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Comprehensive Annual Financial Report, 2004

City of Hazelwood

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City of Hazelwood, Missouri

Comprehensive Annual Financial Report

For the Year Ended June 30, 2004

Crossroads of Progress

City of Hazelwood, Missouri

Comprehensive Annual Financial Report

For the Year Ended June 30, 2004

Prepared by the Finance Department
Donnie Burns, Finance Director

CITY OF HAZELWOOD, MISSOURI
FINANCIAL REPORT

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Section I

Introductory Section



November 8, 2004

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, 2004. 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and compliance and internal control. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements, as well as the auditors' report. The statistical section includes selected financial and demographic information.

In conformance with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, a Single Audit was also performed. There were no material weaknesses in internal control or compliance issues that were required to be reported in accordance with *Government Auditing Standards*.

The City has adopted the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2002. GASB 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 intersection of Highways 270 and 170, less than two miles from I-70. A major interchange of Highway 370 is now complete in the Missouri River Bottoms area, the primary undeveloped commercial area in the City, which is home to the St. Louis Mills. This transportation crossroads is a **prime location** for business and residents alike. Also, the mix of major industrial and commercial areas, which transition 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.

The City has taken steps in the last ten years to diversify and increase its revenue base. By 1992, the amount of commercial and residential land available for development had diminished to less than 2%. City officials annexed an additional 1,842 residents in October 1994 and 9,475 residents effective June 1995, increasing the population by 73% to 26,829. Also, undeveloped land and the major commercial industrial park, Brown Campus, was annexed. The City's assessed valuation increased by \$178,000,000 or 83%.

The City's largest corporate citizen, Ford Motor Company, continues to dominate the City's economic outlook. On January 11, 2002, Ford announced plans to close its Hazelwood plant, which provided approximately \$3.2 million or 18% of total City revenue. Subsequently, Ford filed for a refund of \$1.2 million in 2002 license fees and stated its revised interpretation of future Ford fees due, which would reduce each annual payment similarly. The outcome of the refund remains undetermined. The City led the way in formation of a task force comprised of representatives from the State of Missouri, St. Louis County, the UAW, and other entities, dedicated to preservation of the Hazelwood Ford plant. In September 2003, the task force negotiated an incentive package with Ford, which resulted in a commitment to keep the plant open through 2007. The package includes a reduced ceiling on The City's business, Chapter 100 bond financing on capital investment, job training funds, and tax benefits through the designation of a new Enterprise Zone.

The St. Louis Mills, a major national mall, opened November 13, 2003, providing over one million square feet in "shoppertainment" activity. The facility expects to produce \$250,000,000 in annual sales when fully built out. Far-reaching secondary effects including jobs, out-lot retail development, and residential development is also expected.

The City's 2000 population decreased by 2% to 26,206, ranking seventh largest of 91 cities in St. Louis County. The 2004 assessed valuation of approximately \$489 million is the tenth largest, up from eleventh due to The St. Louis Mills development. The City's competitive tax rate, housing stock, geographic location, and variety of services keep real estate marketable.

The citizens of the City secure employment with business and industry throughout the St. Louis metropolitan area. Employment levels in the metropolitan St. Louis area have been, and are expected to remain relatively stable due to the variety of business and industry. The City has a temporary daytime population of approximately 21,000.

The overall economic health of the City is excellent. Residents passed a property tax rate increase from \$0.41 to \$0.75 in November 2002. This increase mitigated the effect of Ford's license decrease and

strengthened the diversity of the City's tax structure. Currently, sales taxes provide 36% of revenue, business licenses provide 18%, and property taxes provide 18%. The City's sales tax receipts are somewhat unique, being diversified between two distribution methods. The 1% tax collected in the area existing prior to the 1995 annexation is distributed directly to the City according to point of sale, as is throughout most of the state. The 1% tax collected in the annexed area, however, is pooled with unincorporated St. Louis County and other "pool" city sales tax, and distributed by population.

Also, the City passed a 1% local use tax and a ½% capital improvement tax effective October 1996 and a ½% parks and stormwater sales tax effective April 2002. The City chose the Option II distribution of the capital improvement tax whereby the tax collected within the City is contributed to a countywide pool and is distributed according to population. The use tax is imposed on goods purchased outside the state (primarily businesses). The parks and stormwater tax is collected according to point of sale.

Business license revenue is directly tied to overall business performance and climate, which, of course, is experiencing a nationwide downturn; however, the St. Louis Mills has provided an economic vitality in the midst of the slow business recovery.

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. The growth and direction of the City during the past fiscal year has been greatly affected by these improvement plans. The City Council has utilized annual retreats to formalize these goals.

Goal -- Economic Development and Business Retention

As stated, the \$250 million St. Louis Mills, with over 200 stores, opened November 13, 2003. Construction of the enclosed "shoppertainment" mall was financed using TIF and TDD funding. The 1% TDD sales tax is collected by the City Finance Department. During the years of the TIF, the City anticipates net revenue in the amount of \$600,000 annually.

The Mills expects almost half its sales to be generated by tourism. Accordingly, the City passed a 1.75% hotel/motel tax in April 2004, providing approximately \$160,000 to be used exclusively for the promotion of tourism.

The City has acquired an existing St. Louis County TIF to develop the area known as the Robertson Area. Now known as the Hazelwood Commerce Center, the development will be at a prime location, near the newly renovated airport--a one-of-a-kind location. One hundred sixty acres is being developed.

Economic vitality was also demonstrated through the addition of many diverse new businesses, including manufacturers, service providers, and merchants.

Commercial vacancies remain modest while the potential for further retail, commercial, and industrial development appears quite favorable for the next five years, again due to location, and to favorable tax rates.

The Elm Grove TIF area remains undeveloped, however, proposals are being considered.

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 more important responsibilities of government. The provision of high quality basic services, including police, fire, road maintenance, parks, and solid waste collection, are critical for their continued desirability. Uniformity in the provision of services is a goal.

The existing housing inspection program prescribes minimum maintenance requirements for structures and premises to assure safety and provide for abatement of potential hazards. This program helps assure the preservation of the City’s neighborhoods.

Also, the City administers a residential occupancy permit requirement designed to protect property values.

Goal -- Beautification of City Facilities and Entrances along Major Highways

The City was established as a village in 1950, was incorporated in 1968, and as such, is a mature community whereby some updating is to be expected. Also, funding and attention to the beautification of the community provides a preemptive strike against the threat of the population migration sometimes experienced by older communities.

The newly completed Lindbergh Corridor Beautification Program, a project funded by a state grant, enhances the Lindbergh Blvd. corridor through the City and the City of Florissant. Picturesque street lighting, store facades, landscaping, signage, etc. have illuminated and transformed this important business district. The City coordinated the improvements at a total cost of approximately \$2.8 million, with 81% being paid by the state and 11% paid by the City of Florissant.

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 and Capital Improvement 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's funding policy provides for actuarially determined annual contributions. This year, primarily due to lagging investment earnings, the City's contribution rate increased 1.4% from 11.5% to 12.9% of covered payroll.

Debt Administration

At June 30, 2004 the City had long-term debt in the amount of \$1,862,357 detailed in 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 \$49 million.

Cash Management

Cash temporarily idle during the year was invested in repurchase agreements and government agency issues. All collateral on deposits was held by a financial institution in trust in the City's name. Interest earned totaled \$35,359.

U.S. Bank manages the investments of the Pension Trust Fund; 22% is invested in U.S. Government securities, 53% is invested in stock, 21% is invested in corporate obligations, and 4% is invested in cash equivalents.

Risk Management

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

OTHER INFORMATION

Independent Audit

Missouri statutes require an annual audit by independent certified public accountants. The certified public accounting firm of Hochschild, Bloom & Company LLP was selected by the City Council to

perform the 2004 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, 2003. This was the sixth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

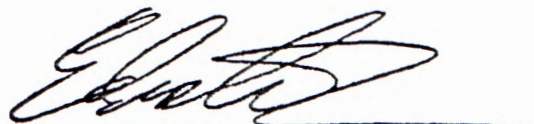
Acknowledgments

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

Respectfully submitted,



Donnie L. Burns
Finance Director

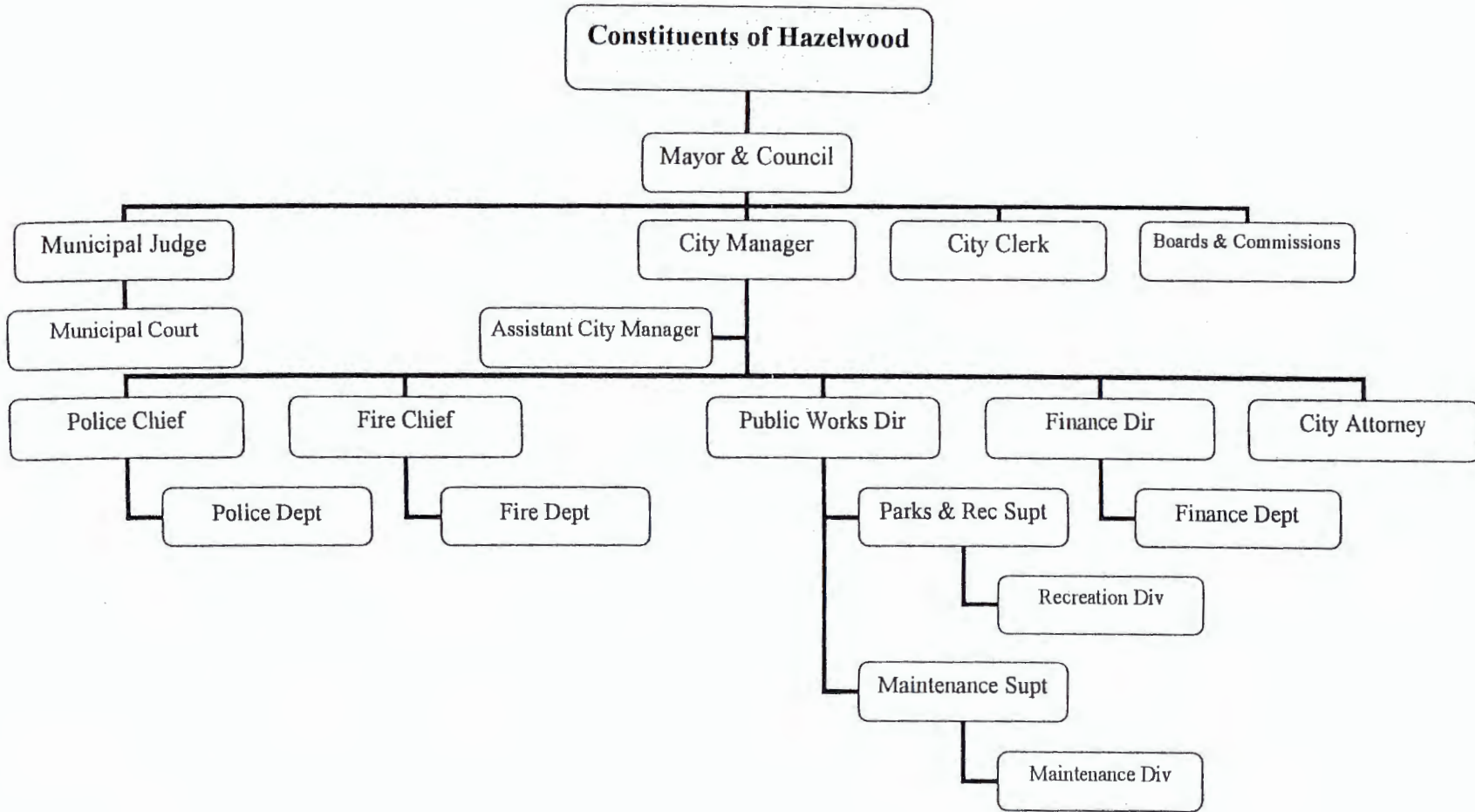


Edwin G. Carlstrom
City Manager

City of Hazelwood, Missouri
Principal City Officials at June 30, 2004

<u>Position</u>	<u>Name</u>	<u>Election/hire Date</u>	<u>Term Dates</u>
MAYOR	T. R. Carr	4/2000	4/2003-4/2006
COUNCIL-WARD 1	Matthew Robinson	4/1994	4/2004-4/2007
COUNCIL-WARD 2	Robert Aubuchon	4/1997	4/2002-4/2005
COUNCIL-WARD 3	Terry Salfen	Apr-04	4/2004-4/2007
COUNCIL-WARD 4	Mary O'Reilly	4/1996	4/2002-4/2005
COUNCIL-WARD 5	Patricia Lampert	4/1998	4/2004-4/2007
COUNCIL-WARD 6	Jeanette Eberlin-Rizzello	4/1981	4/2002-4/2005
COUNCIL-WARD 7	Patricia Jackson	4/1997	4/2004-4/2007
COUNCIL-WARD 8	Patricia Piotrowicz	4/2003	4/2003-4/2006
CITY MANAGER	Edwin Carlstrom	06/01/79	
FINANCE DIRECTOR	Donnie Burns	07/09/79	
CITY CLERK	Colleen Klos	07/01/96	
JUDGE	Kevin Kelly	2003	
PROSECUTING ATTORNEY	Keith Cheung	2002	
CITY ATTORNEY	Kevin O'Keefe	02/07/94	
POLICE CHIEF	Carl Wolf	11/25/85	
FIRE CHIEF	James Matthies	10/20/93	
PUBLIC WORKS DIRECTOR	Thomas Manning	06/13/94	
PARKS & REC SUPERINTENDENT	Douglas Littlefield	11/30/92	
MAINTENANCE SUPERINTENDENT	Paul Williams	6/1972	

City of Hazelwood Organizational Chart (2004)



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hazelwood,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director



Section II

Financial Section



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

INDEPENDENT AUDITORS' REPORT

September 21, 2004

Honorable Mayor and City Council
CITY OF HAZELWOOD, MISSOURI

We have audited the accompanying financial statements of the governmental activities, 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, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2004, 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 September 21, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

- 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



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The Management's Discussion and Analysis and Budgetary Comparison 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 Governmental Accounting Standards Board. 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinion thereon.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004**

This discussion and analysis is intended to be an overview of the City of Hazelwood's (the City) financial activities for the fiscal year ended June 30, 2004. It should be read in conjunction with the City's financial statements (attached).

USING THE ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the City's funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the City government.

CONDENSED FINANCIAL STATEMENTS

A condensed version of the Statement of Net Assets is as follows.

	June 30	
	2004	2003
ASSETS		
Current and other assets	\$10,040,841	9,943,774
Capital assets	<u>12,248,665</u>	<u>8,937,353</u>
Total Assets	<u>22,289,506</u>	<u>18,881,127</u>
LIABILITIES		
Current and other liabilities	2,613,694	2,740,857
Long-term liabilities	<u>1,614,172</u>	<u>1,690,257</u>
Total Liabilities	<u>4,227,866</u>	<u>4,431,114</u>
NET ASSETS		
Invested in capital assets	12,215,273	8,639,531
Restricted	106,825	109,678
Unrestricted	<u>5,739,542</u>	<u>5,700,804</u>
Total Net Assets	<u>\$18,061,640</u>	<u>14,450,013</u>

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

A condensed version of the Statement of Activities is as follows.

	For The Years Ended June 30	
	2004	2003
REVENUES		
Program revenues:		
Charges for services	\$ 1,611,817	1,460,106
Operating grants and contributions	195,756	211,850
Capital grants and contributions	1,091,302	-
General revenues:		
Taxes	16,259,995	16,019,271
Other	<u>4,039,721</u>	<u>3,945,252</u>
Total Revenues	<u>23,198,591</u>	<u>21,636,479</u>
EXPENSES		
General government	3,025,041	2,623,008
Police	5,862,217	5,208,275
Fire	6,043,746	5,830,812
Public works	2,583,716	973,378
Park maintenance	792,582	634,289
Recreation	1,346,041	1,276,056
Economic development	2,941,286	866,727
Sewer lateral	107,273	114,599
Interest on long-term debt	<u>55,343</u>	<u>69,055</u>
Total Expenses	<u>22,757,245</u>	<u>17,596,199</u>
CHANGE IN NET ASSETS	<u>\$ 441,346</u>	<u>4,040,280</u>

General Government Function

The following schedule presents a summary of governmental fund type revenues for the fiscal year ended June 30, 2004 and the amount and percentage of increase in relation to prior year revenues.

	<u>2004</u>	<u>2003</u>	<u>Year To Year Increase (Decrease)</u>	<u>Percent Of Total</u>	<u>Percent Of Increase (Decrease)</u>
Revenues					
Property taxes	\$ 4,005,954	2,670,426	1,335,528	89.9%	50.0
Sales taxes	8,382,356	6,901,856	1,480,500	99.7	21.5
Utility taxes	2,243,346	2,160,914	82,432	5.6	3.8
Other taxes	1,520,987	1,394,575	126,412	8.5	9.1
Permits and inspections	571,618	449,525	122,093	8.2	27.2
Licenses	3,382,104	3,425,626	(43,522)	(2.9)	(1.3)
Intergovernmental	1,314,020	3,103,350	(1,789,330)	(120.5)	(57.7)
Fines and forfeitures	626,186	602,658	23,528	1.6	3.9
Investment income	35,359	24,692	10,667	.7	43.2
Recreation fees	264,643	260,475	4,168	.3	1.6
Sewer lateral	224,172	224,615	(443)	-	(.2)
Miscellaneous	<u>550,494</u>	<u>417,767</u>	<u>132,727</u>	<u>8.9</u>	31.8
Total Revenues	<u>\$23,121,239</u>	<u>21,636,479</u>	<u>1,484,760</u>	<u>100.0%</u>	6.9

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

Total revenue increased by 6.9%. A large share of the change is due to the passage of a one half cent parks and stormwater tax effective April 1, 2003. The new sales tax provided \$1.5 million in new sales tax; other sales tax decreased slightly. The City did not receive significant sales tax from The St. Louis Mills as the mall is located in a sales tax "pool" area where the 1% general sales tax and ½% capital improvements sales tax is pooled and distributed by population to St. Louis County and other "pool" cities. Only the ½% parks and stormwater sales tax is based on point of sale. Also, one half of all sales tax is distributed to the TIF.

Property tax increased by 50% to \$4 million. The approximately \$1.3 million increase is due to a voter authorized levy increase. Even after this rate increase, residential tax rates, with zero residential utility tax, remain among the lowest in the St. Louis County area. No additional fire service charge is imposed.

Business licenses and permits decreased 1.3% or \$43,522 primarily due to a \$100,000 decrease in Ford Motor Company's license offset by various increases.

Permits and inspections increased \$122,093 or 27% due to final building permits related to construction of the St. Louis Mills and Mills occupancy permits. Utility tax revenue increased an unremarkable 3.8% due to natural weather variances.

Intergovernmental revenue decreased by \$1.8 million primarily due to a one time transfer of funds from the St. Louis County Robertson Area TIF to the City in 2003 offset by state grants related to the Lindbergh corridor beautification project.

The following schedule presents a summary of expenditures for the fiscal year ended June 30, 2004 and the percentage increases and decreases in relation to the prior year.

	<u>2004</u>	<u>2003</u>	<u>Year To Year Increase (Decrease)</u>	<u>Percent Of Total</u>	<u>Percent Of Increase (Decrease)</u>
Expenditures					
Public safety	\$11,512,047	10,817,423	694,624	13.4%	6.4
Parks and recreation	1,882,247	1,846,163	36,084	.7	2.0
General government	2,656,008	2,586,326	69,682	1.3	2.7
Maintenance	<u>978,140</u>	<u>828,691</u>	<u>149,449</u>	<u>2.9</u>	<u>18.0</u>
Total General Fund	17,028,442	16,078,603	949,839	18.3	5.9
Capital Projects Fund	3,396,409	1,247,989	2,148,420	41.6	172.2
Sewer lateral	107,273	114,599	(7,326)	(.1)	(6.4)
Debt Service Fund	83,504	84,195	(691)	-	(.8)
Economic development	<u>2,939,614</u>	<u>864,106</u>	<u>2,075,508</u>	<u>40.2</u>	<u>240.2</u>
Total Expenditures	<u>\$23,555,242</u>	<u>18,389,492</u>	<u>5,167,750</u>	<u>100.0%</u>	<u>27.9</u>

General Fund expenditures increased by \$949,839 or 5.9% primarily due to new personnel relative to the St. Louis Mills. Three new police officers and inspection and permitting staff were hired. Capital Projects Fund increased by \$2.1 million reflecting the Lindbergh corridor beautification project and increased street improvements, and economic development increased by \$2 million due to the Robertson Area TIF.

**CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004**

Fund Balance - Governmental Fund Types

Total expenditures exceeded revenues and other sources by \$434,003. This is due to expenses incurred in the Lindbergh corridor beautification project and a stepped up street improvement program that resulted in a \$741,034 reduction in Capital Projects Fund reserves. The City's General Fund contributed \$1.9 to reserves, demonstrating renewed fiscal health after implementation of operating efficiencies amounting to over \$700,000 annually, a voter approved property tax increase, and the first full year of voter approved one half cent parks and storm-water sales tax. Other funds produced a \$1.6 million decrease due primarily to improvements being made in the Robertson Area TIF Fund.

BUDGETARY HIGHLIGHTS

The City did not revise its budget for the year.

General Fund revenues were \$639,165 or 3% above the amount budgeted of \$18,295,821 caused mostly by unexpected increases in use tax and building permits. General Fund expenditures were \$449,717 or 3% below budgeted expenditures of \$17,478,159 which reflects less than anticipated personnel and contractual services particularly in the police and recreation departments. A detailed budget comparison of the General Fund can be found in the required supplemental information starting on page 32.

Capital Projects Fund budget comparison is in other supplemental information on page 38.

CAPITAL ASSETS

The City invested \$1,421,949 and \$363,964 in capital assets in the year ended June 30, 2004 and 2003, respectively. The balances were as follows:

	June 30	
	2004	2003
Capital assets, net of depreciation:		
Land, buildings, and improvements	\$10,993,485	10,750,833
Equipment	6,462,562	6,404,528
Infrastructure	<u>13,489,800</u>	<u>12,790,878</u>
Total	<u>\$30,945,847</u>	<u>29,946,239</u>

This year's major capital asset additions included \$699 thousand for new infrastructure and \$285 thousand for new vehicles.

NEXT YEAR'S BUDGETS AND RATES

- ◆ Preparation of the 2005 budget was influenced by general economic pressures, including a decline in total revenue, a renewed commitment to building General Fund reserves, and the uncertain future of the Ford plant.

**CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004**

- ◆ The nation-wide economic recession has impacted the City's operations to the extent that growth of General Fund tax revenue remains slow in comparison to prior years. An increase of 1.25% is applied to sales tax in the 2005 budget. Interest earnings on idle funds earned an average of approximately 1.15%. The City anticipates interest earnings to increase slightly in 2005.
- ◆ The 2004 - 2005 budget was prepared anticipating a property tax rate "roll-up" to \$0.765/\$100 assessed valuation. Actual tax rate will average \$0.77.
- ◆ Funding for a \$15 million General Obligation Bond election is provided in the 2005 budget. The election, which passed November 2, 2004, will provide street improvements, which were previously fully funded by the Capital Improvements Fund.
- ◆ Salaries were increased for eligible employees by 3% for 2005.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Finance Office at 415 Elm Grove Lane, Hazelwood, MO 63042 or telephone, 314-839-3700.

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Industrial Development Authority</u>
ASSETS		
Cash and investments	\$ 5,125,326	4,543,059
Taxes receivable	1,164,792	-
Net pension asset	209,294	-
Other receivables	2,077,807	262,777
Other assets	-	344,297
Prepaid items:		
Fire protection services	1,428,836	-
Other	34,786	-
Capital assets:		
Land	3,736,171	-
Buildings and improvements	7,257,314	-
Infrastructure	13,489,800	-
Equipment	6,462,562	-
Less - Accumulated depreciation	(18,697,182)	-
Total Assets	22,289,506	5,150,133
LIABILITIES		
Accounts payable	1,640,023	554,589
Accrued payroll	565,548	-
Other liabilities	84,292	-
Deferred revenues	75,646	-
Long-term debt:		
Due within one year	248,185	-
Due in more than one year	1,614,172	26,000,865
Total Liabilities	4,227,866	26,555,454
NET ASSETS		
Invested in capital assets, net of related debt	12,215,273	-
Restricted for debt service	106,825	-
Unrestricted	5,739,542	(21,405,321)
Total Net Assets	\$ 18,061,640	(21,405,321)

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net Revenues (Expenses) And Changes In Net Assets	
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary	Component
					Governmental Activities	Unit Industrial Development Authority
Primary government						
Governmental activities						
General government	\$ 3,025,041	590,523	58,692	-	(2,375,826)	-
Police	5,862,217	607,281	105,637	-	(5,149,299)	-
Fire	6,043,746	149,370	28,402	-	(5,865,974)	-
Public works	2,583,716	-	-	1,091,302	(1,492,414)	-
Park maintenance	792,582	-	-	-	(792,582)	-
Recreation	1,346,041	264,643	3,025	-	(1,078,373)	-
Economic development	2,941,286	-	-	-	(2,941,286)	-
Sewer lateral	107,273	-	-	-	(107,273)	-
Interest on long-term debt	55,343	-	-	-	(55,343)	-
Total Governmental Activities	<u>\$ 22,757,245</u>	<u>1,611,817</u>	<u>195,756</u>	<u>1,091,302</u>	<u>(19,858,370)</u>	<u>-</u>
Component unit						
Industrial Development Authority	<u>\$ 22,768,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,768,344)</u>
General Revenues						
Property taxes					4,113,306	-
Sales taxes					8,382,356	-
Utility taxes					2,243,347	-
Other taxes					1,520,986	-
License taxes					3,382,104	-
Sewer lateral taxes					224,172	-
Investment income					35,360	10,756
Miscellaneous					398,085	1,152,076
Total General Revenues					<u>20,299,716</u>	<u>1,162,832</u>
Change In Net Assets					441,346	(21,605,512)
Net Assets, July 1					<u>17,620,294</u>	<u>200,191</u>
Net Assets, June 30					<u>\$ 18,061,640</u>	<u>(21,405,321)</u>

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2004

	General	Capital Projects	Debt Service	Robertson Area Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,401,747	2,173,258	107,530	982,232	460,559	5,125,326
Receivables:						
Property taxes	196,098	-	-	-	-	196,098
Sales taxes	754,934	213,760	-	-	-	968,694
Special assessments	-	-	930,000	7,944	-	937,944
Other	577,095	200,231	-	-	362,537	1,139,863
Prepaid items:						
Fire protection services	1,428,836	-	-	-	-	1,428,836
Other	34,786	-	-	-	-	34,786
Total Assets	\$ 4,393,496	2,587,249	1,037,530	990,176	823,096	9,831,547
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 825,628	395,127	705	81,718	336,845	1,640,023
Accrued payroll	565,548	-	-	-	-	565,548
Other liabilities	84,292	-	-	-	-	84,292
Deferred revenues:						
Property taxes	179,223	-	-	-	-	179,223
Fire protection service	75,646	-	-	-	-	75,646
Grant revenue	10,800	-	-	-	-	10,800
Special assessments	-	-	930,000	-	-	930,000
Total Liabilities	1,741,137	395,127	930,705	81,718	336,845	3,485,532
Fund balances:						
Reserved for encumbrances	-	596,067	-	-	-	596,067
Reserved for prepaid items	1,463,622	-	-	-	-	1,463,622
Reserved for N.I.D.	-	-	106,825	-	-	106,825
Unreserved, reported in:						
General Fund	1,188,737	-	-	-	-	1,188,737
Capital Projects Fund	-	1,596,055	-	-	-	1,596,055
Special Revenue Funds	-	-	-	908,458	486,251	1,394,709
Total Fund Balances	2,652,359	2,192,122	106,825	908,458	486,251	6,346,015
Total Liabilities And Fund Balances	\$ 4,393,496	2,587,249	1,037,530	990,176	823,096	9,831,547

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances - Governmental Funds	\$ 6,346,015
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 funds. The cost of the assets is \$30,945,847 and the accumulated depreciation is \$18,697,182.	12,248,665
The net pension asset is not reported in the fund financial statements.	209,294
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,120,023
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	(898,965)
Capital leases and notes payable	(963,392)
	<hr/>
Net Assets Of Governmental Activities	<u>\$ 18,061,640</u>

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2004

	General	Capital Projects	Debt Service	Robertson Area Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,519,037	-	-	-	486,917	4,005,954
Sales taxes	6,211,294	1,483,590	-	-	687,472	8,382,356
Utility taxes	2,209,795	-	-	-	33,551	2,243,346
Other taxes	1,520,987	-	-	-	-	1,520,987
Permits and inspections	571,618	-	-	-	-	571,618
Licenses	3,382,104	-	-	-	-	3,382,104
Intergovernmental	222,718	1,091,302	-	-	-	1,314,020
Fines and forfeitures	626,186	-	-	-	-	626,186
Investment income	17,244	-	-	15,648	2,467	35,359
Recreation fees	264,643	-	-	-	-	264,643
Sewer lateral	-	-	-	-	224,172	224,172
Miscellaneous	389,360	80,483	80,651	-	-	550,494
Total Revenues	<u>18,934,986</u>	<u>2,655,375</u>	<u>80,651</u>	<u>15,648</u>	<u>1,434,579</u>	<u>23,121,239</u>
EXPENDITURES						
Current:						
Mayor and council	74,608	-	-	-	-	74,608
City manager	605,132	-	-	-	-	605,132
Information system	194,267	-	-	-	-	194,267
Finance	271,569	-	-	-	-	271,569
Legal	310,032	-	-	-	-	310,032
City clerk	215,341	-	-	-	-	215,341
Police	5,503,721	-	-	-	-	5,503,721
Fire	5,875,455	-	-	-	-	5,875,455
Public works:						
Administration	968,005	-	-	-	-	968,005
General maintenance	961,585	-	-	-	-	961,585
Park maintenance	672,362	-	-	-	-	672,362
Recreation	1,175,347	-	-	-	-	1,175,347
Capital outlay	201,018	3,396,409	-	-	-	3,597,427
Sewer lateral	-	-	-	-	107,273	107,273
Economic development	-	-	1,672	1,682,552	1,257,062	2,941,286
Debt service - principal	-	-	35,000	-	-	35,000
Debt service - interest	-	-	46,832	-	-	46,832
Total Expenditures	<u>17,028,442</u>	<u>3,396,409</u>	<u>83,504</u>	<u>1,682,552</u>	<u>1,364,335</u>	<u>23,555,242</u>
NET CHANGE IN FUND BALANCES	1,906,544	(741,034)	(2,853)	(1,666,904)	70,244	(434,003)
FUND BALANCES, JULY 1	<u>745,815</u>	<u>2,933,156</u>	<u>109,678</u>	<u>2,575,362</u>	<u>416,007</u>	<u>6,780,018</u>
FUND BALANCES, JUNE 30	<u>\$ 2,652,359</u>	<u>2,192,122</u>	<u>106,825</u>	<u>908,458</u>	<u>486,251</u>	<u>6,346,015</u>

CITY OF HAZELWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Net Change In Fund Balances - Governmental Funds \$ (434,003)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. 418,026

Revenues in the statement of activities that do not provide current financial resources are not reported in the fund financial statements. 107,352

Repayment of debt principal is recorded as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The following adjustments have been made for debt service:

Principal payments	35,000
Principal payments on leases included in capital outlay	264,429

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	26,236
Net pension asset	24,306
	441,346

Change In Net Assets Of Governmental Activities \$ 441,346

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS - PENSION TRUST FUND
JUNE 30, 2004

ASSETS

Investments	\$ 16,403,322
Interest receivable	73,058
	<hr/>
Total Assets	16,476,380
	<hr/>

LIABILITIES

Bank overdraft	7
Due to other funds	13,615
	<hr/>
Total Liabilities	13,622
	<hr/>

NET ASSETS

Held in trust for pension benefits	\$ 16,462,758
	<hr/> <hr/>

CITY OF HAZELWOOD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2004

ADDITIONS

Employer contributions	\$ 985,070
Investment income:	
Interest and dividends	578,553
Realized and unrealized gain, net	416,978
Trustee fees - asset management	(67,614)
Total Investment Income	927,917
Total Additions	1,912,987

DEDUCTIONS

Benefits	756,788
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CHANGE IN NET ASSETS

1,156,199

NET ASSETS HELD IN TRUST FOR PENSION
 BENEFITS, JULY 1

15,306,559

NET ASSETS HELD IN TRUST FOR PENSION
BENEFITS, JUNE 30

\$ 16,462,758

See notes to financial statements

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The 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 that 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). 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.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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, general obligation long-term debt principal, interest, and related costs.

Robertson Area Tax Increment Financing District -- The Robertson Area Tax Increment Financing District is a Special Revenue Fund used to account for special revenues received from TIF District which are required to be segregated into a special allocation fund designated for use in the TIF District only.

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

Fiduciary Fund Type

Pension Trust Fund -- The Pension Trust Fund is used to account for assets held by the City in a trustee capacity 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.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Discretely Presented Component Unit - Industrial Development Authority

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

In the government-wide financial statements, the City applies all applicable GASB pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, 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 fund 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 funds types. All fiduciary funds use the accrual basis of accounting.

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

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

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus and Basis of Accounting (Continued)

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

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

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

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

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

4. Cash and Investments

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

5. Prepaid Items

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

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital Assets

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

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

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

Assets	Years
Buildings	10 - 99
Improvements other than buildings	5 - 40
Equipment	5 - 30
Infrastructure	10 - 20

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Since appropriations lapse at year-end, outstanding encumbrances are reappropriated in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. Encumbrances do not constitute current year expenditures or liabilities.

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 payment of compensated absences to City employees as earned. All compensated absences are accrued when incurred in the government-wide financial statements.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 operating transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types.

Nonrecurring or nonroutine transfers of equity between funds are recorded as equity transfers and, accordingly, are reported as additions or deductions from fund balances of governmental fund types.

10. Allowance for Doubtful Accounts

Management believes amounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is needed.

11. 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

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, 2004, the bank deposits totaled \$3,638,805 for the City and \$210,283 for the component unit, which were covered by federal depository insurance and pledged securities.

2. Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the City at year-end as: 1) insured or registered with securities held by the City or its agent in the City's name, 2) uninsured and unregistered for which the securities are held by the financial institution's trust department or agent in the City's name, or 3) uninsured and unregistered for which the securities are held by the financial institution's trust department, the broker-dealer, but not in the City's name.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

	June 30, 2004			Carrying Value
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
Pension Trust Funds:				
Corporate bonds	\$ -	-	3,455,663	3,455,663
Corporate stock	-	-	8,776,173	8,776,173
U.S. government and agency securities	-	-	3,973,252	3,973,252
Other funds:				
Repurchase agreements	-	1,437,662	-	1,437,662
U.S. government and agency securities	-	-	298,515	298,515
Component unit:				
U.S. government and agency securities	-	-	<u>4,595,552</u>	<u>4,595,552</u>
Total Investments	<u>\$ -</u>	<u>1,437,662</u>	<u>21,099,155</u>	<u>22,536,817</u>
Pension trust - money market				<u>198,234</u>
				<u>\$22,735,051</u>

NOTE C - CAPITAL ASSETS

Capital assets activity was as follows:

	For The Year Ended June 30, 2004			
	Balance June 30 <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30 <u>2004</u>
	Governmental Activities			
Capital assets not being depreciated:				
Land	\$ 3,736,171	-	-	3,736,171
Capital assets being depreciated:				
Buildings and improvements	7,014,661	242,653	-	7,257,314
Infrastructure	12,790,878	698,922	-	13,489,800
Machinery, equipment, and furniture and fixtures	3,873,722	195,653	234,054	3,835,321
Automotive equipment	<u>2,530,808</u>	<u>284,721</u>	<u>188,288</u>	<u>2,627,241</u>
Total Capital Assets Being Depreciated	<u>26,210,069</u>	<u>1,421,949</u>	<u>422,342</u>	<u>27,209,676</u>
Less - Accumulated depreciation for:				
Buildings and improvements	4,272,906	215,880	-	4,488,786
Infrastructure	9,379,107	374,102	-	9,753,209
Machinery, equipment, and furniture and fixtures	2,738,458	122,277	68,223	2,792,512
Automotive equipment	<u>1,725,130</u>	<u>154,274</u>	<u>216,729</u>	<u>1,662,675</u>
Total Accumulated Depreciation	<u>18,115,601</u>	<u>866,533</u>	<u>284,952</u>	<u>18,697,182</u>
Total Capital Assets Being Depreciated, Net	<u>8,094,468</u>	<u>555,416</u>	<u>137,390</u>	<u>8,512,494</u>
Governmental Activities Capital Assets, Net	<u>\$11,830,639</u>	<u>555,416</u>	<u>137,390</u>	<u>12,248,665</u>

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended June 30, 2004
Governmental activities:	
General government	\$ 92,692
Police	132,875
Fire	62,433
Public works, including depreciation of infrastructure assets	473,345
Parks	20,779
Recreation	<u>84,409</u>
	<u>\$866,533</u>

NOTE D - TAX ANTICIPATION NOTES

Periodically the City borrows funds through short-term notes in anticipation of tax revenue. In the current fiscal year, the City borrowed \$800,000 in January 2004 and repaid the full amount by March 2004. There was no outstanding balance at June 30, 2004.

NOTE E - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

	For The Year Ended June 30, 2004			
	Balance June 30 2003	Additions	Deletions	Balance June 30 2004
	Neighborhood improvement bonds- special assessment bonds with City commitment, rates of 3.8% to 6.75%, maturing April 1, 2021	\$ 965,000	-	35,000
Compensated absences	925,201	274,312	300,548	898,965
Capital lease obligations	<u>297,822</u>	<u>-</u>	<u>264,430</u>	<u>33,392</u>
	<u>\$2,188,023</u>	<u>274,312</u>	<u>599,978</u>	<u>1,862,357</u>

During the year ended June 30, 2004, the City's capital lease debt service payments for principal retirement and interest were \$264,430 and \$8,510, respectively.

The current portion of the compensated absences is \$179,793.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

The annual principal requirements for the bonds are as follows:

For The Years Ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 35,000	44,470	79,470
2006	40,000	43,140	83,140
2007	40,000	41,580	81,580
2008	40,000	39,980	79,980
2009	45,000	38,320	83,320
2010 - 2014	250,000	159,915	409,915
2015 - 2019	325,000	91,880	416,880
2020 - 2021	<u>155,000</u>	<u>12,300</u>	<u>167,300</u>
	<u>\$930,000</u>	<u>471,585</u>	<u>1,401,585</u>

In December 2003, the IDA issued \$26,385,000 in TIF Revenue Bonds pursuant to a Trust Indenture dated December 1, 2003 between the IDA and UMB Bank, N.A., Kansas City, Missouri, as trustee, for the purpose of: 1) refunding the TIF notes of the City 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 bonds mature in 2020 in varying amounts with interest rates from 2.375% to 5.5%.

Bond discounts are recorded as a reduction of the debt obligation. Bond issuance costs are capitalized intangibles. Such amounts are amortized over the term of the related bonds.

NOTE F - CAPITAL LEASE

The City enters into equipment lease agreements to purchase capital assets which are accounted for as capital leases. Lease payments under the terms of these agreements are recorded as lease/purchase expenditures in the General Fund. The City currently has one such lease outstanding.

The future minimum lease payment under the capital lease and the present value of the net minimum lease payment as of June 30, 2004 is as follows:

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - CAPITAL LEASE (Continued)

For The Year Ended <u>June 30</u>	
2005	\$34,210
Less - Amount representing interest	<u>818</u>
Present Value Of Future Minimum Lease Payments	<u>\$33,392</u>

NOTE G - EMPLOYEE RETIREMENT PLAN

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

1. Plan Description and Provisions

The Plan was created and is governed by City ordinance. The total payroll for all employees for the year ended June 30, 2004 was \$7,326,808.

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's financial statements. Information about the Plan is provided in a summary plan description.

Current membership in the Plan is comprised of the following:

<u>Group</u>	<u>July 1, 2003</u>
Retirees and beneficiaries currently receiving benefits	42
Vested terminated employees	20
Active employees:	
Fully vested	75
Partially vested	90

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.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - EMPLOYEE RETIREMENT PLAN (Continued)

1. Plan Description and Provisions (Continued)

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

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

The required contribution to the Plan of \$945,566 for the 2003 - 2004 plan year was computed through an actuarial valuation performed as of July 1, 2003. The required contribution consisted of a) \$563,672 normal cost (7.7% of annual covered payroll), b) \$305,823 amortization of the unfunded actuarial accrued liability (4.2% of annual covered payroll), and c) \$76,071 expense loading equivalent to .5% of the market value of plan assets (.99% of annual covered payroll).

Pension Plan			
Valuation For The Actuarial Years Ended July 1	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)
2003	\$15,226,386	\$18,149,891	\$2,923,505
2002	14,787,015	16,779,647	1,992,632
2001	14,418,331	15,594,206	1,175,875
2000	13,753,541	13,829,322	75,781
1999	12,910,471	13,503,019	592,548
1998	11,875,971	11,852,246	(23,725)

Pension Plan			
Valuation For The Actuarial Years Ended July 1	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
2003	83.9%	\$7,326,808	39.9%
2002	88.1	7,127,492	28.0
2001	92.5	7,011,866	16.8
2000	99.5	6,249,446	1.2
1999	95.6	6,203,867	9.6
1998	100.2	5,981,437	(.4)

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - EMPLOYEE RETIREMENT PLAN (Continued)

2. Funding Status and Progress

Schedule Of Employer Contributions			
For The Years Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2003	\$821,880	\$850,737	103.5%
2002	726,960	771,385	106.1
2001	549,716	584,287	106.3
2000	602,336	639,949	106.2
1999	487,865	520,389	106.7
1998	509,147	543,090	106.7

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, 2003
Actuarial cost method	Entry age (level percentage)
Amortization method	Level dollar, closed
Remaining amortization period	16 years closed
Asset valuation method	3 year smoothed market 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 were made by the Plan. There is a negative net pension obligation for the Plan. Unless otherwise indicated, information is provided as of the latest actuarial valuation, July 1, 2003.

Components of the annual pension cost of \$826,431 are as follows: annual required contribution (ARC) of \$821,880, interest on beginning negative net pension obligation (NPO) of (\$14,799), and adjustment to the ARC of \$19,350. The negative NPO at July 1, 2002 of \$184,988, decrease in NPO of \$24,306 result in negative NPO at July 1, 2003 of \$209,294.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - EMPLOYEE RETIREMENT PLAN (Continued)

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).

<u>Valuation For The Actuarial Years Ended July 1</u>	<u>Pension Plan</u>		
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2003	\$826,431	102.9%	(\$209,294)
2002	730,052	105.7	(184,988)
2001	551,808	105.9	(143,655)
2000	603,565	106.0	(111,176)
1999	488,480	106.5	(74,792)
1998	509,260	106.7	(42,883)

NOTE H - 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 insurance trusts for workers' compensation (St. Louis Area Insurance Trust - SLAIT) and for general liability matters (Property and Casualty Trust - PACT). The purpose of these trusts is to distribute the cost of self-insurance over similar entities. The trusts require an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of the trusts have no legal interest in the assets, liabilities, or fund balances of the insurance trusts. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trusts should the trusts cease operations at some future date. The trusts have 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 I - 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.

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - PROPERTY TAXES (Continued)

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 J - 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 defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, except as noted in the following paragraph, the resolution of these matters should not have material adverse effect on the financial condition of the City.

A company doing business within the City has brought an action against the City seeking a license tax refund in the amount of \$1,232,499. While the court's decision was not in favor of the City, it is currently appealing that judgment. The outcome or the amount of the final settlement cannot be estimated.

As of June 30, 2004, the City has a commitment to purchase a fire truck for \$495,447 and an ambulance for \$100,620. Payment is due on delivery which is expected late in 2004.

NOTE K - PRIOR PERIOD ADJUSTMENT

The previously stated net assets have been adjusted as follows:

	<u>Governmental Activities</u>
Net assets, June 30, 2003, as previously reported	\$14,450,013
Revenue recognition	92,007
Net pension asset	184,988
Capital assets, net accumulated depreciation	<u>2,893,286</u>
Net Assets, June 30, 2003, As Restated	<u>\$17,620,294</u>

CITY OF HAZELWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE K - PRIOR PERIOD ADJUSTMENT (Continued)

The previously stated fund balance has been adjusted as follows:

	<u>General Fund</u>
Fund balance, June 30, 2003, as previously reported	\$468,768
Revenue recognition	92,007
Compensated absences	<u>185,040</u>
Fund Balance, June 30, 2003, As Restated	<u>\$745,815</u>

NOTE L - DEFICIT BALANCES

The 370/MO Bottom Road Tax Increment Financing District Fund had a deficit in fund balances of \$7,052 at June 30, 2004. This deficit will be offset by future revenues.

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION

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, 2004

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Property taxes			
Real estate	\$ 2,351,000	2,359,086	8,086
Personal property	798,000	839,287	41,287
Property surtax	342,000	320,664	(21,336)
Total Property Taxes	<u>3,491,000</u>	<u>3,519,037</u>	<u>28,037</u>
Sales taxes			
Park and stormwater	1,621,500	1,599,077	(22,423)
Sales	3,581,000	3,676,343	95,343
Use	543,000	935,874	392,874
Total Sales Taxes	<u>5,745,500</u>	<u>6,211,294</u>	<u>465,794</u>
Utility taxes			
	<u>2,171,700</u>	<u>2,209,795</u>	<u>38,095</u>
Other taxes			
Cigarette	80,500	96,520	16,020
Gasoline	712,000	757,172	45,172
Road and bridge	462,000	532,336	70,336
Vehicle fees	130,000	134,959	4,959
Total Other Taxes	<u>1,384,500</u>	<u>1,520,987</u>	<u>136,487</u>
Permits and inspections			
Building permits	180,000	482,008	302,008
Occupancy permits	65,000	89,610	24,610
Total Permits And Inspections	<u>245,000</u>	<u>571,618</u>	<u>326,618</u>
Licenses			
Manufacturers	1,870,821	1,703,543	(167,278)
Occupation services	883,000	973,725	90,725
Merchants	524,000	446,917	(77,083)
Liquor	13,500	14,106	606
Coin devices	5,900	7,043	1,143
Franchises	224,000	236,770	12,770
Total Licenses	<u>3,521,221</u>	<u>3,382,104</u>	<u>(139,117)</u>
Intergovernmental			
Miscellaneous	15,000	15,702	702
Grant income	276,000	101,379	(174,621)
COPS Grant	182,000	105,637	(76,363)
Total Intergovernmental	<u>473,000</u>	<u>222,718</u>	<u>(250,282)</u>
Fines and forfeitures			
Court fines	600,000	589,233	(10,767)
Police fines	13,000	18,048	5,048
License fines	10,000	18,905	8,905
Total Fines And Forfeitures	<u>623,000</u>	<u>626,186</u>	<u>3,186</u>

(Continued)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2004

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES (Continued)			
Investment income	30,000	17,244	(12,756)
Recreation fees			
Swimming pools	20,000	17,727	(2,273)
Rentals	51,000	71,272	20,272
Classes	97,000	91,071	(5,929)
Disc golf	1,000	3,491	2,491
Recreation programs and trips	16,000	14,185	(1,815)
Concessions	30,000	25,236	(4,764)
Resident cards	42,000	37,234	(4,766)
Sports complex	8,500	4,427	(4,073)
Total Recreation Fees	265,500	264,643	(857)
Miscellaneous			
Fire protection service	150,400	149,370	(1,030)
Other	185,000	239,990	54,990
Proceeds from sale of assets	10,000	-	(10,000)
Total Miscellaneous	345,400	389,360	43,960
Total Revenues	<u>\$ 18,295,821</u>	<u>18,934,986</u>	<u>639,165</u>

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Original And Final Budget	Actual	Over (Under) Budget
EXPENDITURES			
Mayor and council			
Personnel services	\$ 23,978	23,978	-
Contractual services	74,535	48,022	(26,513)
Commodities	4,040	2,608	(1,432)
Capital outlay	9,300	-	(9,300)
Total Mayor And Council	111,853	74,608	(37,245)
City manager			
Personnel services	416,540	393,938	(22,602)
Contractual services	252,404	198,411	(53,993)
Commodities	15,254	12,783	(2,471)
Capital outlay	-	1,875	1,875
Total City Manager	684,198	607,007	(77,191)
Information system			
Contractual services	190,561	193,716	3,155
Commodities	1,200	551	(649)
Capital outlay	-	3,242	3,242
Total Information System	191,761	197,509	5,748
Finance			
Personnel services	207,355	207,217	(138)
Contractual services	85,143	61,739	(23,404)
Commodities	5,225	2,613	(2,612)
Capital outlay	3,000	2,869	(131)
Total Finance	300,723	274,438	(26,285)
Legal			
Personnel services	122,373	122,007	(366)
Contractual services	199,294	185,343	(13,951)
Commodities	3,105	2,682	(423)
Capital outlay	-	2,337	2,337
Total Legal	324,772	312,369	(12,403)
City clerk			
Personnel services	168,799	170,696	1,897
Contractual services	55,860	43,316	(12,544)
Commodities	4,935	1,329	(3,606)
Total City Clerk	229,594	215,341	(14,253)
Police			
Personnel services	5,035,605	4,882,368	(153,237)
Contractual services	359,936	360,163	227
Commodities	231,487	245,318	13,831
Capital outlay	93,473	91,396	(2,077)
Contingencies	5,300	15,872	10,572
Total Police	5,725,801	5,595,117	(130,684)

(Continued)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2004

EXPENDITURES (Continued)	Original And Final Budget	Actual	Over (Under) Budget
Fire			
Personnel services	2,819,958	2,806,894	(13,064)
Contractual services	2,989,176	2,997,037	7,861
Commodities	69,237	63,151	(6,086)
Capital outlay	44,925	41,475	(3,450)
Contingencies	2,500	8,373	5,873
Total Fire	5,925,796	5,916,930	(8,866)
Public works:			
Administration			
Personnel services	512,118	553,022	40,904
Contractual services	510,682	390,710	(119,972)
Commodities	22,400	20,250	(2,150)
Capital outlay	6,925	6,731	(194)
Contingencies	-	4,023	4,023
Total Administration	1,052,125	974,736	(77,389)
General maintenance			
Personnel services	618,088	646,606	28,518
Contractual services	124,547	104,319	(20,228)
Commodities	189,350	208,038	18,688
Capital outlay	25,200	16,555	(8,645)
Contingencies	-	2,622	2,622
Total General Maintenance	957,185	978,140	20,955
Park maintenance			
Personnel services	577,216	578,989	1,773
Contractual services	29,300	28,309	(991)
Commodities	56,300	65,064	8,764
Capital outlay	14,000	20,737	6,737
Total Park Maintenance	676,816	693,099	16,283
Recreation			
Personnel services	920,859	870,095	(50,764)
Contractual services	294,051	243,402	(50,649)
Commodities	69,852	61,850	(8,002)
Capital outlay	11,773	13,801	2,028
Contingencies	1,000	-	(1,000)
Total Recreation	1,297,535	1,189,148	(108,387)
Total Expenditures	\$ 17,478,159	17,028,442	(449,717)

CITY OF HAZELWOOD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION -
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

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 and Capital Projects Funds. 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 capital leases in the year the City enters into the lease agreement are not budgeted. Expenditures modified for some year-end accrual may not legally exceed budgeted appropriations at the department level.
- e. There were no current year budget amendments. 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 -
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Sales taxes	\$ 1,445,000	1,483,590	38,590
Intergovernmental	-	1,091,302	1,091,302
Miscellaneous	80,000	80,483	483
Total Revenues	1,525,000	2,655,375	1,130,375
EXPENDITURES			
Capital outlay	2,098,658	3,396,409	1,297,751
NET CHANGE IN FUND BALANCE	\$ (573,658)	(741,034)	(167,376)
FUND BALANCE, JULY 1		2,933,156	
FUND BALANCE, JUNE 30		\$ 2,192,122	

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>Sewer Lateral</u>	<u>370/MO Bottom Road Tax Increment Financing District</u>	<u>Elm Grove Area Tax Incremental Financing District</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 408,883	300	51,376	460,559
Receivables:				
Other	2,052	329,437	31,048	362,537
Total Assets	<u>\$ 410,935</u>	<u>329,737</u>	<u>82,424</u>	<u>823,096</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 56	336,789	-	336,845
Fund balances (deficit):				
Unreserved	410,879	(7,052)	82,424	486,251
Total Liabilities And Fund Balances	<u>\$ 410,935</u>	<u>329,737</u>	<u>82,424</u>	<u>823,096</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Sewer Lateral</u>	<u>370/MO Bottom Road Tax Increment Financing District</u>	<u>Elm Grove Area Tax Incremental Financing District</u>	<u>Composite TIF</u>	<u>Total</u>
REVENUES					
Property taxes	\$ -	475,376	11,541	-	486,917
Sales taxes	-	643,468	44,004	-	687,472
Utility taxes	-	33,551	-	-	33,551
Investment income	2,343	-	-	124	2,467
Sewer lateral	224,172	-	-	-	224,172
Total Revenues	<u>226,515</u>	<u>1,152,395</u>	<u>55,545</u>	<u>124</u>	<u>1,434,579</u>
EXPENDITURES					
Sewer lateral	107,273	-	-	-	107,273
Economic development	-	1,152,043	-	105,019	1,257,062
Total Expenditures	<u>107,273</u>	<u>1,152,043</u>	<u>-</u>	<u>105,019</u>	<u>1,364,335</u>
NET CHANGE IN FUND BALANCES	119,242	352	55,545	(104,895)	70,244
FUND BALANCES (DEFICIT), JULY 1	<u>291,637</u>	<u>(7,404)</u>	<u>26,879</u>	<u>104,895</u>	<u>416,007</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 410,879</u>	<u>(7,052)</u>	<u>82,424</u>	<u>-</u>	<u>486,251</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMPARATIVE SCHEDULES
OF CAPITAL ASSETS BY SOURCE
JUNE 30, 2004 AND 2003

	2004	2003
CAPITAL ASSETS		
Land, buildings, and improvements	\$ 10,993,485	10,750,833
Infrastructure	13,489,800	12,790,878
Machinery, equipment, and furniture and fixtures	3,835,321	3,873,721
Automotive equipment	2,627,241	2,530,807
Total Capital Assets	\$ 30,945,847	29,946,239
 INVESTMENT IN CAPITAL ASSETS BY SOURCE		
General Fund	\$ 478,385	413,406
Capital Projects Funds	2,531,526	1,584,623
Assets placed in service prior to July 1, 2000	27,935,936	27,948,210
Total Investment In Capital Assets	\$ 30,945,847	29,946,239

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
CAPITAL ASSETS BY FUNCTION AND ACTIVITY
JUNE 30, 2004

	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks</u>	<u>Recreation</u>	<u>Totals</u>
Land, buildings, and improvements	\$ 2,359,412	1,322,095	876,125	248,864	6,186,989	10,993,485
Infrastructure	-	-	13,489,800	-	-	13,489,800
Machinery, equipment, and furniture and fixtures	356,449	1,431,818	488,830	415,452	1,142,772	3,835,321
Automotive equipment	105,622	1,691,501	728,745	80,030	21,343	2,627,241
	<u>\$ 2,821,483</u>	<u>4,445,414</u>	<u>15,583,500</u>	<u>744,346</u>	<u>7,351,104</u>	<u>30,945,847</u>

CITY OF HAZELWOOD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Balance June 30 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30 2004</u>
General government	\$ 2,729,782	145,049	53,348	2,821,483
Public safety	4,482,445	304,459	341,490	4,445,414
Public works	14,800,029	792,748	9,277	15,583,500
Parks	673,532	89,041	18,227	744,346
Recreation	7,260,451	90,653	-	7,351,104
	<u>\$ 29,946,239</u>	<u>1,421,950</u>	<u>422,342</u>	<u>30,945,847</u>



Section III

Statistical Section

CITY OF HAZELWOOD, MISSOURI
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>General Maintenance</u>	<u>Parks And Recreation</u>	<u>Totals</u>
2004	\$ 2,656,008	\$ 11,512,047	\$ 978,140	\$ 1,882,247	\$ 17,028,442
2003	2,586,326	10,817,423	828,691	1,846,163	16,078,603
2002	2,743,493	10,709,654	872,826	2,027,839	16,353,812
2001	2,559,619	10,208,530	821,738	2,010,847	15,600,734
2000	2,426,872	9,599,008	850,249	1,882,345	14,758,474
1999	2,079,848	9,171,500	911,004	1,958,348	14,120,700
1998	1,902,226	8,778,463	887,876	1,938,872	13,507,437
1997	1,671,942	7,470,749	1,899,288	1,740,969	12,782,948
1996	1,641,587	6,050,722	1,364,708	1,608,274	10,665,291
1995	1,481,603	5,109,908	710,087	1,451,142	8,752,740

CITY OF HAZELWOOD, MISSOURI

GENERAL GOVERNMENT REVENUES (1)

LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes	Sales Taxes	Utility Taxes	Other Taxes - Cigarette, Gas, Road And Bridge, Vehicle	Permits, Inspections, And Licenses	Intergovernmental	Fines And Forfeitures	Investment Income	Recreation Fees	Sewer Lateral	Miscellaneous	Totals
2004	\$ 4,005,954	\$ 8,382,356	2,243,346	\$ 1,520,987	\$ 3,953,722	\$ 222,718	\$ 626,186	\$ 35,359	\$ 264,643	\$ 224,172	\$ 1,641,796	\$ 23,121,239
2003	2,670,426	9,793,356	2,160,914	1,394,575	3,875,151	211,850	602,658	24,692	260,475	224,615	417,767	21,636,479
2002	1,296,600	5,803,283	2,109,052	1,428,260	5,296,966	393,673	528,365	21,666	265,955	217,824	654,510	18,016,154
2001	1,196,945	5,650,374	1,904,058	1,468,021	4,657,675	208,512	378,235	34,074	258,996	-	370,311	16,127,201
2000	1,127,904	5,174,527	1,789,108	1,467,916	4,673,133	98,670	474,713	54,853	242,992	-	173,507	15,277,323
1999	1,030,752	5,521,100	1,773,071	1,423,907	4,210,882	214,751	401,780	75,911	245,573	-	194,357	15,092,084
1998	1,040,306	5,328,668	1,890,003	1,412,483	4,194,752	389,494	445,421	82,407	235,062	-	174,805	15,193,401
1997	1,030,784	5,042,167	1,122,357	1,388,819	4,114,796	119,254	364,131	55,022	199,956	-	205,979	13,643,265
1996	670,067	3,692,660	544,418	1,133,464	4,134,372	120,056	390,868	53,244	191,672	-	115,783	11,046,604
1995	659,672	2,644,191	439,628	764,241	3,842,213	100,810	317,987	31,449	194,155	-	107,261	9,101,607

(1) Includes all governmental fund types

CITY OF HAZELWOOD, MISSOURI

TAX REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Utility Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2004	\$ 4,005,954	\$ 8,382,356	\$ 2,243,346	\$ 1,520,987	\$ 16,152,643
2003	2,670,426	9,793,356	2,160,914	1,394,575	16,019,271
2002	1,296,600	5,803,282	2,109,052	1,428,260	10,637,194
2001	1,196,945	5,650,374	1,904,058	1,468,021	10,219,398
2000	1,127,904	5,174,527	1,789,108	1,437,916	9,529,455
1999	1,030,752	5,521,100	1,773,071	1,423,907	9,748,830
1998	1,040,306	5,328,668	1,890,003	1,412,483	9,671,460
1997	1,030,784	5,042,167	1,122,357	1,388,819	8,584,127
1996	670,067	3,692,660	544,418	1,133,464	6,040,609
1995	659,672	2,644,191	439,628	764,241	4,507,732

(1) Includes all governmental fund types

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Collected As Current</u>	<u>Delinquent Tax (And Penalties) Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent Of Levy</u>	<u>Outstanding Delinquent Taxes At June 30</u>	<u>Outstanding Delinquent Taxes As Percent Of Levy</u>
2004	2003	\$ 3,343,567	\$ 2,827,095	84.6 %	\$ 130,992	\$ 2,958,087	88.5 %	\$ 157,192	4.70 %
2003	2002	1,745,103	1,593,058	91.3	76,576	1,669,634	95.7	169,722	9.73
2002	2001	984,353	901,203	91.6	118,066	1,019,269	103.5	24,777	2.52
2001	2000	905,558	796,357	87.9	49,150	845,507	93.4	23,854	2.63
2000	1999	925,483	875,412	94.6	38,964	914,376	98.8	20,241	2.19
1999	1998	886,155	828,303	93.5	19,111	847,414	95.6	23,258	2.62
1998	1997	865,664	784,749	90.7	76,300	861,049	99.5	15,446	1.78
1997	1996	838,587	805,431	96.0	52,006	857,437	102.2	16,379	1.95
1996	1995	518,569	496,837	95.8	21,416	518,253	99.9	29,554	5.70
1995	1994	502,439	444,982	88.6	43,024	488,006	97.1	-	-

(1) Source - St. Louis County Collector's Office

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

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio Of Total Assessed Value To Total Estimated Actual Value</u>
2004	\$ 489,429,190	\$ 1,844,889,878	26.5 %
2003	462,614,878	1,758,213,020	26.3
2002	439,842,121	1,668,487,235	26.4
2001	453,274,165	1,611,014,101	28.1
2000	426,535,362	1,604,089,622	26.6
1999	435,685,626	1,646,963,200	26.5
1998	419,027,317	1,583,992,057	26.5
1997	403,551,428	1,525,490,655	26.5
1996	392,867,665	1,481,606,712	26.5
1995	222,771,440	828,643,594	26.9

Property has an assessed value to estimated actual value as follows: commercial real estate 32%, residential real estate 19%, agricultural real estate 12%, and personal property 33-1/3%.

Data for real property owned by exempt organizations is not included as it is not available.

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
City of Hazelwood	0.750	0.410	0.310	0.310	0.310	0.310	0.310	0.310	0.310	0.310
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
County General	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
County Park Maintenance	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035	0.035
County Bond Retire	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Road and Bridges	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
County Hospital/Health	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165
St. Louis Community College	0.231	0.232	0.230	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Special School District	0.833	0.849	0.835	0.623	0.620	0.640	0.620	0.630	0.620	0.630
Metro Zoo	0.226	0.222	0.222	0.232	0.227	0.232	0.232	0.232	0.228	0.224
Sheltered Workshop	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
County Library	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.130
Ferguson Florissant School District	5.040	5.040	5.015	5.015	5.010	5.010	5.000	4.630	4.500	4.480
Hazelwood School District	4.690	4.743	4.559	4.643	4.640	4.630	4.210	4.200	4.150	4.050
Metro Sewer District	0.069	0.069	0.069	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Metro Sewer District - Extension	0.019	0.019	0.019	0.020	0.020	0.020	0.020	0.020	0.020	0.020
Missouri River Anti-Pollution	-	-	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.030
Maline Creek Sewer District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Fountain Creek Sewer District	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Coldwater Creek Sewer District	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Missouri River Bonfil	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Total Overlapping Governments	<u>12.253</u>	<u>12.319</u>	<u>12.114</u>	<u>12.008</u>	<u>11.992</u>	<u>12.007</u>	<u>11.557</u>	<u>11.187</u>	<u>10.993</u>	<u>10.879</u>
Total City And Overlapping Governments	<u>13.003</u>	<u>12.729</u>	<u>12.424</u>	<u>12.318</u>	<u>12.302</u>	<u>12.317</u>	<u>11.867</u>	<u>11.497</u>	<u>11.303</u>	<u>11.189</u>

(1) Source - St. Louis County Collector's Office (rates stated per \$100 assessed valuation)

CITY OF HAZELWOOD, MISSOURI

PRINCIPAL TAXPAYERS

JUNE 30, 2004

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Total Property Tax Paid</u>
Ford Motor Company	Automobile manufacturer	\$ 1,025,095
AT&T Wireless Services	Telecommunications	241,273
GKN	Aerospace manufacturer	213,602
Biomerieux Vitek, Inc.	Diagnostic test manufacturer	160,039
IBM Corporation	Information handling equipment	124,353
Lear Corporation	Manufacturer of vehicle seats	121,338
McDonnell Douglas Corporation	Aerospace manufacturer	120,999
First Bank	Bank institution	103,337
Mallinckrodt Medical, Inc.	Research laboratories	91,897
Printpack, Inc.	Packaging manufacturer	65,556
Mid-States Dairy Company	Dairy products manufacturer	59,543
General Motors Service	Auto parts sales	56,385
Waters of America, LLC	Bottle water manufacturer	42,522
Behlmann GMC Trucks	Retail car sales	37,518

CITY OF HAZELWOOD, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Assessed Value As Of January 1, 2004	<u>\$ 489,429,190</u>
Debt limit - 10% of assessed value*	<u>\$ 48,942,919</u>
Amount of debt applicable to debt limit:	
Total Bonded Debt	930,000
Less - Amount available in Debt Service Fund for bonded debt	-
Net amount of debt applicable to debt limit	<u>930,000</u>
Legal Debt Margin	<u>\$ 48,012,919</u>

* Under Article VI, Sections 26(b) and 26(c) of the Missouri Constitution, the City by vote of 2/3 of the qualified electors thereof, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed 10% of the assessed valuation of taxable intangible property within the City as asserted by the last completed assessment for state or county purposes. Under Section 26(d) of said Article VI, the City may incur general obligation indebtedness not exceeding in the aggregate an additional 10% of the aforesaid assessed valuation for the purposes of acquiring rights-of-way, constructing and improving sanitary or storm sewer systems; and under Section 26(e) of said Article VI, additional general obligation indebtedness may be incurred for purchasing or constructing waterworks, electric, or other light plants to be owned exclusively by the City, provided that the general obligation indebtedness of the City shall not exceed 20% of the assessed valuation.

CITY OF HAZELWOOD, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1) -
GENERAL OBLIGATION BONDED DEBT
JUNE 30, 2004

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To City Of Hazelwood</u>	<u>Amount Applicable To City Of Hazelwood</u>
St. Louis County	\$ 107,830,000	2.46 %	\$ 2,647,652
Hazelwood School District	86,644,665	26.12	22,631,586
Ferguson-Florissant School District	16,920,000	10.31	1,744,452
Pattonville School District	51,260,888	0.33	169,161
City of Hazelwood	930,000	100.00	930,000
			<u>\$ 28,122,851</u>

(1) Source - St. Louis County

CITY OF HAZELWOOD, MISSOURI
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Bonded Debt</u>	<u>Assessed Valuation</u>	<u>Ratio Of Bonded Debt To Valuation</u>	<u>Population</u>	<u>Bonded Debt Per Capita</u>
2004	\$ 930,000	\$ 489,429,190	0.19	26,206	35.49
2003	965,000	462,614,878	0.21	26,206	36.82
2002	1,000,000	439,842,121	0.23	26,206	38.16
2001	1,030,000	453,274,165	0.23	26,206	39.30
2000	-	426,535,326	-	26,829	-
1999	-	435,685,626	-	26,829	-
1998	-	419,027,317	-	26,829	-
1997	-	403,551,428	-	26,829	-
1996	-	392,867,665	-	26,829	-
1995	-	222,771,440	-	14,863	-

CITY OF HAZELWOOD, MISSOURI
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio Of Debt Service To General Governmental Expenditures</u>
2004	\$ 83,504	\$ 17,028,442	0.49 %
2003	84,456	16,078,603	0.53
2002	68,842	16,353,812	0.42
2001	-	15,600,734	-
2000	-	14,758,474	-
1999	-	14,120,700	-
1998	-	13,507,437	-
1997	-	12,782,948	-
1996	-	10,665,291	-
1995	-	8,752,740	-

CITY OF HAZELWOOD, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (1)	Median Age (1)	Education Level In Years Of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2004	26,206	\$22,311	36	13.0	4,655	4.8 %
2003	26,206	22,311	36	13.0	4,655	4.7
2002	26,206	22,311	36	13.0	4,634	3.8
2001	26,206	15,992	36	13.0	4,709	2.6
2000	26,829	15,992	33	13.0	4,709	2.3
1999	26,829	15,992	33	13.0	4,709	2.3
1998	26,829	15,992	33	12.8	4,709	2.8
1997	26,829	15,992	33	12.8	-	2.3
1996	26,829	15,992	33	12.8	-	2.5
1995	14,863	15,992	33	12.8	-	2.7

(1) Source - Missouri State Census Data Center, Office Social Economic Data Analysis

(2) Source - City of Hazelwood Community Profile

(3) Source - Missouri Department of Labor and Industrial Relations

CITY OF HAZELWOOD, MISSOURI
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Number Of Permits</u>	<u>Cost Of Construction (1)</u>	<u>Total Estimated Property Value (2)</u>	<u>Bank Deposits (Thousands) (3)</u>
2004	1,200	\$ 67,036,401	\$ 1,844,889,878	\$ 198,505
2003	838	66,256,483	1,758,213,020	174,664
2002	348	23,994,788	1,668,487,235	192,199
2001	279	27,516,477	1,611,014,101	144,792
2000	284	44,405,192	1,604,089,622	139,950
1999	298	23,085,748	1,646,963,200	141,454
1998	256	14,665,791	1,583,992,057	145,442
1997	254	18,662,289	1,525,490,655	193,788
1996	288	27,883,084	1,481,606,712	188,865
1995	152	66,688,297	828,643,594	161,545

(1) From City of Hazelwood Department of Public Works permit records

(2) Extrapolated from assessed value information provided by St. Louis County tax abstract reports

(3) Federal Deposit Insurance Corporation website - www2.fdic.gov/sod

CITY OF HAZELWOOD, MISSOURI

MISCELLANEOUS STATISTICAL DATA

JUNE 30, 2004

Date of incorporation as a Village	September 1949	
Date of incorporation as a City	April 1970	
Form of government	Council/Manager	
Number of full-time employees	166	
Area in square miles	16.72	
Miles of streets	158	
Population	26,206	
Number of households	10,954	
City of Hazelwood facilities and services:		
Culture and recreation:		
Community center	2	
Parks	16	
Park acreage	179	
Swimming pools	1	
Tennis courts	13	
Athletic complex	1	
Police protection:		
Number of stations	1	
Number of commissioned police officers	63	
Number of patrol units	33	
Number of law violations:		
Physical arrests	2,177	
Traffic violations	8,373	
Fire protection:		
Number of stations	2	
Number of full-time fire personnel and officers	34	
Number of calls answered	1,670	
Number of inspections conducted	1,016	
Number of fire hydrants	573	
Vehicles:		
Ladder trucks	2	
Pumpers	1	
Rescue trucks	2	
Facilities and services not included in the reporting entity:		
Education:		
Number of elementary schools	19	
Number of elementary school instructors	729	
Number of secondary schools	3	
Number of secondary school instructors	521	
Number of high schools	3	
Number of high school instructors	Included in Secondary	
Fire Protection provided by Florissant Valley Fire Protection District and Robertson Fire Protection District in the areas annexed in 1995		
Emergency ambulance services (contracted):		
Number of calls answered	1,468	



Section IV

**Compliance and
Internal Control**



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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

September 21, 2004

Honorable Mayor and City Council
CITY OF HAZELWOOD, MISSOURI

We have audited the financial statements of the **CITY OF HAZELWOOD, MISSOURI** (the City) as of and for the year ended June 30, 2004, and have issued our report thereon dated September 21, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not re-

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duce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated September 21, 2004.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS