



City of Hazelwood, Missouri
Comprehensive Annual Financial Report
For The Year Ended
June 30, 2009

*much more
than you imagine*





City of Hazelwood, Missouri
Comprehensive Annual Financial Report
For The Year Ended
June 30, 2009

*much more
than you imagine*



Prepared by the Finance Department
Donnie Burns, Finance Director

	Page
SECTION I - INTRODUCTORY SECTION	
Letter of Transmittal	i
Principal City Officials	vi
Organizational Chart	vii
Certificate of Achievement for Excellence in Financial Reporting	viii
SECTION II - FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Net Assets - Pension Trust Fund	16
Statement of Changes in Fiduciary Net Assets - Pension Trust Fund	17
Notes to Financial Statements	18
Required Supplemental Information:	
Schedule of Revenues - Budget and Actual - General Fund	42
Schedule of Expenditures - Budget and Actual - General Fund	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and and Actual - Economic Development Fund	46
Notes to Schedules of Revenues and Expenditures - Budget and Actual	47
Other Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	50
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Capital Projects Fund - Budget Basis	51
Street Bond Fund	52
Sewer Lateral Fund	53

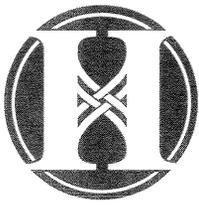
CITY OF HAZELWOOD, MISSOURI
FINANCIAL REPORT

	Page
SECTION III - STATISTICAL SECTION	
Net Assets by Component - Last Seven Fiscal Years	55
Changes in Net Assets - Last Seven Fiscal Years	56
Fund Balances of Governmental Funds - Last Seven Fiscal Years	57
Changes in Fund Balances, Governmental Funds - Last Seven Fiscal Years	58
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	59
Property Tax Rates - Direct and All Overlapping Governments - Last Ten Calendar Years	60
Principal Taxpayers - Most Recent and Four Years Ago	61
Property Tax Levies and Collections - Last Ten Fiscal Years	62
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	63
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	64
Direct and Overlapping Governmental Activities Debt	65
Legal Debt Margin Information - Last Ten Fiscal Years	66
Demographic and Economic Statistics - Last Ten Fiscal Years	67
Principal Employers - Current Year and Nine Years Ago	68
Full-time Equivalent City Government Employees by Functions/Programs - Last Ten Fiscal Years	69
Operating Indicators by Functions/Programs - Last Ten Fiscal Years	70
Capital Assets by Functions/Programs - Last Ten Fiscal Years	71



Section I

Introductory Section



The City of Hazelwood
December 8, 2009

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, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to accurately present the financial position and results of operations of the City. All disclosures necessary to provide an understanding of the City's financial activities have been included.

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

This report includes all funds and activities of the City. The City provides a full range of services including police protection, fire service, construction and maintenance of streets and infrastructure, parks and recreation services, city planning and building inspection, and administration.

Economic Condition and Outlook

The City is centrally located on the eastern border of the State of Missouri in North St. Louis County. Its location is immediately north of the airport at the intersections of Highways 270 and 170 and Highways 270 and 370, and less than two miles from I-70. A major interchange of Highway 370 networks the Missouri River Bottoms area, the primary undeveloped commercial area in the City, which is home to the St. Louis Mills and Cabela's to St. Charles County. This transportation crossroads is a prime location for businesses and residents alike. The mix of major 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

Though the outlook for the nation's economy is decidedly troubling, the City benefits from some positive aspects that may offset negative impacts. The City's location near the airport, with rail service, and at the hub of major state and national highways is an asset that cannot be bought at any price. Also, the Mill's status as a discount mall afforded sales growth even during the beginning of a national recession. Similarly, Cabela's sales were strong. Also, the City's unique blend of industrial, commercial, and residential property provides a diverse and sturdy foundation.

MAJOR GOALS

The City Council and administrative staff regularly develop and update improvement plans designed to improve the quality of community life while maintaining the financial stability of the City.

Goal -- 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, the City is keenly focused on economic development.

Ford Motor Company closed the sale of the plant to Panattoni for redevelopment. During 2009, the demolition contractor removed the buildings and structures at the site. Most of the scrap material, even the pavement and concrete, was recovered and recycled. The plant site was also cleaned of contamination through the State's brownfields program. The redevelopment opens the door to development of the Aviator Business Park.

Currently, there are no tenants at the site though marketing continues and several prospects have expressed interest. One of the assets of the site that has interested several is the rail access. Norfolk Southern rail lines that served the Ford plant are still in place for use by future tenants. Another asset is the easy access from N. Lindbergh Blvd. Crews are improving the intersection at Fee Fee Hills which will serve as the park's main entrance.

Fiserv, successor to the Gerome Group, consolidated its operations in the City, largely due to a successful loan program provided by Economic Development funds. They finalized their move into Duke's Lindbergh Distribution Center in August. The company provides printing services, including design and mailing operations.

Fiserv joins Matrix Packaging and Whitney Design, the building's existing tenants. Currently only 8% of the building's space remains unleased so it is essentially full at this point.

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. 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.

Building number one was constructed in the Hazelwood Logistics Center TIF area, and is ready for occupancy.

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.

The final \$1.36 million in street bond funds were expended in 2009, closing the \$15.045 million in street bonds approved in November 2004.

Goal -- Municipal Facilities

2009 marks the first full year of the new Aquatic Center completed in June 2008 at a cost of approximately \$6 million. Community approval was exhibited in swimming pool revenue totaling \$168,928, compared to \$16,700 in 2007, which was the last full year of operation of the old pool.

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, 2008, the funded ratio is 90.2% compared to 89.3% for the prior year.

Long-term Debt

At June 30, 2009 the City had long-term debt in the amount of \$37,355,949 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 \$59 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 \$104,623.

U.S. Bank manages the investments of the Pension Trust Fund; 12% is invested in U.S. Government securities, 50% is invested in stock/mutual funds, 36% is invested in corporate obligations, and 2% 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.

Postemployment Benefits

During the fiscal year ended June 30, 2009, the City implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The City now records a liability on the government-wide financial statements for the costs of providing retirees with health insurance benefits.

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 2009 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, 2008. This was the eleventh consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the comprehensive annual financial report was made possible by the cooperation of the entire administrative staff of the various departments of the City. The finance staff especially contributed a great deal of time and diligence. We would also like to acknowledge the assistance of our independent public accountants, Hochschild, Bloom & Company LLP, in formulating this report. In closing, without the support of the Mayor and Council, preparation of this report would not have been possible.

Respectfully submitted,



Donnie E. Burns
Director of Finance



Edwin G. Carlstrom
City Manager

CITY OF HAZELWOOD, MISSOURI
PRINCIPAL CITY OFFICIALS AT JUNE 30, 2009

Position	Name	Election/Hire Date	Term Dates
Mayor	Matthew Robinson	4/2009	4/2009 - 4/2012
Council-Ward 1	Vacant		
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	4/2009 - 4/2012
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	David Stewart	7/31/2009	
Parks and Recreation Superintendent	Douglas Littlefield	6/19/2000	
Maintenance Superintendent	Paul Williams	10/6/1986	



Section II

Financial Section



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

INDEPENDENT AUDITORS' REPORT

December 8, 2009

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 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, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$12,067,311 (net assets). The City had unrestricted net asset deficit totaling \$11,616,911. This deficit is mainly due to \$15,924,236 of TIF revenue notes that were used for development that the City does not own.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,792,156, a decrease of \$528,439 in comparison with the prior year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$4,205,313 or 18% of total General Fund expenditures.
- The City's total long-term debt increased \$664,184 during the most recent fiscal year. An additional \$1,712,275 in tax increment revenue notes were issued, while the rest of the debt was paid down.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, economic development, and culture and recreation. The City does not have any business-type activities.

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 Economic Development 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.

CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

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.

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 40 of this report.

Required supplemental information. This Management's Discussion and Analysis and the General Fund budgetary comparison schedule (starting on page 42) 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 49) 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, and Sewer Lateral Fund. This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$12,067,311 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, 2009

	June 30		2009 Change	
	2009	2008	Amount	Percent
ASSETS				
Current and other assets	\$ 17,915,111	17,542,747	372,364	2.1 %
Capital assets	37,268,473	35,510,869	1,757,604	4.9
Total Assets	<u>55,183,584</u>	<u>53,053,616</u>	<u>2,129,968</u>	4.0
LIABILITIES				
Current and other liabilities	5,760,324	3,830,512	1,929,812	50.4
Long-term liabilities	37,355,949	36,691,765	664,184	1.8
Total Liabilities	<u>43,116,273</u>	<u>40,522,277</u>	<u>2,593,996</u>	6.4
NET ASSETS				
Invested in capital assets, net of related debt	17,868,052	16,593,187	1,274,865	7.7
Restricted	5,816,170	7,064,680	(1,248,510)	(17.7)
Unrestricted	<u>(11,616,911)</u>	<u>(11,126,528)</u>	<u>(490,383)</u>	(4.4)
Total Net Assets	<u>\$ 12,067,311</u>	<u>12,531,339</u>	<u>(464,028)</u>	(3.7) %

Governmental activities. Governmental activities decreased the City's net assets by \$464,028.

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

CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

	For The Years		2009 Change	
	Ended June 30		Amount	Percent
	2009	2008		
REVENUES				
Program revenues:				
Charges for services	\$ 3,870,388	4,014,455	(144,067)	(3.6) %
Operating grants and contributions	2,100,070	1,940,193	159,877	8.2
Capital grants and contributions	1,138,393	55,581	1,082,812	1,948.2
General revenues:				
Taxes	28,915,157	29,148,257	(233,100)	(0.8)
Licenses and other	3,052,636	3,112,056	(59,420)	(1.9)
Total Revenues	<u>39,076,644</u>	<u>38,270,542</u>	<u>806,102</u>	2.1
EXPENSES				
General government	2,793,428	2,588,055	205,373	7.9
Police	7,589,247	7,261,558	327,689	4.5
Fire and ambulance	8,218,900	7,667,628	551,272	7.2
Public works	3,756,069	3,616,598	139,471	3.9
Parks and recreation	3,137,528	2,902,669	234,859	8.1
Economic development	11,793,396	23,412,225	(11,618,829)	(49.6)
Sewer lateral	60,549	104,127	(43,578)	(41.9)
Interest on long-term debt	2,191,555	1,291,226	900,329	69.7
Total Expenses	<u>39,540,672</u>	<u>48,844,086</u>	<u>(9,303,414)</u>	(19.0)
CHANGE IN NET ASSETS	<u>\$ (464,028)</u>	<u>(10,573,544)</u>	<u>10,109,516</u>	95.6 %

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 \$11,792,156, a decrease of \$528,439 in comparison with the prior year. The City currently has unreserved, undesignated fund balance of \$7,319,466. 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.

CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

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 \$4,205,313, while total fund balance reached \$6,697,496. 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 29% of that same amount. The fund balance of the General Fund increased by \$666,581 during the current fiscal year.

The Capital Projects Fund balance decreased \$920,720 during the fiscal year to \$831,368. The main reason for the decrease was due to street improvements in addition to the amounts the Street Bond Fund paid.

The Debt Service Fund increased its net assets \$347,374 during the fiscal year to \$944,623. The entire fund balance is reserved to pay the general obligations bonds.

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 \$577,226 above the budgeted amount of \$23,521,061, primarily due to property tax revenues. Expenditures were \$488,849 below the budgeted amount of \$23,558,296.

CAPITAL ASSETS

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

	June 30	
	2009	2008
Capital assets:		
Land and construction in progress	\$ 4,049,190	9,663,665
Buildings and improvements	13,283,883	7,802,756
Infrastructure	17,433,464	15,447,973
Machinery, equipment, and furniture and fixtures	1,194,633	1,350,415
Automotive equipment	1,307,303	1,246,060
Total	\$37,268,473	35,510,869

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

**CITY OF HAZELWOOD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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.

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Certificates of participation	\$ 5,252,630	5,429,832
Tax increment revenue notes	15,924,236	14,211,961
General obligation bonds	14,515,998	15,117,390
Compensated absences	1,301,292	1,256,376
Capital lease obligations	<u>361,793</u>	<u>676,206</u>
	<u>\$37,355,949</u>	<u>36,691,765</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Preparation of the 2010 budget was influenced by general economic pressures including sluggish assessed valuation and base sales tax growth.
- As the year begins, decreases in sales tax are apparent.
- Property tax revenue is expected to decline slightly.
- A one-time settlement of \$248,000 is expected in the AT&T landline case, which will contribute to mitigate other declines.
- The constricted credit market and declines in business activity has dramatically slowed economic development activity.
- The City will postpone non-essential activities and will explore efficiency enhancements.
- The City will remain vigilant in examining revenue trends and react as needed.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any 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, 2009

	<u>Primary Government</u>	<u>Component Unit Industrial Development Authority</u>
	<u>Governmental Activities</u>	
ASSETS		
Cash and investments	\$ 7,313,791	11,240,349
Taxes receivable	4,902,460	-
Net pension asset	397,817	-
Other receivables:		
Special assessments	730,000	-
Ambulance	246,234	-
Court	512,612	-
Other	929,351	618,409
Bond issue costs	296,505	361,224
Prepaid items:		
Fire protection services	2,039,327	-
Other	31,900	-
Cash and investments - restricted	515,114	748,463
Capital assets:		
Land and construction in progress	4,049,190	-
Other capital assets, net of accumulated depreciation	33,219,283	-
Total Assets	<u>55,183,584</u>	<u>12,968,445</u>
LIABILITIES		
Accounts payable	2,980,372	10,692,649
Accrued payroll	480,829	-
Accrued interest	2,097,158	152,698
Net OPEB obligation	27,785	-
Other liabilities	137,118	-
Unearned revenue	37,062	-
Long-term debt:		
Due within one year	1,814,798	-
Due in more than one year	35,541,151	7,508,137
Total Liabilities	<u>43,116,273</u>	<u>18,353,484</u>
NET ASSETS		
Invested in capital assets, net of related debt	17,868,052	-
Restricted for:		
Capital projects	401,547	-
Debt service	2,104,444	-
Economic development	2,605,065	-
Sewer lateral	705,114	-
Unrestricted	<u>(11,616,911)</u>	<u>(5,385,039)</u>
Total Net Assets	<u>\$ 12,067,311</u>	<u>(5,385,039)</u>

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Assets	
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary	Component
					Government	Unit
				Governmental	Industrial	
				Activities	Development	
					Authority	
FUNCTIONS/PROGRAMS						
Primary Government						
Governmental Activities						
General government	\$ 2,793,428	368,801	-	-	(2,424,627)	-
Police	7,589,247	2,414,229	430,403	-	(4,744,615)	-
Fire and ambulance	8,218,900	453,861	10,263	-	(7,754,776)	-
Public works	3,756,069	-	1,659,404	1,138,393	(958,272)	-
Parks and recreation	3,137,528	560,978	-	-	(2,576,550)	-
Economic development	11,793,396	-	-	-	(11,793,396)	-
Sewer lateral	60,549	72,519	-	-	11,970	-
Interest on long-term debt	2,191,555	-	-	-	(2,191,555)	-
Total Governmental Activities	<u>\$ 39,540,672</u>	<u>3,870,388</u>	<u>2,100,070</u>	<u>1,138,393</u>	<u>(32,431,821)</u>	<u>-</u>
Component Unit						
Industrial Development Authority	<u>\$ 10,196,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,196,709)</u>
General Revenues						
Property taxes					12,542,793	-
Sales taxes					13,548,928	-
Utility taxes					2,740,588	-
Other taxes					82,848	9,040,939
License taxes					2,654,812	-
Investment income					105,316	-
Miscellaneous					292,508	-
Total General Revenues					<u>31,967,793</u>	<u>9,040,939</u>
CHANGES IN NET ASSETS					(464,028)	(1,155,770)
NET ASSETS, JULY 1					<u>12,531,339</u>	<u>(4,229,269)</u>
NET ASSETS, JUNE 30					<u>\$ 12,067,311</u>	<u>(5,385,039)</u>

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 2,601,979	820,548	708,676	-	1,298,433	1,884,155	7,313,791
Receivables:							
Property taxes	938,720	-	151,359	1,331,876	-	-	2,421,955
Sales taxes	1,598,472	249,471	-	313,573	306,509	12,480	2,480,505
Special assessments	-	-	730,000	-	-	-	730,000
Ambulance	246,234	-	-	-	-	-	246,234
Court	512,612	-	-	-	-	-	512,612
Other	722,847	27,942	-	-	176,865	1,697	929,351
Due from other funds	2,043	-	-	-	-	-	2,043
Prepaid items:							
Fire protection services	2,039,327	-	-	-	-	-	2,039,327
Other	31,900	-	-	-	-	-	31,900
Cash and investments - restricted	-	429,821	85,293	-	-	-	515,114
Total Assets	\$ 8,694,134	1,527,782	1,675,328	1,645,449	1,781,807	1,898,332	17,222,832
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 281,163	696,414	705	1,654,156	134,589	213,345	2,980,372
Accrued payroll	478,043	-	-	-	2,786	-	480,829
Due to other funds	-	-	-	2,043	-	-	2,043
Other liabilities	137,118	-	-	-	-	-	137,118
Deferred revenues:							
Property taxes	358,382	-	-	-	-	-	358,382
Fire protection service	37,062	-	-	-	-	-	37,062
Ambulance	192,258	-	-	-	-	-	192,258
Court	512,612	-	-	-	-	-	512,612
Special assessments	-	-	730,000	-	-	-	730,000
Total Liabilities	1,996,638	696,414	730,705	1,656,199	137,375	213,345	5,430,676
Fund Balances							
Reserved for encumbrances	110,447	597,573	-	-	8,490	-	716,510
Reserved for prepaid items	2,071,227	-	-	-	-	-	2,071,227
Reserved for debt service	-	429,821	915,033	-	-	-	1,344,854
Reserved for protested property taxes	124,273	-	29,590	-	-	-	153,863
Reserved for protested telecommunications taxes	186,236	-	-	-	-	-	186,236
Unreserved - undesignated, reported in:							
General Fund	4,205,313	-	-	-	-	-	4,205,313
Capital Projects Funds	-	(196,026)	-	-	-	-	(196,026)
Special Revenue Funds	-	-	-	(10,750)	1,635,942	1,684,987	3,310,179
Total Fund Balances	6,697,496	831,368	944,623	(10,750)	1,644,432	1,684,987	11,792,156
Total Liabilities And Fund Balances	\$ 8,694,134	1,527,782	1,675,328	1,645,449	1,781,807	1,898,332	17,222,832

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$ 11,792,156
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 \$64,046,927 and the accumulated depreciation is \$26,778,454.	37,268,473
The net pension asset is not reported in the governmental funds financial statements.	397,817
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	1,793,252
Net OPEB obligation is not a use of financial resources and, therefore, is not reported in the governmental funds.	(27,785)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued liability for compensated absences	(1,301,292)
Bonds and capital leases payable outstanding	(36,006,029)
Accrued interest	(2,097,158)
Unamortized bond premium/discount	(48,628)
Unamortized bond issuance costs	296,505
Net Assets Of Governmental Activities	\$ 12,067,311

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Debt Service	370/MO Bottom Road Tax Increment Financing District	Economic Development	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 5,274,481	-	1,503,256	5,166,901	-	534,029	12,478,667
Sales taxes	7,578,749	1,541,540	-	2,345,338	2,174,382	46,715	13,686,724
Utility taxes	2,686,824	-	-	53,764	-	-	2,740,588
Other taxes	1,604,456	-	-	-	-	-	1,604,456
Permits and inspections	340,767	-	-	-	-	-	340,767
Licenses	2,654,812	-	-	-	-	-	2,654,812
Intergovernmental	440,667	27,942	-	-	131,743	-	600,352
Fines and forfeitures	2,275,932	-	-	-	-	-	2,275,932
Investment income	52,943	15,190	1,235	-	11,338	24,610	105,316
Recreation fees	560,978	-	-	-	-	-	560,978
Sewer lateral	-	-	-	-	-	72,519	72,519
Miscellaneous	627,678	18,131	82,353	-	458	-	728,620
Total Revenues	<u>24,098,287</u>	<u>1,602,803</u>	<u>1,586,844</u>	<u>7,566,003</u>	<u>2,317,921</u>	<u>677,873</u>	<u>37,849,731</u>
EXPENDITURES							
Current:							
Mayor and council	80,693	-	-	-	-	-	80,693
City manager	803,883	-	-	-	-	-	803,883
Information system	404,377	-	-	-	-	-	404,377
Finance	378,533	-	-	-	-	-	378,533
Legal	501,183	-	-	-	-	-	501,183
City clerk	230,127	-	-	-	-	-	230,127
Police	7,203,854	-	-	-	-	-	7,203,854
Fire and ambulance	8,054,242	-	-	-	-	-	8,054,242
Public works:							
Administration	1,191,680	-	-	-	-	-	1,191,680
General maintenance	1,148,052	-	-	-	-	-	1,148,052
Park maintenance	982,270	-	-	-	-	-	982,270
Recreation	1,781,173	-	-	-	-	-	1,781,173
Street	-	-	-	-	-	93,215	93,215
Sewer lateral	-	-	-	-	-	60,549	60,549
Economic development	-	384,188	967	7,569,003	2,124,287	1,716,629	11,795,074
Capital outlay	249,729	1,879,137	-	-	-	1,267,372	3,396,238
Debt service:							
Principal	55,210	383,993	595,000	-	55,210	-	1,089,413
Interest	4,441	238,464	643,503	-	4,441	5,040	895,889
Total Expenditures	<u>23,069,447</u>	<u>2,885,782</u>	<u>1,239,470</u>	<u>7,569,003</u>	<u>2,183,938</u>	<u>3,142,805</u>	<u>40,090,445</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,028,840</u>	<u>(1,282,979)</u>	<u>347,374</u>	<u>(3,000)</u>	<u>133,983</u>	<u>(2,464,932)</u>	<u>(2,240,714)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	-	1,712,275	1,712,275
Transfers in	-	362,259	-	-	-	-	362,259
Transfers out	(362,259)	-	-	-	-	-	(362,259)
Total Other Financing Sources (Uses)	<u>(362,259)</u>	<u>362,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,712,275</u>	<u>1,712,275</u>
NET CHANGE IN FUND BALANCES	<u>666,581</u>	<u>(920,720)</u>	<u>347,374</u>	<u>(3,000)</u>	<u>133,983</u>	<u>(752,657)</u>	<u>(528,439)</u>
FUND BALANCES (DEFICIT), JULY 1	<u>6,030,915</u>	<u>1,752,088</u>	<u>597,249</u>	<u>(7,750)</u>	<u>1,510,449</u>	<u>2,437,644</u>	<u>12,320,595</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 6,697,496</u>	<u>831,368</u>	<u>944,623</u>	<u>(10,750)</u>	<u>1,644,432</u>	<u>1,684,987</u>	<u>11,792,156</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, 2009

Net Change In Fund Balances - Governmental Funds \$ (528,439)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold \$2,970,596 exceeded depreciation \$2,152,788 in the current period. 817,808

The net effect of various miscellaneous transactions involving capital assets:

Cost of disposals, net of accumulated depreciation	(38,911)
Contributed capital assets	978,707

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements. 252,181

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:	
Notes	(1,712,275)
Repayments during the current year:	
Principal payments on bonds	775,000
Principal payments on capital leases	314,413

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	(44,916)
Accrued interest on bonds, notes, and capital leases	(1,282,231)
Premium/discount on debt issuances, net of amortization	3,594
Bond issuance costs, net of amortization	(17,029)
Net pension asset	45,855
Net OPEB obligation	(27,785)

Change In Net Assets Of Governmental Activities \$ (464,028)

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND
JUNE 30, 2009

ASSETS

Investments at fair value:

Common stock	\$ 8,617,487
Corporate obligations	6,998,734
Money market funds	421,063
Mutual funds	1,038,951
U.S. government and agency securities	2,210,733
Interest receivable	105,900
Total Assets	<u>19,392,868</u>

LIABILITIES

Accounts payable	<u>14,965</u>
------------------	---------------

NET ASSETS

Held in trust for pension benefits	<u><u>\$ 19,377,903</u></u>
------------------------------------	-----------------------------

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2009

ADDITIONS

Employer contributions	\$ 1,096,274
Investment income (loss):	
Interest and dividends	686,353
Realized and unrealized loss, net	(3,233,762)
Trustee fees - asset management	(71,965)
Total Investment Income (Loss)	<u>(2,619,374)</u>
Total Additions - Net	<u>(1,523,100)</u>

DEDUCTIONS

Benefits	<u>816,558</u>
----------	----------------

CHANGE IN NET ASSETS (2,339,658)

NET ASSETS HELD IN TRUST FOR PENSION
BENEFITS, JULY 1 21,717,561

NET ASSETS HELD IN TRUST FOR PENSION
BENEFITS, JUNE 30 \$ 19,377,903

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, 2009. 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.

Economic Development Fund -- The Economic Development Fund is a Special Revenue Fund used to account for economic development sales tax, which is required to be used for economic development within the City.

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

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 ac-

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus and Basis of Accounting (Continued)

crual 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.

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The Pension Trust Fund is also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership, but excluding any debt of the City itself, and individual insurance policies. Investments are reported at fair value.

5. Prepaid Items

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

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

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

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Encumbrances (Continued)

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.

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 \$471,866, and ambulance revenues are shown net of an allowance for uncollectibles of \$246,234.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2009, the City's and IDA's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of June 30, 2009, the City had the following investments:

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

<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>
Primary Government							
Certificates of deposit	\$ 5,818,298	-	5,818,298	-	-	-	N/A
Repurchase agreement	822,000	-	822,000	-	-	-	N/A
Money market funds	917,854	917,854	-	-	-	-	Not rated
Total Primary Government	<u>7,558,152</u>	<u>917,854</u>	<u>6,640,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Component Unit (IDA)							
Certificates of deposit	191,787	-	191,787	-	-	-	N/A
Money market funds	10,505,534	10,505,534	-	-	-	-	Not rated
Government securities:							
Federal agency notes	644,332	-	-	-	-	644,332	AAA
Total Compo- nent Unit	<u>11,341,653</u>	<u>10,505,534</u>	<u>191,787</u>	<u>-</u>	<u>-</u>	<u>644,332</u>	
Fiduciary Funds							
Common stock	8,617,487	8,617,487	-	-	-	-	N/A
Corporate obligations	2,248,231	-	-	727,042	1,418,026	103,163	A
Corporate obligations	423,630	-	-	166,496	257,134	-	AA
Corporate obligations	2,270,374	-	-	1,096,060	275,504	898,810	AAA
Corporate obligations	79,340	-	-	-	-	79,340	B
Corporate obligations	30,612	-	-	-	30,612	-	BB
Corporate obligations	1,946,547	-	-	753,170	969,515	223,862	BBB
Money market funds	421,063	421,063	-	-	-	-	Not rated
Mutual funds	1,038,951	1,038,951	-	-	-	-	N/A
Government securities:							
Federal agency notes	1,547,478	-	318	612,472	204,471	730,217	AAA
U.S. Treasury notes	663,255	-	196,745	271,934	194,576	-	N/A
Total Fiduci- ary Funds	<u>19,286,968</u>	<u>10,077,501</u>	<u>197,063</u>	<u>3,627,174</u>	<u>3,349,838</u>	<u>2,035,392</u>	
Grand Total Invest- ments	<u>\$ 38,186,773</u>	<u>21,500,889</u>	<u>7,029,148</u>	<u>3,627,174</u>	<u>3,349,838</u>	<u>2,679,724</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's policy states that they minimize credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy states that they minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy states that they minimize concentration of credit risk by diversifying the investment portfolio.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by prequalifying institutions with which the City places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

NOTE C - CAPITAL ASSETS

Capital assets activity was as follows:

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2009			
	Balance June 30 2008	Additions And Transfers	Deletions And Transfers	Balance June 30 2009
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,971,946	-	-	3,971,946
Construction in progress	5,691,719	346,998	5,961,473	77,244
Total Capital Assets Not Being Depreciated	9,663,665	346,998	5,961,473	4,049,190
Capital assets being depreciated:				
Buildings and improvements	13,985,688	5,974,656	2,078	19,958,266
Infrastructure	27,668,067	3,083,488	-	30,751,555
Machinery, equipment, and furni- ture and fixtures	5,126,309	175,565	98,135	5,203,739
Automotive equipment	3,833,281	330,069	79,173	4,084,177
Total Capital Assets Being Depreciated	50,613,345	9,563,778	179,386	59,997,737
Less: - Accumulated depreciation for:				
Buildings and improvements	6,182,932	493,251	1,800	6,674,383
Infrastructure	12,220,094	1,097,997	-	13,318,091
Machinery, equipment, and furniture and fixtures	3,775,894	322,297	89,085	4,009,106
Automotive equipment	2,587,221	239,243	49,590	2,776,874
Total Accumulated Depreciation	24,766,141	2,152,788	140,475	26,778,454
Total Capital Assets Being Depreciated, Net	25,847,204	7,410,990	38,911	33,219,283
 Governmental Activities Capital Assets, Net	 \$35,510,869	 7,757,988	 6,000,384	 37,268,473

Beginning capital assets were increased by \$13,049,216 for infrastructure because the City modified its policy regarding capitalizing infrastructure costs.

Depreciation expense for the year was \$2,152,788. Depreciation expense was charged to functions/ programs of the City as follows:

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2009
Governmental Activities	
General government	\$ 340,514
Police	218,517
Fire and ambulance	147,822
Public works, including depreciation of infrastructure assets	1,199,233
Parks and recreation	<u>246,702</u>
	<u>\$2,152,788</u>

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

	June 30 2009
Certificates of Participation	
2008 certificates of participation issue of \$5,485,000 used for acquiring, constructing, furnishing, and equipping a new aquatic center and improving Fire Station #1. Interest rates range from 3% to 5%, due March 1, 2028.	<u>\$5,305,000</u>
General Obligation Bonds	
2007 general obligation street bonds issue of \$6,630,000 used for constructing, reconstructing, extending, and improving the City's streets and sidewalks. Interest rates range from 4% to 4.75%, due March 1, 2023.	\$ 6,220,000
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.	7,465,000
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>730,000</u>
	<u>\$14,415,000</u>

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

A summary of principal debt service requirements is as follows:

For The Years Ended June 30	<u>General Obligation Bonds</u>		<u>Certificates Of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	725,000	497,890	220,000	207,845
2015 - 2019	4,145,000	1,999,049	1,230,000	902,825
2020 - 2024	4,905,000	1,059,331	1,530,000	606,692
2025 - 2028	<u>2,010,000</u>	<u>145,923</u>	<u>1,515,000</u>	<u>194,000</u>
	<u>\$14,415,000</u>	<u>5,986,531</u>	<u>5,305,000</u>	<u>2,811,669</u>

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, 2009 are as follows:

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Original Amount</u>	<u>Balance June 30 2009</u>
Tax increment revenue notes:				
Lambert Redevelopment Area - A	8-30-2007	10-3-2029	\$ 415,876	\$ 415,876
Lambert Redevelopment Area - B	8-30-2007	10-3-2029	15,508,360	<u>15,508,360</u>
				<u>\$15,924,236</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

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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 General Fund transferred \$362,259 to the Capital Projects Fund for its portion of the pledged revenues. The Capital Projects Fund paid \$384,188 to the IDA for the year ended June 30, 2009. 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 2009</u>
Tax increment financing bonds:				
370/Missouri Bottom Road Redevelopment Area	11-25-2003	8-1-2020	\$26,385,000	\$1,960,000
Taxable annual appropriation capital projects bonds:				
Cabela's Project	3-7-2007	2-1-2027	5,845,000	<u>5,845,000</u>
				<u>\$7,805,000</u>

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

	<u>For The Year Ended June 30, 2009</u>			<u>Balance June 30 2009</u>	<u>Amounts Due Within One Year</u>
	<u>Balance June 30 2008</u>	<u>Additions</u>	<u>Deletions</u>		
Primary Government					
General obligation bonds	\$ 15,010,000	-	595,000	14,415,000	620,000
Plus - Premium	107,390	-	6,392	100,998	-
Certificates of participation	5,485,000	-	180,000	5,305,000	195,000
Less - Discount	(55,168)	-	(2,798)	(52,370)	-
Tax increment revenue notes	14,211,961	1,712,275	-	15,924,236	-
Compensated absences	1,256,376	746,049	701,133	1,301,292	715,000
Capital lease obligations	676,206	-	314,413	361,793	284,798
	<u>\$ 36,691,765</u>	<u>2,458,324</u>	<u>1,794,140</u>	<u>37,355,949</u>	<u>1,814,798</u>
Component Unit					
Capital projects bonds	\$ 5,845,000	-	-	5,845,000	-
Less - Discount	(30,782)	-	(1,649)	(29,133)	-
Tax increment financing revenue bonds	6,840,000	-	4,880,000	1,960,000	-
Less - Discount	(291,011)	-	(23,281)	(267,730)	-
	<u>\$ 12,363,207</u>	<u>-</u>	<u>4,855,070</u>	<u>7,508,137</u>	<u>-</u>

NOTE D - LONG-TERM DEBT (Continued)

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, 2009, the City's capital lease debt service payments for principal retirement and interest were \$314,413 and \$20,280, respectively.

NOTE E - CAPITAL LEASES

The City enters into equipment lease agreements to purchase capital assets which are accounted for as capital leases. Lease payments under the terms of these agreements are recorded as lease/purchase expenditures in the General Fund, Capital Projects Fund, and Economic Development Fund. The City currently has four such leases outstanding. Leased equipment with a total capitalized cost of \$1,500,532 and \$327,339 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, 2009 is as follows:

For The Years		
<u>Ended June 30</u>		
2010		\$294,007
2011		<u>78,087</u>
		372,094
Less - Amount representing interest		<u>10,301</u>
Present Value Of Future Minimum Lease Payments		<u>\$361,793</u>

NOTE F - EMPLOYEE RETIREMENT PLAN

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

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, 2008 was \$9,445,097.

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.

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

1. Plan Description and Provisions (Continued)

Current membership in the Plan is comprised of the following:

<u>Group</u>	<u>July 1, 2008</u>
Retirees and beneficiaries currently receiving benefits	51
Vested terminated employees	22
Active employees:	
Fully vested	91
Partially vested	89

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 fair value.

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

The required contribution to the Plan of \$1,039,281 for the 2008 - 2009 plan year was computed through an actuarial valuation performed as of July 1, 2008. The required contribution consisted of a) \$695,620 normal cost (7.4% of annual covered payroll), b) \$267,143 amortization of the unfunded actuarial accrued liability (3% of annual covered payroll), and c) \$76,518 expense loading equivalent to 0.3% of the fair value of plan assets (0.8% of annual covered payroll).

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

1. Plan Description and Provisions (Continued)

Pension Plan			
Valuation For The Actuarial Years Ended July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)
2008	\$22,720,556	\$25,190,087	\$2,469,531
2007	21,355,315	23,916,495	2,561,180
2006	19,419,573	22,186,040	2,766,467
2005	17,995,243	20,962,553	2,967,310
2004	16,566,691	19,459,911	2,893,220
2003	15,226,386	18,149,891	2,923,505
			UAAL As A
Valuation For The Actuarial Years Ended July 1	Funded Ratio	Covered Payroll	Percentage Of Covered Payroll
2008	90.2%	\$9,445,097	26.1%
2007	89.3	9,123,360	28.1
2006	87.5	8,411,660	32.9
2005	85.8	8,242,582	36.0
2004	85.1	7,860,894	36.8
2003	83.9	7,326,808	39.9

2. Funding Status and Progress

Schedule Of Employer Contributions			
For The Years Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$1,017,336	\$1,073,125	105.5%
2007	973,769	1,027,006	105.5
2006	1,006,404	1,044,593	103.8
2005	981,321	1,022,318	104.2
2004	945,566	985,070	104.2
2003	821,880	850,737	103.5

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

2. Funding Status and Progress (Continued)

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

Valuation date	July 1, 2008
Actuarial cost method	Entry age (level percentage)
Amortization method	Level dollar, open
Remaining amortization period	15 years closed
Asset valuation method	3 year smoothed fair value
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%
Inflation rate	4%

3. Annual Pension Cost

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

4. Trend Information

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

Pension Plan			
Valuation For The Actuarial Years Ended June 30	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
2009	\$1,027,270	104.5%	(\$397,817)
2008	982,446	105.0	(351,962)
2007	1,014,223	103.0	(307,402)
2006	988,177	103.5	(277,032)
2005	951,473	103.5	(242,891)
2004	826,431	102.9	(209,294)

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - EMPLOYEE RETIREMENT PLAN (Continued)

4. Trend Information (Continued)

Valuation For The Actuarial Years Ended June 30	Pension Plan						Increase (Decrease) In Net Pension Obligation (Asset)	Net Pension Obligation (Asset) End Of Year
	Annual Required Contri- bution	Adjustment To Annual Required Contribution	Interest On Net Pension Obligation (Asset)	Annual Pension Cost	Actual Contri- bution	Actual Contri- bution		
2009	\$1,017,336	38,091	(28,157)	1,027,270	(1,073,125)	(45,855)	(397,817)	
2008	973,769	33,269	(24,592)	982,446	(1,027,006)	(44,560)	(351,962)	
2007	1,006,404	29,982	(22,163)	1,014,223	(1,044,593)	(30,370)	(307,402)	
2006	981,321	26,287	(19,431)	988,177	(1,022,318)	(34,141)	(277,032)	
2005	945,566	22,651	(16,744)	951,473	(985,070)	(33,597)	(242,891)	
2004	821,880	19,350	(14,799)	826,431	(850,737)	(24,306)	(209,294)	

NOTE G - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City, along with various other local municipal governments, participates in an insurance trust for workers' compensation and for general liability matters (St. Louis Area Insurance Trust - SLAIT). The purpose of this trust is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trust should the trust cease operations at some future date. The trust has contracted with the Daniel and Henry Company to handle all administrative matters, including processing of claims filed.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes, and employees blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

NOTE H - PROPERTY TAXES

Property taxes are levied in October of each year on the assessed value as of the prior January 1 for all property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and are due upon receipt of billing and become delinquent after December 31.

Real estate taxes are billed and collected by St. Louis County and remitted by the County to the City. Property tax revenue is recognized to the extent it is collected within the current period or expected to be collected within 60 days after year-end and is deferred on the fund financial statements, and recognized as revenue in the government-wide financial statements.

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 (\$11,616,911). This total is comprised of \$4,307,325 in unrestricted net assets from operations and unrestricted net assets deficit resulting from the issuance of TIF Revenue Notes \$15,924,236, which is for development not owned by the City.

The City's responsibility to repay the TIF notes extends only to the incremental revenues generated by the TIF district. The TIF notes are a special limited obligation of the City and are not used in calculating the City's debt limit.

NOTE K - TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes and capital projects bonds issued by the IDA and the City to finance certain improvements in the City. The bonds are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds per Note D is payable through October 2029. For the current year, the IDA's principal and interest paid and total incremental tax revenues were \$5,407,235 and \$9,040,939, respectively. For the current year, the City's interest paid and total incremental tax revenues were \$5,040 and \$581,437, respectively.

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

Plan Description

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

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Required Supplemental Information

Schedule Of Funding Progress				
Valuation For The Actuarial Valuation July 1	Actuarial Value Of Assets (1)	Actuarial Accrued Liability (2)	Unfunded Accrued Liability (UAAL) (1)-(2)	Funded Ratio (1)/(2)
2008	\$ -	\$365,368	(\$365,368)	- %

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

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

Significant actuarial assumptions used in the valuation are as follows:

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

NOTE M - ECONOMIC DEVELOPMENT

The City collects a special sales tax to promote economic development within the City. The City has entered into two agreements with companies as incentives to move into the City. The agreements are setup as forgivable loans, which means the company will not have to repay the loans if they follow the agreed upon terms. During the year ended June 30, 2009, the City paid \$1,210,000 to these two companies. The City expects the companies to honor the terms of the agreement, thus the City will not be repaid for these loans.

NOTE N - DEFICIT BALANCES

At June 30, 2009, the 370/MO Bottom Road Tax Increment Financing District Fund's accumulated deficit of \$10,750 is the result of expenditures which exceeded revenues in 2009 plus prior years. The accumulated deficit will be offset by future revenues received by the fund.

NOTE O - INTERFUND ASSETS/LIABILITIES

At June 30, 2009, the 370/MO Bottom Road Tax Increment Financing District Fund owed the General Fund \$2,043.

The outstanding balances between the funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2010.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE P - PRIOR PERIOD ADJUSTMENT

The previously stated net assets have been adjusted as follows:

	<u>Governmental Activities</u>
Net assets (deficiency), June 30, 2008, as previously reported	(\$ 517,877)
Restatement for capital assets	<u>13,049,216</u>
Net Assets, June 30, 2008, As Restated	<u>\$12,531,339</u>

NOTE Q - FUTURE ACCOUNTING PRONOUNCEMENTS

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, 2009

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Property taxes			
Real estate	\$ 2,817,200	3,837,296	1,020,096
Personal property	895,800	963,964	68,164
Property surtax	390,000	473,221	83,221
Total Property Taxes	<u>4,103,000</u>	<u>5,274,481</u>	<u>1,171,481</u>
Sales taxes			
Hotel/motel tax	252,700	226,633	(26,067)
Park and stormwater	1,786,000	2,163,712	377,712
Sales	3,669,000	3,426,126	(242,874)
Use	1,778,000	1,762,278	(15,722)
Total Sales Taxes	<u>7,485,700</u>	<u>7,578,749</u>	<u>93,049</u>
Utility taxes	<u>2,329,879</u>	<u>2,686,824</u>	<u>356,945</u>
Other taxes			
Cigarette	84,600	82,848	(1,752)
Gasoline	760,000	725,951	(34,049)
Road and bridge	519,586	681,460	161,874
Vehicle fees	113,000	114,197	1,197
Total Other Taxes	<u>1,477,186</u>	<u>1,604,456</u>	<u>127,270</u>
Permits and inspections			
Building permits	350,000	219,870	(130,130)
Occupancy permits	180,880	120,897	(59,983)
Total Permits And Inspections	<u>530,880</u>	<u>340,767</u>	<u>(190,113)</u>
Licenses			
Manufacturers	660,000	832,309	172,309
Occupation services	1,098,000	1,059,997	(38,003)
Merchants	487,000	487,756	756
Liquor	18,000	13,613	(4,387)
Coin devices	4,100	3,960	(140)
Franchises	255,816	257,177	1,361
Total Licenses	<u>2,522,916</u>	<u>2,654,812</u>	<u>131,896</u>

(Continued)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES (Continued)			
Intergovernmental			
Grant income	519,000	440,667	(78,333)
Fines and forfeitures			
Court fines	3,232,000	2,220,877	(1,011,123)
Police fines	38,400	27,021	(11,379)
License fines	20,000	28,034	8,034
Total Fines And Forfeitures	<u>3,290,400</u>	<u>2,275,932</u>	<u>(1,014,468)</u>
Investment income	<u>191,000</u>	<u>52,943</u>	<u>(138,057)</u>
Recreation fees			
Swimming pools	50,000	168,928	118,928
Rentals	87,000	82,854	(4,146)
Classes	104,000	134,438	30,438
Disc golf	5,000	5,045	45
Recreation programs and trips	24,000	20,994	(3,006)
Concessions	34,000	85,764	51,764
Resident cards	50,000	58,976	8,976
Sports complex	5,000	3,979	(1,021)
Total Recreation Fees	<u>359,000</u>	<u>560,978</u>	<u>201,978</u>
Miscellaneous			
Fire protection service	108,700	88,143	(20,557)
Ambulance fees	324,000	298,994	(25,006)
Other	259,400	229,905	(29,495)
Proceeds from sale of assets	20,000	10,636	(9,364)
Total Miscellaneous	<u>712,100</u>	<u>627,678</u>	<u>(84,422)</u>
Total Revenues	<u>\$ 23,521,061</u>	<u>24,098,287</u>	<u>577,226</u>

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

EXPENDITURES	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Mayor and council				
Personnel services	\$ 25,488	25,488	24,694	(794)
Contractual services	118,310	118,310	55,367	(62,943)
Commodities	1,275	1,275	632	(643)
Capital outlay	1,200	1,200	284	(916)
Total Mayor And Council	<u>146,273</u>	<u>146,273</u>	<u>80,977</u>	<u>(65,296)</u>
City manager				
Personnel services	610,161	610,161	571,787	(38,374)
Contractual services	194,001	194,001	183,323	(10,678)
Commodities	61,800	61,800	48,773	(13,027)
Debt service	59,651	59,651	59,651	-
Total City Manager	<u>925,613</u>	<u>925,613</u>	<u>863,534</u>	<u>(62,079)</u>
Information system				
Contractual services	359,055	394,055	404,377	10,322
Commodities	24,150	24,150	-	(24,150)
Capital outlay	37,904	37,904	43,239	5,335
Total Information System	<u>421,109</u>	<u>456,109</u>	<u>447,616</u>	<u>(8,493)</u>
Finance				
Personnel services	276,573	276,573	271,837	(4,736)
Contractual services	108,214	108,214	104,556	(3,658)
Commodities	2,870	2,870	2,140	(730)
Capital outlay	4,300	4,300	902	(3,398)
Total Finance	<u>391,957</u>	<u>391,957</u>	<u>379,435</u>	<u>(12,522)</u>
Legal				
Personnel services	198,399	198,399	182,414	(15,985)
Contractual services	281,715	301,715	314,089	12,374
Commodities	3,180	3,180	4,680	1,500
Capital outlay	4,499	4,499	3,400	(1,099)
Total Legal	<u>487,793</u>	<u>507,793</u>	<u>504,583</u>	<u>(3,210)</u>
City clerk				
Personnel services	181,427	181,427	178,717	(2,710)
Contractual services	64,571	64,571	48,106	(16,465)
Commodities	3,870	3,870	3,304	(566)
Capital outlay	600	600	-	(600)
Total City Clerk	<u>250,468</u>	<u>250,468</u>	<u>230,127</u>	<u>(20,341)</u>
Police				
Personnel services	6,893,211	6,733,211	6,543,869	(189,342)
Contractual services	366,369	366,369	387,442	21,073
Commodities	296,682	296,682	259,096	(37,586)
Capital outlay	55,430	55,430	57,291	1,861
Contingencies	400	400	13,447	13,047
Total Police	<u>7,612,092</u>	<u>7,452,092</u>	<u>7,261,145</u>	<u>(190,947)</u>

(Continued)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2009

EXPENDITURES (Continued)	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Fire				
Personnel services	3,423,496	3,423,496	3,424,021	525
Contractual services	4,225,816	4,225,816	4,169,064	(56,752)
Commodities	62,508	62,508	49,060	(13,448)
Capital outlay	45,550	45,550	23,888	(21,662)
Contingencies	3,000	3,000	3,539	539
Total Fire	<u>7,760,370</u>	<u>7,760,370</u>	<u>7,669,572</u>	<u>(90,798)</u>
Ambulance				
Personnel services	280,537	280,537	249,163	(31,374)
Contractual services	92,400	102,400	130,842	28,442
Commodities	31,557	31,557	28,553	(3,004)
Capital outlay	1,500	1,500	297	(1,203)
Total Ambulance	<u>405,994</u>	<u>415,994</u>	<u>408,855</u>	<u>(7,139)</u>
Public works				
Administration:				
Personnel services	752,145	752,145	698,458	(53,687)
Contractual services	403,974	418,974	464,584	45,610
Commodities	31,945	31,945	23,417	(8,528)
Capital outlay	11,550	11,550	19,677	8,127
Contingencies	100	100	5,221	5,121
Total Administration	<u>1,199,714</u>	<u>1,214,714</u>	<u>1,211,357</u>	<u>(3,357)</u>
General maintenance:				
Personnel services	656,593	656,593	650,218	(6,375)
Contractual services	116,372	116,372	125,862	9,490
Commodities	354,375	384,375	368,168	(16,207)
Capital outlay	17,795	17,795	24,425	6,630
Contingencies	1,000	1,000	3,804	2,804
Total General Maintenance	<u>1,146,135</u>	<u>1,176,135</u>	<u>1,172,477</u>	<u>(3,658)</u>
Park maintenance:				
Personnel services	825,818	850,818	824,075	(26,743)
Contractual services	35,400	35,400	45,324	9,924
Commodities	81,475	106,475	112,871	6,396
Capital outlay	5,450	5,450	5,630	180
Contingencies	1,000	1,000	-	(1,000)
Total Park Maintenance	<u>949,143</u>	<u>999,143</u>	<u>987,900</u>	<u>(11,243)</u>
Recreation:				
Personnel services	1,269,082	1,269,082	1,243,885	(25,197)
Contractual services	467,041	467,041	463,328	(3,713)
Commodities	71,555	71,555	68,912	(2,643)
Capital outlay	52,957	52,957	70,696	17,739
Contingencies	1,000	1,000	5,048	4,048
Total Recreation	<u>1,861,635</u>	<u>1,861,635</u>	<u>1,851,869</u>	<u>(9,766)</u>
Total Public Works	<u>5,156,627</u>	<u>5,251,627</u>	<u>5,223,603</u>	<u>(28,024)</u>
Total Expenditures	<u>\$ 23,558,296</u>	<u>23,558,296</u>	<u>23,069,447</u>	<u>(488,849)</u>

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Sales taxes	\$ 2,109,000	2,174,382	65,382
Intergovernmental	-	131,743	131,743
Investment income	30,000	11,338	(18,662)
Miscellaneous	88,000	458	(87,542)
Total Revenues	2,227,000	2,317,921	90,921
EXPENDITURES			
Current:			
Economic development	2,659,011	2,124,287	(534,724)
Debt service:			
Principal	55,210	55,210	-
Interest	4,441	4,441	-
Total Expenditures	2,718,662	2,183,938	(534,724)
NET CHANGE IN FUND BALANCE	\$ (491,662)	133,983	625,645
FUND BALANCE, JULY 1		1,510,449	
FUND BALANCE, JUNE 30		\$ 1,644,432	

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

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.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	<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>	
ASSETS					
Cash and investments	\$ 209,178	707,584	374,874	592,519	1,884,155
Receivables:					
Sales tax	-	-	12,480	-	12,480
Other	-	1,697	-	-	1,697
Total Assets	<u>\$ 209,178</u>	<u>709,281</u>	<u>387,354</u>	<u>592,519</u>	<u>1,898,332</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 209,178	4,167	-	-	213,345
 Fund Balances					
Unreserved - undesignated, reported in:					
Special Revenue Funds	-	705,114	387,354	592,519	1,684,987
Total Liabilities And Fund Balances	<u>\$ 209,178</u>	<u>709,281</u>	<u>387,354</u>	<u>592,519</u>	<u>1,898,332</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDI-
TURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Capital Projects Fund	Special Revenue Funds			Total
		Street Bond	Sewer Lateral	Elm Grove Area Tax Incremental Financing District	
REVENUES					
Property taxes	\$ -	-	45,010	489,019	534,029
Sales taxes	-	-	46,715	-	46,715
Investment income	11,741	12,176	-	693	24,610
Sewer lateral	-	72,519	-	-	72,519
Total Revenues	<u>11,741</u>	<u>84,695</u>	<u>91,725</u>	<u>489,712</u>	<u>677,873</u>
EXPENDITURES					
Current:					
Public works - street	93,215	-	-	-	93,215
Sewer lateral	-	60,549	-	-	60,549
Economic development	-	-	-	1,716,629	1,716,629
Capital outlay	1,267,372	-	-	-	1,267,372
Debt service - interest	-	-	-	5,040	5,040
Total Expenditures	<u>1,360,587</u>	<u>60,549</u>	<u>-</u>	<u>1,721,669</u>	<u>3,142,805</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,348,846)	24,146	91,725	(1,231,957)	(2,464,932)
OTHER FINANCING SOURCES					
Issuance of debt	-	-	-	1,712,275	1,712,275
NET CHANGE IN FUND BALANCES	(1,348,846)	24,146	91,725	480,318	(752,657)
FUND BALANCES, JULY 1	<u>1,348,846</u>	<u>680,968</u>	<u>295,629</u>	<u>112,201</u>	<u>2,437,644</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>705,114</u>	<u>387,354</u>	<u>592,519</u>	<u>1,684,987</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2009

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Sales taxes	\$ 1,611,000	1,541,540	(69,460)
Intergovernmental	669,600	27,942	(641,658)
Investment income	21,000	15,190	(5,810)
Miscellaneous	-	18,131	18,131
Total Revenues	2,301,600	1,602,803	(698,797)
 EXPENDITURES			
Capital outlay	2,378,152	1,879,137	(499,015)
Debt service:			
Principal	384,000	383,993	(7)
Interest	238,466	238,464	(2)
Total Expenditures	3,000,618	2,501,594	(499,024)
 NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ (699,018)	(898,791)	(199,773)
 ADJUSTMENT TO RECONCILE TO GAAP BASIS			
Unbudgeted activity		(21,929)	
 NET CHANGE IN FUND BALANCE - GAAP BASIS		(920,720)	
 FUND BALANCE, JULY 1		1,752,088	
 FUND BALANCE, JUNE 30		\$ 831,368	

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - STREET BOND FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Investment income	\$ -	11,741	11,741
EXPENDITURES			
Current:			
Public works - street	185,734	93,215	(92,519)
Capital outlay	1,386,950	1,267,372	(119,578)
Total Expenditures	<u>1,572,684</u>	<u>1,360,587</u>	<u>(212,097)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,572,684)</u>	(1,348,846)	<u>223,838</u>
FUND BALANCE, JULY 1		<u>1,348,846</u>	
FUND BALANCE, JUNE 30		<u>\$ -</u>	

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SEWER LATERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Investment income	\$ 21,000	12,176	(8,824)
Sewer lateral	67,500	72,519	5,019
Total Revenues	88,500	84,695	(3,805)
EXPENDITURES			
Current:			
Sewer lateral	81,000	60,549	(20,451)
NET CHANGE IN FUND BALANCE	\$ 7,500	24,146	16,646
FUND BALANCE, JULY 1		680,968	
FUND BALANCE, JUNE 30		\$ 705,114	

THIS PAGE INTENTIONALLY LEFT BLANK



Section III

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	55 - 58
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	59 - 62
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	63 - 66
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	67 - 69
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	70 - 71

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 SEVEN FISCAL YEARS

	June 30						
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$ 17,868,052	16,593,187	17,810,632	11,944,325	13,191,043	12,215,273	11,532,817
Restricted	5,816,170	7,064,680	798,525	8,476,959	11,461,713	3,693,656	6,034,203
Unrestricted	<u>(11,616,911)</u>	<u>(11,126,528)</u>	<u>4,495,726</u>	<u>(2,276,499)</u>	<u>(5,203,306)</u>	<u>2,195,465</u>	<u>53,274</u>
 Total Governmental Activities Net Assets	 <u>\$ 12,067,311</u>	 <u>12,531,339</u>	 <u>23,104,883</u>	 <u>18,144,785</u>	 <u>19,449,450</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 SEVEN FISCAL YEARS**

	For The Years Ended June 30						
	2009	2008	2007	2006	2005	2004	2003
EXPENSES							
General government	\$ 2,793,428	2,588,055	2,511,326	2,464,356	2,087,773	3,025,041	2,623,008
Police	7,589,247	7,261,558	6,936,775	6,435,271	5,975,923	5,862,217	5,208,275
Fire and ambulance	8,218,900	7,667,628	7,181,802	7,087,575	6,374,396	6,043,746	5,830,812
Public works	3,756,069	3,616,598	3,594,390	3,376,711	2,629,157	2,583,716	973,378
Parks and recreation	3,137,528	2,902,669	2,797,974	2,879,118	2,334,874	2,138,623	1,910,345
Economic development	11,793,396	23,412,225	7,188,357	11,116,868	5,601,583	2,941,286	866,727
Sewer lateral	60,549	104,127	104,454	173,934	69,341	107,273	114,599
Interest on long-term debt	2,191,555	1,291,226	420,838	431,849	126,381	55,343	69,055
Total Expenses	<u>39,540,672</u>	<u>48,844,086</u>	<u>30,735,916</u>	<u>33,965,682</u>	<u>25,199,428</u>	<u>22,757,245</u>	<u>17,596,199</u>
PROGRAM REVENUES							
Charges for services:							
General government	368,801	381,132	631,949	487,576	480,120	590,523	470,841
Police	2,414,229	2,752,449	1,358,339	1,211,838	808,956	607,281	581,343
Fire and ambulance	453,861	439,731	352,505	468,918	294,125	149,370	147,448
Parks and recreation	560,978	313,148	325,064	308,855	279,008	264,643	260,474
Sewer lateral	72,519	127,995	129,418	192,044	198,946	224,172	224,615
Operating grants and contributions	2,100,070	1,940,193	2,096,786	1,647,110	2,043,262	195,756	211,850
Capital grants and contributions	1,138,393	55,581	364,320	-	-	1,091,302	-
Total Program Revenues	<u>7,108,851</u>	<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>
NET REVENUES (EXPENSES)	<u>(32,431,821)</u>	<u>(42,833,857)</u>	<u>(25,477,535)</u>	<u>(29,649,341)</u>	<u>(21,095,011)</u>	<u>(19,634,198)</u>	<u>(15,699,628)</u>
GENERAL REVENUES							
Property taxes	12,542,793	11,640,116	10,033,698	13,388,774	7,411,051	4,113,306	2,670,426
Sales taxes	13,548,928	13,796,329	10,197,675	9,197,588	8,907,348	8,382,356	9,793,356
Utility taxes	2,740,588	3,625,891	2,111,099	2,294,316	2,256,529	2,243,347	2,160,914
Other taxes	82,848	85,921	89,475	93,331	93,722	1,520,986	1,394,575
License taxes	2,654,812	2,607,053	2,356,074	2,410,356	3,230,993	3,382,104	3,425,626
Investment income	105,316	267,842	263,127	424,989	103,999	35,360	24,692
Miscellaneous	292,508	237,161	386,485	535,322	436,425	398,085	270,319
Contributed capital	-	-	5,000,000	-	-	-	-
Total General Revenues	<u>31,967,793</u>	<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>
CHANGES IN NET ASSETS	<u>\$ (464,028)</u>	<u>(10,573,544)</u>	<u>4,960,098</u>	<u>(1,304,665)</u>	<u>1,345,056</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 SEVEN FISCAL YEARS

	June 30						
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund							
Reserved	\$ 2,492,183	2,188,897	1,757,712	1,700,947	1,415,870	1,463,622	1,339,228
Unreserved	4,205,313	3,842,018	1,763,241	1,615,749	2,204,816	1,188,737	(593,413)
Total General Fund	<u>\$ 6,697,496</u>	<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>
 All Other Governmental Funds							
Reserved	\$ 1,980,507	1,687,749	2,695,376	3,561,286	878,402	702,892	1,135,985
Unreserved, reported in:							
Capital Projects Funds	(196,026)	2,010,434	(2,835,211)	4,119,255	9,332,589	1,596,055	1,906,849
Special Revenue Funds	3,310,179	2,591,497	938,360	796,418	1,125,386	1,394,709	2,991,369
Total All Other Gov- ernmental Funds	<u>\$ 5,094,660</u>	<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 SEVEN FISCAL YEARS

	For The Years Ended June 30						
	2009	2008	2007	2006	2005	2004	2003
REVENUES							
Property taxes	\$ 12,478,667	11,584,947	10,007,380	13,324,363	7,441,915	4,005,954	2,670,426
Sales taxes	13,686,724	13,964,723	10,404,567	9,359,838	9,080,912	8,382,356	6,901,856
Utility taxes	2,740,588	3,625,891	2,111,099	2,294,316	2,256,528	2,243,346	2,160,914
Other taxes	1,604,456	1,580,647	1,592,510	1,535,725	1,520,813	1,520,987	1,394,575
Permits and inspections	340,767	363,908	608,253	465,329	466,120	571,618	449,525
Licenses	2,654,812	2,607,053	2,356,074	2,410,356	3,230,995	3,382,104	3,425,626
Intergovernmental	600,352	332,654	751,179	81,217	453,405	1,314,020	3,103,350
Fines and forfeitures	2,275,932	2,503,292	1,362,835	1,227,257	822,955	626,186	602,658
Investment income	105,316	267,842	263,127	424,989	103,999	35,359	24,692
Recreation fees	560,978	313,148	325,064	308,855	279,009	264,643	260,475
Sewer lateral	72,519	127,995	129,418	192,044	198,946	224,172	224,615
Miscellaneous	728,620	654,629	853,141	931,500	674,579	550,494	417,767
Total Revenues	<u>37,849,731</u>	<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>
EXPENDITURES							
Current:							
Mayor and council	80,693	87,212	86,426	93,030	87,442	74,608	50,165
City manager	803,883	937,796	960,133	866,343	768,748	605,132	567,498
Information system	404,377	292,118	326,577	344,742	233,397	194,267	163,963
Finance	378,533	355,565	328,347	315,169	278,646	271,569	258,799
Legal	501,183	405,689	376,802	357,769	307,347	310,032	350,952
City clerk	230,127	215,710	217,936	234,143	237,975	215,341	211,092
Police	7,203,854	6,913,346	6,459,800	6,096,344	5,665,655	5,503,721	4,997,085
Fire and ambulance	8,054,242	7,489,821	6,977,273	6,619,176	6,200,753	5,875,455	5,682,597
Public works:							
Administration	1,191,680	1,045,955	1,093,051	1,062,926	983,824	968,005	946,344
General maintenance	1,148,052	1,053,512	960,177	962,004	985,934	961,585	824,791
Park maintenance	982,270	841,625	851,366	722,594	784,424	672,362	627,362
Recreation	1,781,173	1,592,473	1,520,675	1,450,587	1,359,589	1,175,347	1,180,873
Street	93,215	234,016	757,849	430,763	171,986	-	-
Sewer lateral	60,549	104,127	104,454	173,934	69,341	107,273	114,599
Economic development	11,795,074	23,573,741	7,188,357	11,116,868	5,476,247	2,941,286	864,106
Capital outlay	3,396,238	10,117,629	9,293,463	4,610,085	3,327,998	3,597,427	1,465,071
Debt service - principal	1,089,413	525,000	335,000	70,000	35,000	35,000	35,000
Debt service - interest	895,889	572,659	401,138	355,796	44,470	46,832	49,195
Debt service - bond issue costs	-	176,138	-	-	136,920	-	-
Total Expenditures	<u>40,090,445</u>	<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>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,240,714)</u>	<u>(18,607,403)</u>	<u>(7,474,177)</u>	<u>(3,326,484)</u>	<u>(625,520)</u>	<u>(434,003)</u>	<u>3,246,987</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	1,712,275	26,326,961	-	-	8,415,000	-	-
Issuance of capital lease	-	337,500	-	163,076	819,060	-	-
Premium/discount on debt issue	-	(55,941)	-	-	127,844	-	-
Transfers in	362,259	309,458	145,928	-	-	-	646,520
Transfers out	(362,259)	(309,458)	(145,928)	-	-	-	(646,520)
Total Other Financing Sources (Uses)	<u>1,712,275</u>	<u>26,608,520</u>	<u>-</u>	<u>163,076</u>	<u>9,361,904</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (528,439)</u>	<u>8,001,117</u>	<u>(7,474,177)</u>	<u>(3,163,408)</u>	<u>8,736,384</u>	<u>(434,003)</u>	<u>3,246,987</u>

Debt service as a percentage of noncapital expenditures	5.7 %	2.8	2.5	1.4	0.9	0.4	0.5
---	-------	-----	-----	-----	-----	-----	-----

Source: Basic financial statements

GASB 34 was implemented in 2003.

Note: The City participates in the county-wide sales tax sharing pool, therefore, sales tax is not the City's own source revenue.

CITY OF HAZELWOOD, MISSOURI
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

Fiscal Year	Calendar Year	Real Property				Personal Property	Total Assessed Value	Total Direct Tax	Estimated Actual Value	Assessed Value As Of Percentage Of Actual Value
		Residential Property	Commercial Property	Agricultural Property	Total Real Property					
2009	2008	\$206,458,070	\$ 264,987,245	\$ 367,970	\$ 471,813,285	\$ 118,965,157	\$ 590,778,442	0.769 *	\$ 2,274,668,449	26.0 %
2008	2007	233,774,890	282,046,440	211,620	516,032,950	127,554,462	643,587,412	0.714 *	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	0.666 *	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	0.755 *	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	0.749 *	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	0.764 *	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	0.410	1,758,213,020	26.3
2002	2001	N/A	N/A	N/A	330,977,398	108,864,723	439,842,121	0.310	1,668,487,235	26.4
2001	2000	N/A	N/A	N/A	326,865,774	126,408,391	453,274,165	0.310	1,611,014,101	28.1
2000	1999	N/A	N/A	N/A	305,577,921	120,957,441	426,535,362	0.310	1,588,171,868	26.9

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

N/A - Not Available

*Commencing in 2003, Missouri State Law required the City to calculate a separate tax rate for residential real estate, agricultural real estate, commercial real estate, and personal property. The tax rate stated above for each year 2003 through 2008 reflects a re-blended rate for the various types of taxable property.

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

	<u>2008</u>	<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>
City of Hazelwood	0.864	0.841	0.902	0.867	0.789	0.750	0.410	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	0.190	0.255	0.190	0.190	0.190	0.190	0.190
County Park Maintenance	0.050	0.050	0.035	0.035	0.045	0.035	0.035	0.035	0.035	0.035
County Bond Retire	0.063	0.063	0.063	0.063	-	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	0.150	0.165	0.165	0.175	0.165	0.165	0.165	0.165	0.165
Metro Zoo	0.234	0.233	0.261	0.265	0.276	0.226	0.222	0.222	0.232	0.227
Sheltered Workshop	0.069	0.070	0.082	0.082	0.085	0.085	0.085	0.085	0.085	0.085
County Library	0.140	0.140	0.150	0.150	0.150	0.140	0.140	0.140	0.140	0.140
Special School District	0.918	0.908	0.824	0.840	0.905	0.833	0.849	0.835	0.623	0.620
St. Louis Community College	0.201	0.200	0.223	0.223	0.237	0.231	0.232	0.230	0.240	0.240
Hazelwood School District	5.370	5.124	5.463	5.230	4.880	4.690	4.743	4.559	4.643	4.640
Metro Sewer District	-	0.067	0.069	0.069	0.069	0.069	0.069	0.069	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
Total Overlapping Governments	<u>7.521</u>	<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>
Total City And Overlapping Governments	<u>8.385</u>	<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>

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

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

Taxpayer	2008			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	7.04 %	\$ 32,327,460	2	6.19 %
The Boeing Company	32,879,860	2	5.57	30,633,130	3	5.86
DP Properties LP	15,601,120	3	2.64	12,800,000	4	2.45
IBM Corp./IBM Credit LLC	13,321,770	4	2.25	10,098,460	6	1.93
Mallinckrodt, Inc./Mallinckrodt Medical, Inc.	13,171,460	5	2.23	12,175,660	5	2.33
Welsh Lambert Pointe Holdings, LLC	10,632,310	6	1.80	5,610,890	8	1.07
Aviator Business Park LLC	8,000,000	7	1.35	-	-	-
JB Management LP	7,893,530	8	1.34	-	-	-
CRP Holdings BLP	6,758,460	9	1.14	-	-	-
AT&T	5,898,690	10	1.00	5,489,590	9	1.05
Ford Motor Company	-	-	-	62,572,410	1	11.98
bioMerieux, Inc.	-	-	-	6,132,460	7	1.17
GKN Aerospace North America, Inc.	-	-	-	4,854,590	10	0.93
	<u>\$ 155,744,720</u>		<u>26.36 %</u>	<u>\$ 182,694,650</u>		<u>34.97 %</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>
2009	2008	\$5,691,770	\$4,412,559	77.5 %	\$1,081,533	\$ 5,494,092	96.5 %	\$ 1,468,061	25.8 %
2008	2007	5,076,029	4,021,114	79.2	303,426	4,324,540	85.2	1,251,612	24.7
2007	2006	4,439,956	4,003,857	90.2	804,546	4,808,403	108.3	569,950	12.8
2006	2005	4,149,340	3,322,034	80.1	221,108	3,543,142	85.4	952,122	22.9
2005	2004	3,432,757	3,169,377	92.3	491,603	3,660,980	106.7	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

(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			
2009	\$ 13,785,998	\$ 15,924,236	\$ 5,252,630	\$ 730,000	\$ 361,793	\$ 36,054,657	6.17 %	1,376
2008	14,342,390	14,211,961	5,429,832	775,000	676,206	35,435,389	6.06	1,352
2007	8,203,782	-	-	815,000	589,050	9,607,832	1.64	367
2006	8,505,174	-	-	855,000	779,113	10,139,287	1.73	387
2005	8,541,566	-	-	895,000	792,214	10,228,780	1.75	390
2004	-	-	-	930,000	33,392	963,392	0.16	37
2003	-	-	-	965,000	297,822	1,262,822	0.22	48
2002	-	-	-	1,000,000	555,691	1,555,691	0.27	59
2001	-	-	-	1,030,000	681,366	1,711,366	0.29	65
2000	-	-	-	900,000	192,426	1,092,426	0.25	41

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

(1) See Demographics and Economic Statistics Table

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

Fiscal Year	Population (1)	Actual Taxable Value Of Property (2)	General Obligation Debt (3)	Amount Available In Debt Service Fund	Net General Bonded Debt	Percentage Of Actual Taxable Value Of Property	Net General Bonded Debt Per Capita
2009	26,206	\$ 2,274,668,449	\$ 13,785,998	\$ 859,330	\$ 12,926,668	0.57 %	\$ 493
2008	26,206	2,496,216,169	14,342,390	511,956	13,830,434	0.55	528
2007	26,206	2,451,690,072	8,203,782	326,558	7,877,224	0.32	301
2006	26,206	2,100,650,504	8,505,174	312,149	8,193,025	0.39	313
2005	26,206	2,003,973,976	8,541,566	20,606	8,520,960	0.43	325
2004	26,206	1,844,889,878	-	-	-	-	-
2003	26,206	1,758,213,020	-	-	-	-	-
2002	26,206	1,668,487,235	-	-	-	-	-
2001	26,206	1,611,014,101	-	-	-	-	-
2000	26,829	1,588,171,868	-	-	-	-	-

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, 2009

<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	\$ 54,635,000	2.5 %	\$ 1,365,875
Hazelwood School District	176,661,227	26.9	47,521,870
Ferguson-Florissant School District	585,500	8.7	50,939
Pattonville School District	47,370,000	0.4	189,480
Total Overlapping	<u>279,251,727</u>		<u>49,128,164</u>
City direct debt	<u>14,515,998</u>	100.0	<u>14,515,998</u>
Total Direct And Overlapping Debt	<u><u>\$ 293,767,725</u></u>		<u><u>\$ 63,644,162</u></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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt Limit	\$ 59,077,844	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
Amount of Debt Subject to Limit										
Total Bonded Debt	13,785,998	14,342,390	8,203,782	8,505,174	8,541,566	-	-	-	-	-
Less: Amounts Available in Debt Service Fund	859,330	511,956	326,558	312,149	20,606	-	-	-	-	-
Total Amount Of Debt Applicable To Debt Limit	12,926,668	13,830,434	7,877,224	8,193,025	8,520,960	-	-	-	-	-
Legal Debt Margin	\$ 46,151,176	50,528,307	55,132,266	46,918,365	43,719,274	48,942,919	46,261,488	43,984,212	45,327,417	42,653,536
Total Net Debt Applicable To The Limit As A Percentage Of Debt Limit	21.88 %	21.49	12.50	14.87	16.31	-	-	-	-	-

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

CITY OF HAZELWOOD, MISSOURI
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

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

(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 NINE YEARS AGO

2009				2000			
Employer	Employees	Rank	Percent Of Total City Employment	Employer	Employees	Rank	Percent Of Total City Employment
The Boeing Company	5,610	1	23.98 %	Ford Motor Company	2,800	1	18.68 %
Convergys Corp.	1,215	2	5.19	IBM Corporation	1,110	2	7.40
IBM Corporation	968	3	4.14	Mallinckrodt, Inc.	663	3	4.42
Mallinckrodt, Inc.	645	4	2.76	bioMerieux, Inc.	609	4	4.06
bioMerieux, Inc.	609	5	2.60	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	369	7	1.58	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	308	9	1.32	Supervalu St. Louis Division	329	9	2.19
Aclara Power-Line Systems	291	10	1.24	Knight/Williams Corporation	306	10	2.04
	<u>10,970</u>		<u>46.90 %</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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government:										
City manager	7	7	7	7	7	7	6	7	7	9
Economic development	2	-	-	-	-	-	-	-	-	-
Finance	4	4	4	4	4	4	4	4	4	4
Legal/municipal court	5	3	3	3	3	3	3	3	3	3
City clerk	3	3	3	3	3	3	3	4	4	4
Public safety:										
Police	83	81	81	81	78	78	70	79	76	75
Fire	34	34	34	34	34	34	35	35	36	36
Ambulance	3	3	3	3	3	-	-	-	-	-
Public works:										
Administration	11	11	11	11	10	10	10	10	9	6
General/street maintenance	11	13	13	13	13	13	12	12	12	12
Parks maintenance	13	11	11	11	12	12	12	15	15	12
Recreation	29	30	30	30	27	27	27	29	29	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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Police:										
Arrests	3,090	3,002	3,054	2,393	2,503	2,177	1,994	2,225	1,942	2,020
Traffic citations	12,939	13,584	17,613	16,260	8,673	8,373	7,261	9,613	6,385	10,000
Fire:										
Fire calls	556	604	997	973	1,345	1,670	1,686	2,138	1,471	1,518
Ambulance calls	1,611	1,593	1,568	1,587	1,189	1,465	451	726	640	1,806
Inspections	1,155	1,151	1,124	1,124	980	1,016	758	684	684	777
Public works:										
Streets:										
Streets resurfacing (miles)	2	4	11	8	19	N/A	N/A	N/A	N/A	N/A
Sidewalk repairs (lineal ft.)	271	145	12,665	6,115	24,452	N/A	N/A	N/A	N/A	N/A
Potholes repaired (tons of material)	141	125	84	185	N/A	N/A	N/A	N/A	N/A	N/A
Administration:										
Building permits issued	629	714	883	820	964	1,200	838	348	279	284
Residential occupancy permits issued	1,564	1,728	2,068	1,958	2,053	2,104	1,773	2,060	N/A	N/A
Recreation:										
Community center admissions	103,868	99,486	101,440	110,548	103,200	100,319	106,070	134,291	125,734	144,382
Finance:										
Business licenses issued	985	969	1,101	1,163	1,172	1,162	1,099	914	923	819
Payroll transactions	7,545	7,119	7,221	6,865	6,587	6,309	5,855	6,053	5,940	N/A
Accounting funds	15	15	13	13	13	12	10	7	6	6
Payable checks issued	5,882	5,602	5,577	5,702	6,029	7,375	6,993	6,759	6,631	6,707

Source: City records - various departments listed

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

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

FUNCTIONS/PROGRAMS	As Of June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public safety/police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	31	32	25	39	33	33	33	33	33	32
Sectors	6	6	6	6	6	6	5	5	5	5
Public safety/fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire hydrants	580	580	573	573	573	573	573	563	546	546
Vehicles	10	10	7	7	7	5	5	5	5	4
Public works:										
Miles of streets	161	161	158	158	158	158	158	158	138	138
Street lights and signals	111	111	108	108	108	108	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	179
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	13	13	13	13	13	13	13	13	13	11
Athletic complex	1	1	1	1	1	1	1	1	1	-

Source: City Finance Department records