 30</b></u>	<u><b>General Obligation Bonds</b></u>		<u><b>Certificates Of Participation</b></u>	
	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>
2009	\$ 595,000	643,503	180,000	227,067
2010	620,000	614,642	195,000	234,319
2011	645,000	584,491	200,000	228,469
2012	670,000	556,827	205,000	222,219
2013	695,000	528,378	210,000	215,300
2014 - 2018	3,970,000	2,166,351	1,185,000	950,520
2019 - 2023	4,775,000	1,260,050	1,460,000	674,761
2024 - 2028	<u>3,040,000</u>	<u>275,792</u>	<u>1,850,000</u>	<u>286,081</u>
	<u><b>\$15,010,000</b></u>	<u><b>6,630,034</b></u>	<u><b>5,485,000</b></u>	<u><b>3,038,736</b></u>

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - LONG-TERM DEBT (Continued)**

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 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, 2008 are as follows:

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Original Amount</u>	<u>Balance June 30 2008</u>
Tax increment revenue notes:				
Lambert Redevelopment Area - A	8-30-2007	10-3-2029	\$ 390,308	\$ 390,308
Lambert Redevelopment Area - B	8-30-2007	10-3-2029	13,821,653	<u>13,821,653</u>
				<u>\$14,211,961</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 stormwater sales tax, capital improvements sales tax, and hotel/motel tax to pay the bonds. The museum will be owned by the City. 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 2008</u>
Tax increment financing bonds:				
370/Missouri Bottom Road Redevelopment Area	11-25-2003	8-1-2020	\$26,385,000	\$ 6,840,000
Taxable annual appropriation capital projects bonds:				
Cabela's Project	03-07-2007	2-1-2027	5,845,000	<u>5,845,000</u>
				<u>\$12,685,000</u>

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - LONG-TERM DEBT (Continued)**

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

	<u>For The Year Ended June 30, 2008</u>			<u>Balance June 30 2008</u>	<u>Amounts Due Within One Year</u>
	<u>Balance June 30 2007</u>	<u>Additions</u>	<u>Deletions</u>		
	<b>Primary Government</b>				
General obligation bonds	\$ 8,905,000	6,630,000	525,000	15,010,000	595,000
Plus - Premium	113,782	-	6,392	107,390	-
Certificates of participation	-	5,485,000	-	5,485,000	180,000
Less - Discount	-	55,941	773	55,168	-
Tax increment revenue notes	-	14,211,961	-	14,211,961	-
Compensated absences	1,200,801	165,606	110,031	1,256,376	314,095
Capital lease obligations	<u>589,050</u>	<u>337,500</u>	<u>250,344</u>	<u>676,206</u>	<u>305,554</u>
	<u>\$10,808,633</u>	<u>26,774,126</u>	<u>890,994</u>	<u>36,691,765</u>	<u>1,394,649</u>
<b>Component Unit</b>					
Capital projects bonds	\$5,845,000	-	-	5,845,000	-
Less - Discount	32,431	-	1,649	30,782	-
Tax increment financing revenue bonds	14,425,000	-	7,585,000	6,840,000	4,880,000
Less - Discount	<u>314,292</u>	<u>-</u>	<u>23,281</u>	<u>291,011</u>	<u>-</u>
	<u>\$19,923,277</u>	<u>-</u>	<u>7,560,070</u>	<u>12,363,207</u>	<u>4,880,000</u>

Compensated absences are generally liquidated by the General Fund. Bonds and notes payable are liquidated by the appropriate related fund.

During the year ended June 30, 2008, the City's capital lease debt service payments for principal retirement and interest were \$250,344 and \$24,441, respectively.

All debt, with the exception of the 2008 certificates of participation and the capital leases, was incurred for expenditures that the City will not be capitalizing and, therefore, the amounts are not used in the calculation of net assets invested in capital assets, net of related debt.

**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 General Fund. The City currently has four such leases outstanding. Leased equipment

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - CAPITAL LEASES (Continued)**

with a total capitalized cost of \$1,500,532 and \$214,343 accumulated depreciation is included in the government-wide financial statements.

The future minimum lease payment under the capital leases and the present value of the net minimum lease payment as of June 30, 2008 is as follows:

<b>For The Years</b>	
<b><u>Ended June 30</u></b>	
2009	\$325,279
2010	302,542
2011	<u>78,413</u>
	706,234
Less - Amount representing interest	<u>30,028</u>
Present Value Of Future Minimum Lease Payments	<u>\$676,206</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 costs to fund and administer the Plan are financed through the General Fund.

**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, 2007 was \$9,123,360.

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:

<b><u>Group</u></b>	<b><u>July 1, 2007</u></b>
Retirees and beneficiaries currently receiving benefits	49
Vested terminated employees	21
Active employees:	
Fully vested	92
Partially vested	90

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)**

**1. Plan Description and Provisions (Continued)**

Employees who attain the age of 60 or have 25 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 market 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 \$1,017,336 for the 2007 - 2008 plan year was computed through an actuarial valuation performed as of July 1, 2007. The required contribution consisted of a) \$666,918 normal cost (7.3% of annual covered payroll), b) \$277,057 amortization of the unfunded actuarial accrued liability (3% of annual covered payroll), and c) \$73,361 expense loading equivalent to 0.3% of the market value of plan assets (0.8% of annual covered payroll).

<b>Pension Plan</b>			
<b>Valuation For The Actuarial Years Ended July 1</b>	<b>Actuarial Value Of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>
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
2004	16,566,691	19,459,911	2,893,220
2003	15,226,386	18,149,891	2,923,505
2002	14,787,015	16,779,647	1,992,632

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)**

**1. Plan Description and Provisions (Continued)**

<b>Valuation For The Actuarial Years Ended <u>July 1</u></b>	<b>Funded <u>Ratio</u></b>	<b>Covered <u>Payroll</u></b>	<b>UAAL As A Percentage Of Covered <u>Payroll</u></b>
2007	89.3%	\$9,123,360	28.1%
2006	87.5	8,411,660	32.9
2005	85.8	8,242,582	36.0
2004	85.1	7,860,894	36.8
2003	83.9	7,326,808	39.9
2002	88.1	7,127,492	28.0

**2. Funding Status and Progress**

<b>Schedule Of Employer Contributions</b>			
<b>For The Years Ended <u>June 30</u></b>	<b>Annual Required <u>Contribution</u></b>	<b>Actual <u>Contribution</u></b>	<b>Percentage <u>Contributed</u></b>
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
2004	945,566	985,070	104.2
2003	821,880	850,737	103.5
2002	726,960	771,385	106.1

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, 2007
Actuarial cost method	Entry age (level percentage)
Amortization method	Level dollar, open
Remaining amortization period	15 years closed
Asset valuation method	3 year smoothed market value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Inflation rate	4%

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)**

**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. There is a negative net pension obligation (NPO) for the Plan. Unless otherwise indicated, information is provided as of the latest actuarial valuation, July 1, 2007.

Components of the annual pension cost of \$982,446 are as follows: ARC of \$973,769, interest on beginning negative NPO of (\$24,592), and adjustment to the ARC of \$33,269. The negative NPO at July 1, 2006 of \$307,402 and decrease in NPO of \$44,560 result in a negative NPO at July 1, 2007 of \$351,962. Interest earned on the negative NPO was 9.2% for 2006 - 2007.

**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).

<b>Pension Plan</b>			
<b>Valuation For The Actuarial Years Ended July 1</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2007	\$ 982,446	105.0%	(\$351,962)
2006	1,014,223	103.0	(307,402)
2005	988,177	103.5	(277,032)
2004	951,473	103.5	(242,891)
2003	826,431	102.9	(209,294)
2002	730,052	105.7	(184,988)

**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

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE G - RISK MANAGEMENT (Continued)**

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.

**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 a defendant in 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.

**NOTE J - UNRESTRICTED NET ASSET DEFICIT**

The government-wide statement of net assets reflects an unrestricted net asset deficit of (\$18,621,466). This total is comprised of \$4,409,505 in unrestricted net assets deficit from operations and unrestricted net assets deficit resulting from the issuance of TIF Revenue Notes \$14,211,961, 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.

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE K - TAX INCREMENT REVENUES PLEDGED**

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and capital projects bonds issued by the IDA 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 February 2027. For the current year, principal and interest paid and total incremental tax revenues were \$8,312,262 and \$4,948,862, respectively.

**NOTE L - FUTURE ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans* (GASB 45), establish accounting and financial reporting standards for postemployment benefits other than pensions. As part of a total compensation package, many governments offer postemployment benefit plans other than pensions such as healthcare, life insurance, and so forth. GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefit expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB 45 will be effective for the City for the fiscal year ending June 30, 2009. Management of the City has not yet completed its assessment of the statement.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), establishes standards for the measurement and recording the estimated historical cost for land associated with right-of-way easements. GASB 51 will be effective for the City for the fiscal year ending June 30, 2010. The City, however, has not yet completed its assessment of the statement or the potential impact of the statement on its financial position.

**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, 2008**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
<b>Property taxes</b>			
Real estate	\$ 2,873,000	3,070,288	197,288
Personal property	817,000	888,460	71,460
Property surtax	405,000	455,846	50,846
Total Property Taxes	<u>4,095,000</u>	<u>4,414,594</u>	<u>319,594</u>
<b>Sales taxes</b>			
Hotel/motel tax	284,900	240,992	(43,908)
Park and stormwater	1,921,000	2,048,676	127,676
Sales	3,651,000	3,610,073	(40,927)
Use	1,100,000	2,041,330	941,330
Total Sales Taxes	<u>6,956,900</u>	<u>7,941,071</u>	<u>984,171</u>
<b>Utility taxes</b>	<u>2,321,000</u>	<u>3,572,200</u>	<u>1,251,200</u>
<b>Other taxes</b>			
Cigarette	91,000	85,921	(5,079)
Gasoline	756,000	754,164	(1,836)
Road and bridge	554,000	624,652	70,652
Vehicle fees	165,000	115,910	(49,090)
Total Other Taxes	<u>1,566,000</u>	<u>1,580,647</u>	<u>14,647</u>
<b>Permits and inspections</b>			
Building permits	350,000	245,533	(104,467)
Occupancy permits	175,000	118,375	(56,625)
Total Permits And Inspections	<u>525,000</u>	<u>363,908</u>	<u>(161,092)</u>
<b>Licenses</b>			
Manufacturers	607,000	709,724	102,724
Occupation services	976,000	1,121,703	145,703
Merchants	522,000	504,767	(17,233)
Liquor	15,500	13,612	(1,888)
Coin devices	7,400	4,488	(2,912)
Franchises	250,000	252,759	2,759
Total Licenses	<u>2,377,900</u>	<u>2,607,053</u>	<u>229,153</u>

**(Continued)**

**CITY OF HAZELWOOD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<b>REVENUES (Continued)</b>	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Intergovernmental</b>			
Grant income	270,000	277,073	7,073
<b>Fines and forfeitures</b>			
Court fines	2,558,000	2,446,211	(111,789)
Police fines	41,700	39,857	(1,843)
License fines	20,000	17,224	(2,776)
Total Fines And Forfeitures	2,619,700	2,503,292	(116,408)
<b>Investment income</b>	172,000	86,312	(85,688)
<b>Recreation fees</b>			
Swimming pools	36,500	5,880	(30,620)
Rentals	82,000	88,043	6,043
Classes	100,000	109,550	9,550
Disc golf	5,000	3,684	(1,316)
Recreation programs and trips	20,000	23,104	3,104
Concessions	17,000	30,694	13,694
Resident cards	53,000	48,658	(4,342)
Sports complex	18,000	3,535	(14,465)
Total Recreation Fees	331,500	313,148	(18,352)
<b>Miscellaneous</b>			
Fire protection service	118,000	108,675	(9,325)
Ambulance fees	358,000	296,331	(61,669)
Other	424,000	144,088	(279,912)
Proceeds from sale of assets	25,000	-	(25,000)
Total Miscellaneous	925,000	549,094	(375,906)
<b>Total Revenues</b>	<b>\$ 22,160,000</b>	<b>24,208,392</b>	<b>2,048,392</b>

**CITY OF HAZELWOOD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

EXPENDITURES	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>Mayor and council</b>				
Personnel services	\$ 29,528	29,528	23,851	(5,677)
Contractual services	124,020	93,020	61,318	(31,702)
Commodities	3,775	3,775	2,043	(1,732)
Capital outlay	700	700	-	(700)
Total Mayor And Council	<u>158,023</u>	<u>127,023</u>	<u>87,212</u>	<u>(39,811)</u>
<b>City manager</b>				
Personnel services	569,936	569,936	517,423	(52,513)
Contractual services	249,664	249,664	303,860	54,196
Commodities	57,884	48,884	48,554	(330)
Capital outlay	51,000	51,000	3,071	(47,929)
Total City Manager	<u>928,484</u>	<u>919,484</u>	<u>872,908</u>	<u>(46,576)</u>
<b>Information system</b>				
Contractual services	311,399	344,661	292,118	(52,543)
Commodities	23,325	23,325	-	(23,325)
Capital outlay	9,220	25,958	35,350	9,392
Total Information System	<u>343,944</u>	<u>393,944</u>	<u>327,468</u>	<u>(66,476)</u>
<b>Finance</b>				
Personnel services	267,346	267,346	260,118	(7,228)
Contractual services	107,125	96,125	93,733	(2,392)
Commodities	2,850	2,850	1,714	(1,136)
Capital outlay	1,540	1,540	643	(897)
Total Finance	<u>378,861</u>	<u>367,861</u>	<u>356,208</u>	<u>(11,653)</u>
<b>Legal</b>				
Personnel services	195,236	183,236	174,086	(9,150)
Contractual services	260,484	260,484	228,507	(31,977)
Commodities	4,145	4,145	3,159	(986)
Contingencies	-	-	(63)	(63)
Total Legal	<u>459,865</u>	<u>447,865</u>	<u>405,689</u>	<u>(42,176)</u>
<b>City clerk</b>				
Personnel services	171,328	171,328	170,303	(1,025)
Contractual services	64,525	51,525	43,672	(7,853)
Commodities	4,250	4,250	1,735	(2,515)
Capital outlay	530	530	529	(1)
Total City Clerk	<u>240,633</u>	<u>227,633</u>	<u>216,239</u>	<u>(11,394)</u>
<b>Police</b>				
Personnel services	6,336,564	6,308,564	6,216,955	(91,609)
Contractual services	360,314	360,314	393,616	33,302
Commodities	252,309	252,309	289,923	37,614
Capital outlay	63,165	63,165	68,300	5,135
Contingencies	400	400	12,852	12,452
Total Police	<u>7,012,752</u>	<u>6,984,752</u>	<u>6,981,646</u>	<u>(3,106)</u>

(Continued)

**CITY OF HAZELWOOD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2008**

EXPENDITURES (Continued)	Budgeted Amounts		Actual	Over
	Original	Final		(Under)
				Budget
<b>Fire</b>				
Personnel services	3,308,056	3,308,056	3,308,152	96
Contractual services	3,681,557	3,826,557	3,785,250	(41,307)
Commodities	56,320	56,320	48,964	(7,356)
Capital outlay	33,700	33,700	21,769	(11,931)
Contingencies	2,500	2,500	7,676	5,176
<b>Total Fire</b>	<b>7,082,133</b>	<b>7,227,133</b>	<b>7,171,811</b>	<b>(55,322)</b>
<b>Ambulance</b>				
Personnel services	285,691	285,691	235,067	(50,624)
Contractual services	93,050	93,050	75,516	(17,534)
Commodities	28,247	28,247	29,625	1,378
Capital outlay	5,050	5,050	3,965	(1,085)
Contingencies	1,000	1,000	(429)	(1,429)
<b>Total Ambulance</b>	<b>413,038</b>	<b>413,038</b>	<b>343,744</b>	<b>(69,294)</b>
<b>Public works:</b>				
<b>Administration:</b>				
Personnel services	711,620	687,620	648,374	(39,246)
Contractual services	375,006	375,006	376,073	1,067
Commodities	25,845	25,845	21,008	(4,837)
Capital outlay	5,950	5,950	12,519	6,569
Contingencies	100	100	500	400
<b>Total Administration</b>	<b>1,118,521</b>	<b>1,094,521</b>	<b>1,058,474</b>	<b>(36,047)</b>
<b>General maintenance:</b>				
Personnel services	662,054	662,054	697,105	35,051
Contractual services	119,552	84,552	109,264	24,712
Commodities	230,700	212,700	245,499	32,799
Capital outlay	30,000	28,000	28,581	581
Contingencies	1,000	1,000	1,644	644
<b>Total General Maintenance</b>	<b>1,043,306</b>	<b>988,306</b>	<b>1,082,093</b>	<b>93,787</b>
<b>Park maintenance:</b>				
Personnel services	784,183	752,183	676,666	(75,517)
Contractual services	34,250	34,250	38,286	4,036
Commodities	73,650	73,650	113,219	39,569
Capital outlay	5,000	5,000	3,355	(1,645)
Contingencies	1,000	1,000	13,454	12,454
<b>Total Park Maintenance</b>	<b>898,083</b>	<b>866,083</b>	<b>844,980</b>	<b>(21,103)</b>
<b>Recreation:</b>				
Personnel services	1,161,158	1,161,158	1,118,697	(42,461)
Contractual services	410,769	430,769	412,719	(18,050)
Commodities	64,252	64,252	59,996	(4,256)
Capital outlay	50,633	50,633	48,027	(2,606)
Contingencies	1,000	1,000	1,061	61
<b>Total Recreation</b>	<b>1,687,812</b>	<b>1,707,812</b>	<b>1,640,500</b>	<b>(67,312)</b>
<b>Total Public Works</b>	<b>4,747,722</b>	<b>4,656,722</b>	<b>4,626,047</b>	<b>(30,675)</b>
<b>Total Expenditures</b>	<b>\$ 21,765,455</b>	<b>21,765,455</b>	<b>21,388,972</b>	<b>(376,483)</b>

**CITY OF HAZELWOOD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**NOTES TO SCHEDULES OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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**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, Street Bond 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 that the other financing source and related capital outlay of capital leases and debt issues in the year the City enters into the agreement 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, 2008, expenditures exceeded appropriations in the general maintenance department of the General Fund by \$93,787 and \$14,127 in the Sewer Lateral Fund. These over expenditures were funded by greater than anticipated revenues of the General Fund and Sewer Lateral Fund.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF HAZELWOOD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING**  
**BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	<u>Capital Projects Fund</u>	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Street Bond</u>	<u>Sewer Lateral</u>	<u>Elm Grove Area Tax Incremental Financing District</u>	<u>Economic Development</u>	
<b>ASSETS</b>					
Cash and investments	\$ 1,530,746	679,354	285,134	1,253,903	3,749,137
Receivables:					
Sales tax	-	-	10,495	325,913	336,408
Other	22,529	1,614	-	11,500	35,643
	<u>22,529</u>	<u>1,614</u>	<u>-</u>	<u>11,500</u>	<u>35,643</u>
Total Assets	<u>\$ 1,553,275</u>	<u>680,968</u>	<u>295,629</u>	<u>1,591,316</u>	<u>4,121,188</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 202,748	-	-	78,341	281,089
Accrued payroll	1,681	-	-	2,526	4,207
Total Liabilities	<u>204,429</u>	<u>-</u>	<u>-</u>	<u>80,867</u>	<u>285,296</u>
<b>Fund Balances</b>					
Reserved for encumbrances	631,973	-	-	-	631,973
Unreserved - undesignated, reported in:					
Capital Projects Funds	716,873	-	-	-	716,873
Special Revenue Funds	-	680,968	295,629	1,510,449	2,487,046
Total Fund Balances	<u>1,348,846</u>	<u>680,968</u>	<u>295,629</u>	<u>1,510,449</u>	<u>3,835,892</u>
Total Liabilities And Fund Balances	<u>\$ 1,553,275</u>	<u>680,968</u>	<u>295,629</u>	<u>1,591,316</u>	<u>4,121,188</u>

**CITY OF HAZELWOOD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDI-**  
**DITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Capital Projects Fund	Special Revenue Funds			Total
		Street Bond	Sewer Lateral	Elm Grove Area Tax Incremental Financing District	
<b>REVENUES</b>					
Property taxes	\$ -	-	42,719	-	42,719
Sales taxes	-	-	39,814	2,139,107	2,178,921
Investment income	91,044	25,886	-	13,160	130,090
Sewer lateral	-	127,995	-	-	127,995
Miscellaneous	-	-	-	15,770	15,770
Total Revenues	91,044	153,881	82,533	2,168,037	2,495,495
<b>EXPENDITURES</b>					
Current:					
Street	234,016	-	-	-	234,016
Sewer lateral	-	104,127	-	-	104,127
Economic development	-	-	-	826,338	826,338
Capital outlay	2,394,604	-	-	-	2,394,604
Debt Service - bond issuance costs	37,070	-	-	-	37,070
Total Expenditures	2,665,690	104,127	-	826,338	3,596,155
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,574,646)	49,754	82,533	1,341,699	(1,100,660)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from debt issue	6,630,000	-	-	-	6,630,000
Proceeds from capital lease	-	-	-	168,750	168,750
Total Other Financing Sources (Uses)	6,630,000	-	-	168,750	6,798,750
<b>NET CHANGE IN FUND BALANCES</b>	4,055,354	49,754	82,533	1,510,449	5,698,090
<b>FUND BALANCES (DEFICIT), JULY 1</b>	(2,706,508)	631,214	213,096	-	(1,862,198)
<b>FUND BALANCES, JUNE 30</b>	\$ 1,348,846	680,968	295,629	1,510,449	3,835,892

**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, 2008**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>			
Sales taxes	\$ 1,568,000	1,605,980	37,980
Intergovernmental	322,500	55,581	(266,919)
Investment income	-	48,534	48,534
Miscellaneous	40,500	10,615	(29,885)
Total Revenues	<u>1,931,000</u>	<u>1,720,710</u>	<u>(210,290)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>3,331,140</u>	<u>1,911,125</u>	<u>(1,420,015)</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>			
	<u>\$ (1,400,140)</u>	(190,415)	<u>1,209,725</u>
<b>ADJUSTMENT TO RECONCILE TO GAAP BASIS</b>			
Unbudgeted activity		<u>(212,319)</u>	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			
		(402,734)	
<b>FUND BALANCE, JULY 1</b>			
		<u>2,154,822</u>	
<b>FUND BALANCE, JUNE 30</b>			
		<u>\$ 1,752,088</u>	

**CITY OF HAZELWOOD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL - STREET BOND FUND - BUDGET BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Investment income	\$ -	91,044	91,044
<b>EXPENDITURES</b>			
Current:			
Street	325,595	234,016	(91,579)
Capital outlay	3,303,700	2,394,604	(909,096)
Total Expenditures	3,629,295	2,628,620	(1,000,675)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ (3,629,295)	(2,537,576)	1,091,719
<b>ADJUSTMENT TO RECONCILE TO GAAP BASIS</b>			
Unbudgeted activity		6,592,930	
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>		4,055,354	
FUND BALANCE, JULY 1		(2,706,508)	
<b>FUND BALANCE, JUNE 30</b>		\$ 1,348,846	

**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, 2008**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Investment income	\$ 17,625	25,886	8,261
Sewer lateral	125,500	127,995	2,495
Total Revenues	143,125	153,881	10,756
<b>EXPENDITURES</b>			
Current:			
Sewer lateral	90,000	104,127	14,127
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 53,125</b>	49,754	<b>(3,371)</b>
FUND BALANCE, JULY 1		631,214	
<b>FUND BALANCE, JUNE 30</b>		<b>\$ 680,968</b>	

**CITY OF HAZELWOOD, MISSOURI**  
**OTHER 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, 2008**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Sales taxes	\$ 2,260,000	2,139,107	(120,893)
Investment income	24,000	13,160	(10,840)
Miscellaneous	-	15,770	15,770
Total Revenues	2,284,000	2,168,037	(115,963)
<b>EXPENDITURES</b>			
Current:			
Economic development	2,070,303	657,588	(1,412,715)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 213,697</b>	<b>1,510,449</b>	<b>1,296,752</b>
<b>FUND BALANCE, JULY 1</b>		-	
<b>FUND BALANCE, JUNE 30</b>		<b>\$ 1,510,449</b>	

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Section III

Statistical Section

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# CITY OF HAZELWOOD, MISSOURI

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## 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.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	51 - 54
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	55 - 58
<b>Debt Capacity</b> 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.	59 - 62
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	63 - 65
<b>Operating Information</b> 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.	66 - 67

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 SIX FISCAL YEARS**

	<b>June 30</b>					
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 16,300,447	16,309,683	10,763,130	12,025,405	12,215,273	11,532,817
Restricted	1,803,142	411,851	397,442	105,899	106,825	109,678
Unrestricted	<u>(18,621,466)</u>	<u>(4,785,082)</u>	<u>2,569,845</u>	<u>5,872,506</u>	<u>5,782,296</u>	<u>5,977,799</u>
 Total Governmental Activities Net Assets	 <u>\$ (517,877)</u>	 <u>11,936,452</u>	 <u>13,730,417</u>	 <u>18,003,810</u>	 <u>18,104,394</u>	 <u>17,620,294</u>

Source: Basic financial statements

GASB 34 was implemented in 2003.

**CITY OF HAZELWOOD, MISSOURI**

**CHANGES IN NET ASSETS**

**LAST SIX FISCAL YEARS**

	For The Years Ended June 30					
	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>						
General government	\$ 2,588,055	2,511,326	2,464,356	2,087,773	3,025,041	2,623,008
Police	7,261,558	6,936,775	6,435,271	5,975,923	5,862,217	5,208,275
Fire and ambulance	7,667,628	7,181,802	7,087,575	6,374,396	6,043,746	5,830,812
Public works	5,497,383	10,348,453	6,345,439	4,074,797	2,583,716	973,378
Parks and recreation	2,902,669	2,797,974	2,879,118	2,334,874	2,138,623	1,910,345
Economic development	23,412,225	7,188,357	11,116,868	5,476,247	2,941,286	866,727
Sewer lateral	104,127	104,454	173,934	69,341	107,273	114,599
Interest on long-term debt	1,291,226	420,838	431,849	126,381	55,343	69,055
Total Expenses	<u>50,724,871</u>	<u>37,489,979</u>	<u>36,934,410</u>	<u>26,519,732</u>	<u>22,757,245</u>	<u>17,596,199</u>
<b>PROGRAM REVENUES</b>						
Charges for services:						
General government	381,132	631,949	487,576	480,120	590,523	470,841
Police	2,752,449	1,358,339	1,211,838	808,956	607,281	581,343
Fire and ambulance	439,731	352,505	468,918	294,125	149,370	147,448
Parks and recreation	313,148	325,064	308,855	279,008	264,643	260,474
Sewer lateral	127,995	129,418	192,044	198,946	224,172	224,615
Operating grants and contributions	1,940,193	2,096,786	1,647,110	2,043,262	195,756	211,850
Capital grants and contributions	55,581	364,320	-	-	1,091,302	-
Total Program Revenues	<u>6,010,229</u>	<u>5,258,381</u>	<u>4,316,341</u>	<u>4,104,417</u>	<u>3,123,047</u>	<u>1,896,571</u>
<b>NET REVENUES (EXPENSES)</b>	<u>(44,714,642)</u>	<u>(32,231,598)</u>	<u>(32,618,069)</u>	<u>(22,415,315)</u>	<u>(19,634,198)</u>	<u>(15,699,628)</u>
<b>GENERAL REVENUES</b>						
Property taxes	11,640,116	10,033,698	13,388,774	7,411,051	4,113,306	2,670,426
Sales taxes	13,796,329	10,197,675	9,197,588	8,907,348	8,382,356	9,793,356
Utility taxes	3,625,891	2,111,099	2,294,316	2,256,529	2,243,347	2,160,914
Other taxes	85,921	89,475	93,331	93,722	1,520,986	1,394,575
License taxes	2,607,053	2,356,074	2,410,356	3,230,993	3,382,104	3,425,626
Investment income	267,842	263,127	424,989	103,999	35,360	24,692
Miscellaneous	237,161	386,485	535,322	436,425	398,085	270,319
Contributed capital	-	5,000,000	-	-	-	-
Total General Revenues	<u>32,260,313</u>	<u>30,437,633</u>	<u>28,344,676</u>	<u>22,440,067</u>	<u>20,075,544</u>	<u>19,739,908</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ (12,454,329)</u>	<u>(1,793,965)</u>	<u>(4,273,393)</u>	<u>24,752</u>	<u>441,346</u>	<u>4,040,280</u>

Source: Basic financial statements

GASB 34 was implemented in 2003.

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

	June 30					
	2008	2007	2006	2005	2004	2003
<b>General Fund</b>						
Reserved	\$ 2,188,897	1,757,712	1,700,947	1,415,870	1,463,622	1,339,228
Unreserved	3,842,018	1,763,241	1,615,749	2,204,816	1,188,737	(593,413)
Total General Fund	<u>\$ 6,030,915</u>	<u>3,520,953</u>	<u>3,316,696</u>	<u>3,620,686</u>	<u>2,652,359</u>	<u>745,815</u>
<b>All Other Governmental Funds</b>						
Reserved	\$ 1,687,749	2,695,376	3,561,286	878,402	702,892	1,135,985
Unreserved, reported in:						
Capital Projects Funds	2,010,434	(2,835,211)	4,119,255	9,332,589	1,596,055	1,906,849
Special Revenue Funds	2,591,497	938,360	796,418	1,125,386	1,394,709	2,991,369
Total All Other Gov- ernmental Funds	<u>\$ 6,289,680</u>	<u>798,525</u>	<u>8,476,959</u>	<u>11,336,377</u>	<u>3,693,656</u>	<u>6,034,203</u>

Source: Basic financial statements

GASB 34 was implemented in 2003.

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

	For The Years Ended June 30					
	2008	2007	2006	2005	2004	2003
<b>REVENUES</b>						
Property taxes	\$ 11,584,947	10,007,380	13,324,363	7,441,915	4,005,954	2,670,426
Sales taxes	13,964,723	10,404,567	9,359,838	9,080,912	8,382,356	6,901,856
Utility taxes	3,625,891	2,111,099	2,294,316	2,256,528	2,243,346	2,160,914
Other taxes	1,580,647	1,592,510	1,535,725	1,520,813	1,520,987	1,394,575
Permits and inspections	363,908	608,253	465,329	466,120	571,618	449,525
Licenses	2,607,053	2,356,074	2,410,356	3,230,995	3,382,104	3,425,626
Intergovernmental	332,654	751,179	81,217	453,405	1,314,020	3,103,350
Fines and forfeitures	2,503,292	1,362,835	1,227,257	822,955	626,186	602,658
Investment income	267,842	263,127	424,989	103,999	35,359	24,692
Recreation fees	313,148	325,064	308,855	279,009	264,643	260,475
Sewer lateral	127,995	129,418	192,044	198,946	224,172	224,615
Miscellaneous	654,629	853,141	931,500	674,579	550,494	417,767
Total Revenues	<u>37,926,729</u>	<u>30,764,647</u>	<u>32,555,789</u>	<u>26,530,176</u>	<u>23,121,239</u>	<u>21,636,479</u>
<b>EXPENDITURES</b>						
Current:						
Mayor and council	87,212	86,426	93,030	87,442	74,608	50,165
City manager	937,796	960,133	866,343	768,748	605,132	567,498
Information system	292,118	326,577	344,742	233,397	194,267	163,963
Finance	355,565	328,347	315,169	278,646	271,569	258,799
Legal	405,689	376,802	357,769	307,347	310,032	350,952
City clerk	215,710	217,936	234,143	237,975	215,341	211,092
Police	6,913,346	6,459,800	6,096,344	5,665,655	5,503,721	4,997,085
Fire and ambulance	7,489,821	6,977,273	6,619,176	6,200,753	5,875,455	5,682,597
Public works:						
Administration	1,045,955	1,093,051	1,062,926	983,824	968,005	946,344
General maintenance	1,053,512	960,177	962,004	985,934	961,585	824,791
Park maintenance	841,625	851,366	722,594	784,424	672,362	627,362
Recreation	1,592,473	1,520,675	1,450,587	1,359,589	1,175,347	1,180,873
Street	234,016	757,849	430,763	171,986	-	-
Sewer lateral	104,127	104,454	173,934	69,341	107,273	114,599
Economic development	23,573,741	7,188,357	11,116,868	5,476,247	2,941,286	864,106
Capital outlay	10,117,629	9,293,463	4,610,085	3,327,998	3,597,427	1,465,071
Debt service - principal	525,000	335,000	70,000	35,000	35,000	35,000
Debt service - interest	572,659	401,138	355,796	44,470	46,832	49,195
Debt service - bond issue costs	176,138	-	-	136,920	-	-
Total Expenditures	<u>56,534,132</u>	<u>38,238,824</u>	<u>35,882,273</u>	<u>27,155,696</u>	<u>23,555,242</u>	<u>18,389,492</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<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>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from debt issue	26,326,961	-	-	8,415,000	-	-
Proceeds from capital lease	337,500	-	163,076	819,060	-	-
Premium/discount on debt issue	(55,941)	-	-	127,844	-	-
Transfers in	309,458	145,928	-	-	-	646,520
Transfers out	(309,458)	(145,928)	-	-	-	(646,520)
Total Other Financing Sources (Uses)	<u>26,608,520</u>	<u>-</u>	<u>163,076</u>	<u>9,361,904</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<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	2.6 %	2.1	1.2	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			Total Real Property	Personal Property	Total		Assessed Value As Of Percentage Of Actual Value
		Residential Property	Commercial Property	Agricultural Property			Assessed Value	Estimated Actual Value	
2008	2007	\$233,774,890	\$ 282,046,440	\$ 211,620	\$ 516,032,950	\$127,554,462	\$ 643,587,412	\$2,496,216,169	25.8 %
2007	2006	232,247,950	277,223,487	213,500	509,684,937	120,409,959	630,094,896	2,451,690,072	25.7
2006	2005	183,360,930	249,515,091	214,630	433,090,651	118,023,245	551,113,896	2,100,650,504	26.2
2005	2004	179,413,310	236,475,420	218,790	416,107,520	106,294,820	522,402,340	2,003,973,976	26.1
2004	2003	153,511,320	221,916,419	270,450	375,698,189	113,731,001	489,429,190	1,844,889,878	26.5
2003	2002	152,635,550	191,386,245	188,700	344,210,495	118,404,383	462,614,878	1,758,213,020	26.3
2002	2001	N/A	N/A	N/A	330,977,398	108,864,723	439,842,121	1,668,487,235	26.4
2001	2000	N/A	N/A	N/A	326,865,774	126,408,391	453,274,165	1,611,014,101	28.1
2000	1999	N/A	N/A	N/A	305,577,921	120,957,441	426,535,362	1,588,171,868	26.9
1999	1998	N/A	N/A	N/A	308,616,223	127,069,403	435,685,626	1,577,288,015	27.6

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

N/A - Not Available

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
City of Hazelwood	0.841	0.902	0.867	0.789	0.750	0.410	0.310	0.310	0.310	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	0.255	0.190	0.190	0.190	0.190	0.190	0.190
County Park Maintenance	0.050	0.035	0.035	0.045	0.035	0.035	0.035	0.035	0.035	0.035
County Bond Retire	0.063	0.063	0.063	-	0.085	0.085	0.085	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	0.165	0.165	0.175	0.165	0.165	0.165	0.165	0.165	0.165
Metro Zoo	0.233	0.261	0.265	0.276	0.226	0.222	0.222	0.232	0.227	0.232
Sheltered Workshop	0.070	0.082	0.082	0.085	0.085	0.085	0.085	0.085	0.085	0.085
County Library	0.140	0.150	0.150	0.150	0.140	0.140	0.140	0.140	0.140	0.140
Special School District	0.908	0.824	0.840	0.905	0.833	0.849	0.835	0.623	0.620	0.640
St. Louis Community College	0.200	0.223	0.223	0.237	0.231	0.232	0.230	0.240	0.240	0.240
Hazelwood School District	5.124	5.463	5.230	4.880	4.690	4.743	4.559	4.643	4.640	4.630
Metro Sewer District	0.067	0.069	0.069	0.069	0.069	0.069	0.069	0.070	0.070	0.070
Coldwater Creek Sewer District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Total Overlapping Governments	<u>7.400</u>	<u>7.730</u>	<u>7.517</u>	<u>7.282</u>	<u>6.954</u>	<u>7.020</u>	<u>6.820</u>	<u>6.713</u>	<u>6.702</u>	<u>6.717</u>
Total City And Overlapping Governments	<u>8.241</u>	<u>8.632</u>	<u>8.384</u>	<u>8.071</u>	<u>7.704</u>	<u>7.430</u>	<u>7.130</u>	<u>7.023</u>	<u>7.012</u>	<u>7.027</u>

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

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

Taxpayer	2007			2004		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
St. Louis Mills Limited Partnership	\$ 41,587,520	1	6.60 %	\$ 32,327,460	2	6.61 %
Boeing/McDonnell Douglas Corp.	27,601,960	2	4.38	30,633,130	3	6.26
Ford Motor Company	17,830,590	3	2.83	62,572,410	1	12.78
DP Properties LP	15,601,120	4	2.48	12,800,000	4	2.62
IBM Corp./IBM Credit LLC	13,660,320	5	2.17	10,098,460	6	2.06
Mallinckrodt, Inc./Mallinckrodt Medical, Inc.	13,658,370	6	2.17	12,175,660	5	2.49
Welsh Lambert Pointe Holdings, LLC	9,312,310	7	1.48	5,610,890	8	1.15
JB Management LP	7,893,530	8	1.25	-	-	-
AT&T	6,902,493	9	1.10	5,489,590	9	1.12
CRP Holdings BLP	6,620,330	10	1.05	-	-	-
bioMerieux, Inc.	-	-	-	6,132,460	7	1.25
GKN Aerospace North America, Inc.	-	-	-	4,854,590	10	0.99
	<u>\$ 160,668,543</u>		<u>25.51 %</u>	<u>\$ 182,694,650</u>		<u>37.33 %</u>

(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**

<u>Fiscal Year</u>	<u>Tax Levy Year</u>	<u>Net Tax Levy (2)</u>	<u>Current Tax Collections</u>	<u>Percent Collected As Current</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent Of Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent Of Levy</u>
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	106.7	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
2001	2000	905,558	796,357	87.9	49,150	845,507	93.4	23,854	2.6
2000	1999	925,483	875,412	94.6	38,964	914,376	98.8	20,241	2.2
1999	1998	886,155	828,303	93.5	19,111	847,414	95.6	23,258	2.6

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

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

**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	Special Assessment GO Bonds	Capital Lease Obligations			
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
2001	-	-	-	1,030,000	681,366	1,711,366	0.29	65
2000	-	-	-	900,000	192,426	1,092,426	0.25	41
1999	-	-	-	-	718,041	718,041	0.17	27

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**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Actual Taxable Value Of Property (2)</b>	<b>General Obligation Debt (3)</b>	<b>Amount Available In Debt Service Fund</b>	<b>Net General Bonded Debt</b>	<b>Percentage Of Actual Taxable Value Of Property</b>	<b>Net General Bonded Debt Per Capita</b>
2008	26,206	\$ 2,496,216,169	\$ 14,342,390	\$ -	\$ 14,342,390	0.57 %	\$ 547
2007	26,206	2,451,690,072	8,203,782	-	8,203,782	0.33	313
2006	26,206	2,100,650,504	8,505,174	-	8,505,174	0.40	325
2005	26,206	2,003,973,976	8,541,566	-	8,541,566	0.43	326
2004	26,206	1,844,889,878	-	-	-	-	-
2003	26,206	1,758,213,020	-	-	-	-	-
2002	26,206	1,668,487,235	-	-	-	-	-
2001	26,206	1,611,014,101	-	-	-	-	-
2000	26,829	1,588,171,868	-	-	-	-	-
1999	26,829	1,577,288,015	-	-	-	-	-

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, 2008**

<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	\$ 66,710,000	2.5 %	\$ 1,667,750
Hazelwood School District	184,285,802	26.9	49,572,881
Ferguson-Florissant School District	12,005,016	8.7	1,044,436
Pattonville School District	<u>52,475,000</u>	0.4	<u>209,900</u>
Total Overlapping	315,475,818		52,494,967
City direct debt	<u>15,117,390</u>	100.0	<u>15,117,390</u>
Total Direct And Overlapping Debt	<u>\$ 330,593,208</u>		<u>\$ 67,612,357</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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	\$ 64,358,741	63,009,490	55,111,390	52,240,234	48,942,919	46,261,488	43,984,212	45,327,417	42,653,536	43,568,563
Net debt applicable to limit	15,117,390	9,018,782	9,360,174	9,436,566	930,000	965,000	1,000,000	1,030,000	900,000	-
Legal Debt Margin	<u>\$ 49,241,351</u>	<u>53,990,708</u>	<u>45,751,216</u>	<u>42,803,668</u>	<u>48,012,919</u>	<u>45,296,488</u>	<u>42,984,212</u>	<u>44,297,417</u>	<u>41,753,536</u>	<u>43,568,563</u>
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	23.49 %	14.31	16.98	18.06	1.90	2.09	2.27	2.27	2.11	-

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**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (1) (In Thousands)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>Education Level In Years Of Formal Schooling (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
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
2001	26,206	584,682	22,311	36	13.0	4,709	2.6
2000	26,829	429,049	15,992	33	12.8	4,709	2.3
1999	26,829	429,049	15,992	33	12.8	4,709	2.3

(1) Source: 2000 and 1990 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 EIGHT YEARS AGO**

2008				2000			
Employer	Employees	Rank	Percent Of Total City Employment	Employer	Employees	Rank	Percent Of Total City Employment
Boeing	5,610	1	24.06 %	Ford Motor Company	2,800	1	18.68 %
Convergys Corp.	1,232	2	5.28	IBM Corp.	1,110	2	7.40
IBM Corp.	1,062	3	4.55	Mallinckrodt, Inc.	663	3	4.42
Mallinckrodt, Inc.	645	4	2.77	bioMerieux, Inc.	609	4	4.06
bioMerieux, Inc.	609	5	2.61	GKN Aerospace North America, Inc.	600	5	4.00
GKN Aerospace North America, Inc.	600	6	2.57	Pillsbury Company	500	6	3.33
First Bank	474	7	2.03	Hazelwood Farm Bakeries	480	7	3.20
Supervalu St. Louis Division	355	8	1.52	General Motors Svc. Pts.	354	8	2.36
Home Decorators Collection	321	9	1.38	Supervalu St. Louis Division	329	9	2.19
Aclara Power-Line Systems	291	10	1.25	Knight/Williams Corporation	306	10	2.04
	<u>11,199</u>		<u>48.02 %</u>		<u>7,751</u>		<u>51.68 %</u>

Source: The City's Planning Department

No data available prior to 2000.

**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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
City manager	7	7	7	7	7	6	7	7	9	8
Finance	4	4	4	4	4	4	4	4	4	4
Legal/municipal court	3	3	3	3	3	3	3	3	3	3
City clerk	3	3	3	3	3	3	4	4	4	4
Public safety:										
Police	81	81	81	78	78	70	79	76	75	72
Fire	34	34	34	34	34	35	35	36	36	36
Ambulance	3	3	3	3	-	-	-	-	-	-
Public works:										
Administration	11	11	11	10	10	10	10	9	6	6
General/street maintenance	13	13	13	13	13	12	12	12	12	12
Parks maintenance	11	11	11	12	12	12	15	15	12	12
Recreation	30	30	30	27	27	27	29	29	28	28

(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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Police:</b>										
Arrests	3,002	3,054	2,393	2,503	2,177	1,994	2,225	1,942	2,020	1,293
Traffic citations	13,584	17,613	16,260	8,673	8,373	7,261	9,613	6,385	10,000	10,000
<b>Fire:</b>										
Fire calls	604	997	973	1,345	1,670	1,686	2,138	1,471	1,518	796
Ambulance calls	1,593	1,568	1,587	1,189	1,465	451	726	640	1,806	1,457
Inspections	1,151	1,124	1,124	980	1,016	758	684	684	777	665
<b>Public works:</b>										
<b>Streets:</b>										
Streets resurfacing (miles)	4	11	8	19	N/A	N/A	N/A	N/A	N/A	N/A
Sidewalk repairs (lineal ft.)	145	12,665	6,115	24,452	N/A	N/A	N/A	N/A	N/A	N/A
Potholes repaired (tons of material)	125	84	185	N/A						
<b>Administration:</b>										
Building permits issued	714	883	820	964	1,200	838	348	279	284	298
Residential occupancy permits issued	1,728	2,068	1,958	2,053	2,104	1,773	2,060	-	-	-
<b>Recreation:</b>										
Community center admissions	99,486	101,440	110,548	103,200	100,319	106,070	134,291	125,734	144,382	141,195
<b>Finance:</b>										
Business licenses issued	969	1,101	1,163	1,172	1,162	1,099	914	923	819	-
Payroll transactions	7,119	7,221	6,865	6,587	6,309	5,855	6,053	5,940	-	-
Accounting funds	15	13	13	13	12	10	7	6	6	6
Payable checks issued	5,602	5,577	5,702	6,029	7,375	6,993	6,759	6,631	6,707	-

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Public safety/police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	32	25	39	33	33	33	33	33	32	31
Sectors	6	6	6	6	6	5	5	5	5	5
Public safety/fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	580	573	573	573	573	573	563	546	546	533
Vehicles	10	7	7	7	5	5	5	5	4	4
Public works:										
Miles of streets	161	158	158	158	158	158	158	138	138	138
Street lights and signals	111	108	108	108	108	41	41	41	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	164
Swimming pools	1	1	1	1	1	1	1	1	1	2
Tennis courts	13	13	13	13	13	13	13	13	11	11
Athletic complex	1	1	1	1	1	1	1	1	-	-