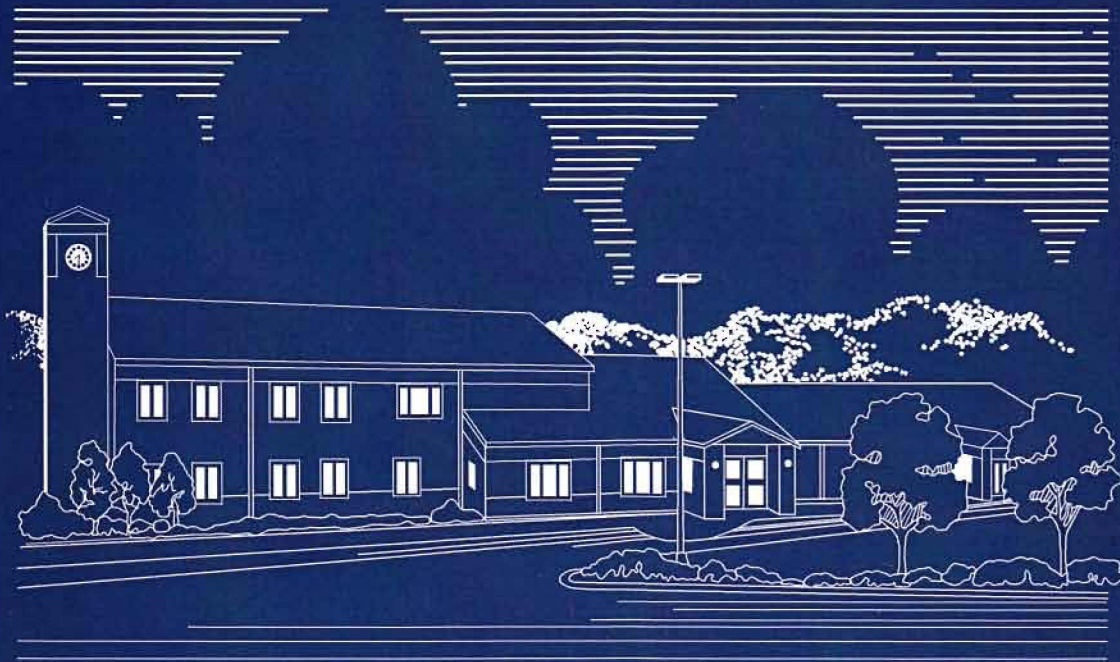


**City of Arnold, Missouri**  
**Comprehensive Annual**  
**Financial Report**



for the Fiscal Year ended  
**August 31, 2008**

**CITY OF ARNOLD, MISSOURI**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended August 31, 2008**

Prepared by the Finance Department

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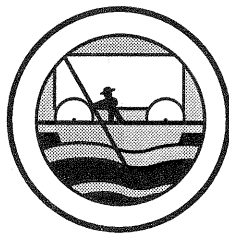
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INTRODUCTION



for the Fiscal Year ended  
**August 31, 2008**



# City of Arnold

---

Mark Powell, Mayor

January 14, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Arnold:

The comprehensive annual financial report of the City of Arnold, Missouri (the City) for the fiscal year ended August 31, 2008, is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements were audited by Hochschild, Bloom & Company LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended August 31, 2008, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended August 31, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of 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 report of the independent auditors.

## **Profile of the City**

Incorporated in 1972 as a city of the third class, the City is located on the eastern border of the State of Missouri, south of the Meramec River at its confluence with the Mississippi River. The central business district of the City of St. Louis is about 17 miles to the north. Interstate Highway 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 operated under the mayor-council-city administrator form of government since 1972. Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight council members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the city administrator, police chief, and city attorney. The city administrator is responsible for carrying out the policies and ordinances of the governing council, hiring employees, and overseeing the day-to-day operations of the City. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with four council members elected every year. The mayor is elected to serve a four-year term.

The City provides a range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Trash, sewer, and storm water system services are provided through the City. The City's recreation center operates as a department of the City, but is reported as a separate governmental fund. The sewer and storm water system services and golf course are reported separately as proprietary funds in the City's financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the city administrator and finance director. These requests are then used as a starting point for developing a proposed budget. The city administrator and finance director present this proposed budget to the city council for review in July prior to adoption. The council is required to hold a public hearing on the proposed budget and to adopt a final budget prior to September 1. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The city administrator has the authority to make transfers of appropriations between line items within individual departments. Transfers of appropriations between departments, however, require approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the financial statements for the governmental funds.

## **Local Economy**

The economic condition and outlook of the City has been stable in recent years. The current year real estate tax base showed growth of 10% above last year's levels. The City's housing stock, geographic location, and variety of services have kept real estate marketable. This year, Money Magazine online named the City the 12<sup>th</sup> most affordable place to live in the United States. Commercial

vacancies remain modest while the potential for further retail and industrial development appears favorable within the next five years. Recent construction of major commercial and industrial developments is proof of the economic vitality of the area.

During the past ten years, the monthly unemployment rate for Jefferson County rose from an initial low of 1.9% (1999) to a decade high of 7.1% (2005). August 2008 sets a new ten-year high at 7.7%. Unemployment is expected to remain fairly high within the region due to recent economic challenges. Some economists are predicting that employment levels will not recover until mid-2010. The City believes it is in a favorable situation for the coming year because it anticipates that in conjunction with local Tax Increment Financing (TIF) projects in process, a number of new retail sales and service establishments have or will open for business, bringing several hundreds jobs to the City. Also, several new regional employers will be coming online in the near future; a large concrete plant, a metal smelter, and others.

The City's tax structure relies primarily on sales taxes and utility taxes. Settlements with the major cellular telephone companies were received in fiscal 2008 and utility tax receipts continue to increase at a modest rate. As was the case in 2005 through 2007, general sales tax receipts for fiscal year 2008 continued to remain relatively flat. Little growth to a 10% loss in sales tax has been the regional trend, but the City has demonstrated its ability to compress expenditures to accommodate this tighter economy or temporary downturns in revenue. However, 2009 looks to have a slight increase due to sales tax receipts related to the new TIF projects.

### **Long-term Financial Planning**

The City desires to plan for the success of the City for decades to come. To encourage growth and stability, the City has actively sought out and supported commercial development. Two TIF development projects have been approved by the city council and are currently under construction, the "Arnold Commons" redevelopment project and the "Arnold Crossroads" redevelopment project.

The Arnold Commons redevelopment area is approximately 40 acres in size, located in the southwest quadrant of Interstate 55 and Highway 141. The Arnold TIF Commission was established to coordinate, along with developer THF Realty, the development of a quality 225,000 square-foot retail shopping center on the property, anchored by a Lowe's Home Improvement Warehouse and a Dierberg's supermarket. The City has issued \$21,000,000 in TIF notes to aid this project, which will be capitalized at a Spring 2009 bond offering. Many of the stores have already opened or will open soon including: Panera Bread, Chili's, Texas Roadhouse, Arnold Stove and Fireplace, PetSmart, Office Depot, and Dollar Tree. To accommodate anticipated changes in traffic patterns and density because of this development, the City have substantially completed



improvements to all major adjacent roads. These improvements included the widening of Church Road, the addition of a slip ramp from Hwy. 141 into the development, and the reconfiguration of the Church Road, Old Lemay Ferry Road, and Missouri State Road intersection.

The Arnold Crossroads redevelopment area will include the revitalization and modification of an existing shopping center located in the heart of the City. This project, let by Jones Realty, includes plans for a new Drury Hotel with meeting and banquet facilities, new buildings for existing restaurants, new retail stores, including Gander Mountain, an outdoor hunting and fishing sporting goods store as the anchor tenant. Other site improvements include a new four-way intersection at the Crossroads Shops with landscaping and beautification efforts throughout the development site. Several stores have already opened, including a Steak-n-Shake, McDonalds, and 24 Hour Fitness.

The City's connector tunnel and the new MSD wastewater treatment plant have been completed. The City has entered into an agreement to fund its share of capacity, \$16,721,443 (phase 1) over the next 25 years. Plans for phase 2 envision an additional \$9 million (in 2004 dollars) City investment. A consultant has been selected to begin a comprehensive sewer rate study to determine how operating and capital costs should be allocated to the users of the system and to provide a model for projecting these rates into the future.

### **Major Initiatives**

The City has begun to receive collections from the City's first transportation development district and continues to evaluate the City's transportation system. Approved in April 2008, the Arnold Retail Corridor (ARC) TDD is a large and diverse entity that will generate revenue for several major road projects within or connected to the district. The Ozark Bridge project, also underway, will utilize a HUD grant, NID funds, and City CIP funding to replace an outmoded and failing bridge. In 2009, the City hopes to begin engineering just within its western boundary at the 141/Astra Way intersection, the entrance to the Library, Rec Center, and College.

The City funded the creation of a master plan for the revitalization of northern Jeffco Blvd. in 2008. This plan for the retail/commercial district dubbed 'Hometown' is currently under review by the Planning Commission. The City believes that coupled with other initiatives such as its newly created facade loan program the rebirth of this area will lead to increased investment in this area of the City.

Funded by a partial grant from the St. Louis-Jefferson Solid Waste Management District, the City expanded its free recycling program smaller toters to 65-gallons containers for all citizens. The service has received a very positive response and

the City will continue to provide a recycling program and weekly trash pickup at no cost to its residents.

In March 2007, the City issued \$4.29 million in Leasehold Revenue Bonds Series 2007 for the purchase of a previously privately owned public golf course known as Pomme Creek Golf course. Originally designed in 1993, the course sits on 125 acres in the southern part of the City and boasts 18 holes. In the last three years, the course has undergone many significant remodeling and improvement projects and is now PGA certified. In 2008 the Pomme Creek master plan was approved and work was begun to redesign the 15<sup>th</sup> hole.

### **Awards and Acknowledgements**

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 of Arnold for its comprehensive annual financial report for the fiscal year ended August 31, 2007. This is the 19<sup>th</sup> consecutive year that the City has achieved 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 that 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.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Arnold's finances.

Respectfully submitted,



Matthew Unrein  
City Administrator



Deborah G. Lewis  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Arnold  
Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2007

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



*Chae S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL OFFICIALS**

---

Mark Powell Mayor

**Council**

Randy Crisler	Ward One
Matthew Hay	Ward One
William Moritz	Ward Two
Jerel Poor	Ward Two
Phillip Amato	Ward Three
Joyce Deckman	Ward Three
Alfred Ems	Ward Four
Butch Cooley	Ward Four

Diane Waller City Clerk

Paul Freese Treasurer

Todd Hamby Judge

Robert Sweeney City Attorney

Matthew Unrein City Administrator

Deborah Lewis Finance Director

Robert Shockey Chief of Police

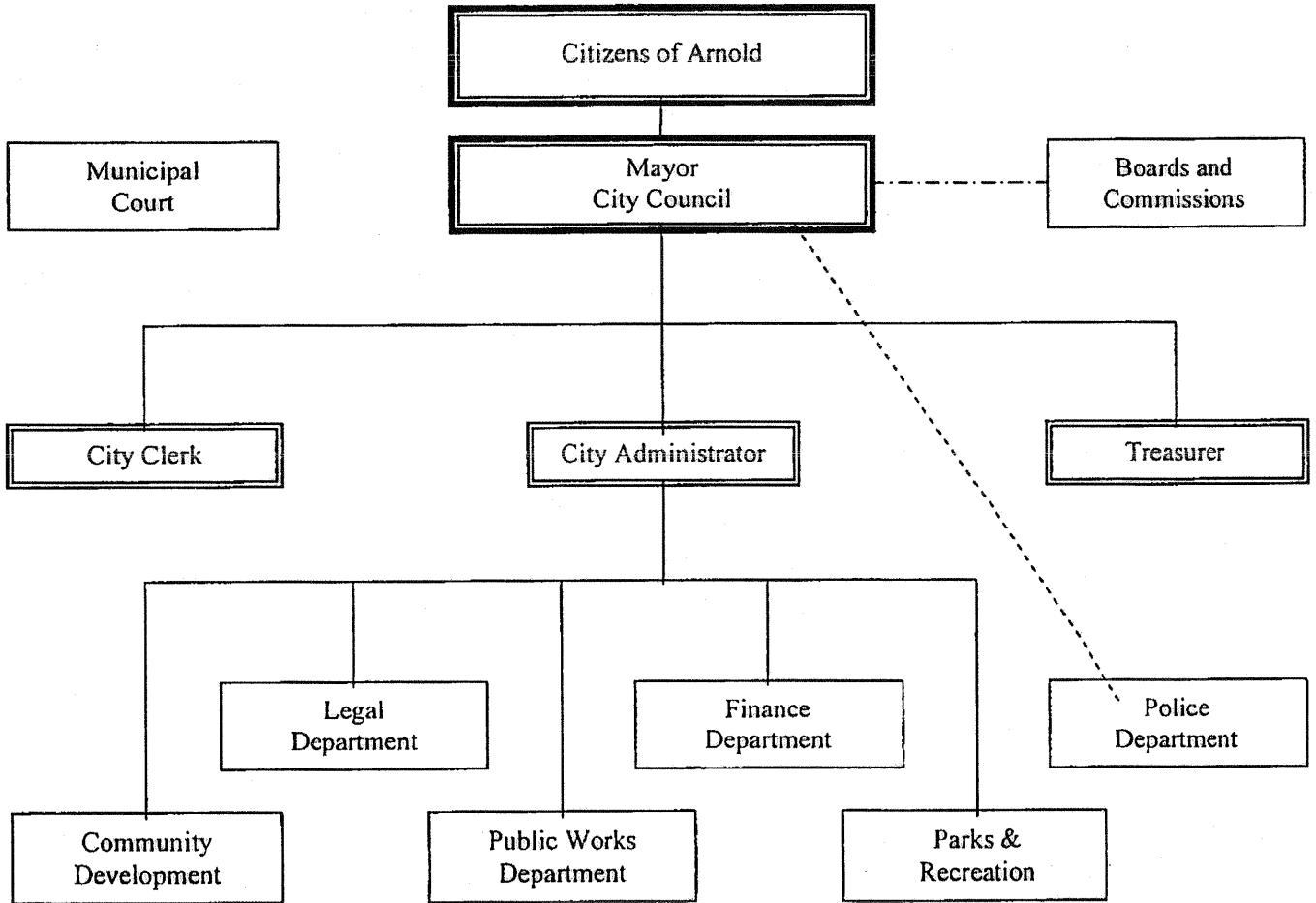
Mary Holden Community Development Director

Jeff Blue Public Works Director

Greg Hall Director of Administration

Susie Boone Parks and Recreation Director

# Organization Chart



Missouri law governing third class cities provides for direct supervision of the police chief by the Mayor.

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**FINANCIAL**



for the Fiscal Year ended  
**August 31, 2008**



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

## **INDEPENDENT AUDITORS' REPORT**

January 14, 2009

Honorable Mayor and City Council  
**CITY OF ARNOLD, MISSOURI**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF ARNOLD, MISSOURI** (the City) as of and for the year ended August 31, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of August 31, 2008, and the respective changes in financial position and cash flows, where applicable, 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 January 14, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

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

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reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

---

As management of the City of Arnold, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2008. Please read this narrative in conjunction with the letter of transmittal, the basic financial statements, and the accompanying notes to financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$66,552,795 (net assets). The City has a deficit unrestricted net assets totaling \$15,550,923 due to \$21,000,000 in TIF Notes outstanding at year-end for infrastructure assets not owned by the City.
- Governmental activities and business-type activities had net assets of \$50,045,771 and \$16,507,024, respectively, at fiscal year-end.
- The City's total net assets decreased by \$4,728,863 during the fiscal year, with the combined governmental activities decreasing by \$4,364,983 and the combined business-type activities decreasing by \$363,880.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,912,079, an increase of \$5,092,212 in comparison with the prior year.
- The City's total debt, including compensated absences, increased by \$31,031,408 during the current fiscal year to a total of \$83,258,464. The key factors in this increase were capital costs of \$16,721,443 for the purchase of capacity in the new Metropolitan Sewer District (MSD) Meramec waste water treatment plant, the issuance of \$9,585,000 in revenue bonds for capital projects including road projects and a tunnel connecting the City's sewer system to the new MSD treatment plant, and issuance of an additional \$4,445,699 in TIF Notes for the Arnold Commons Development.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

Table A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with broad information about the City's finances, similar to those used by private-sector companies. The two government-wide statements, **Statement of Net Assets** and **Statement of Activities**, report the City's net assets and how they have changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those activities that are normally associated with the operation of a government such as health and sanitation, highways and streets, public safety, and parks and recreation. Business-type activities are those activities of the government that are designed to be self-supporting.

The **Statement of Net Assets** presents information on all of the City's assets and liabilities, with the differences between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets, net of related debt.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

The **Statement of Activities** presents information on how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. Thus, revenues and expenses are purported in this statement for some items that will only result in cash flows in future fiscal periods. To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's property tax base or the condition of the City's roadway network.

The governmental activities of the City include general government, public safety (police, courts, justice services), highways and streets, health and sanitation, parks and recreation (including the Recreation Center) as well as interest and fiscal charges. The business-type activities include the golf course and the sewer and storm water system services provided by the City.

**Table A-1  
Major Features of City of Arnold's Government-wide  
and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: golf course, sewer system, and storm water system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City employees
Required financial statements	* Statement of net assets	* Balance sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures, and changes in fund balances	* Statement of revenues, expenses, and changes in net assets	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Fund financial statements.** A *fund* is an accounting device that the City uses to keep track of specific sources of funding and spending for particular purposes. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

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the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City adopts annual appropriated budgets for its General Fund, Recreation Center Fund, Tourism Fund, and Drug Forfeiture Fund. Budgetary comparison statements have been provided for each fund to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 16 through 19 of this report.

**Proprietary funds.** Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information, only with more detail. The City maintains three *Enterprise Funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses Enterprise Funds to account for its sewer and storm water utility systems and the Pomme Creek Golf Course. The City does not utilize the second type of proprietary fund, the *Internal Service Fund*. These funds are an accounting device used to accumulate and allocate costs internally among the entity's various functions and departments.

The basic proprietary funds financial statements can be found on pages 20 through 23 of this report.

**Fiduciary funds.** The City is the trustee, or *fiduciary*, for its police employees' pension plan. It is responsible for ensuring that the assets reported in this fund are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 26 through 53 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information* concerning budgetary presentations of budget to actual amounts. Required supplemental information can be found on pages 54 through 57 of this report. Other supplemental information found on pages 58 through 63 contains comparative governmental funds statements and combining and individual statements for the nonmajor governmental funds.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$66,552,795 at the close of the most recent fiscal year. (Table A-2)

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

At the end of the current fiscal year, the City had positive balances in three categories of net assets (invested in capital assets, net of related debt; restricted for capital improvements; and restricted for debt service); however, its unrestricted net assets had a deficit balance of \$15,550,923.

**Table A-2**  
**City of Arnold's Net Assets as of August 31, 2007 and 2008**  
*(In thousands of dollars)*

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Current and other assets	\$ 14,056	18,155	13,998	15,190	28,054	33,345
Capital assets	80,705	83,536	24,144	42,314	104,849	125,850
<b>Total assets</b>	<u>94,761</u>	<u>101,691</u>	<u>38,142</u>	<u>57,504</u>	<u>132,903</u>	<u>159,195</u>
Long-term debt outstanding	33,385	44,304	18,842	38,954	52,227	83,258
Other liabilities	6,965	7,341	2,429	2,043	9,394	9,384
<b>Total liabilities</b>	<u>40,350</u>	<u>51,645</u>	<u>21,271</u>	<u>40,997</u>	<u>61,621</u>	<u>92,642</u>
Net assets invested in capital assets, net of related debt	64,430	60,817	13,812	11,615	78,242	72,432
Restricted for capital improvements	-	322	-	-	-	322
Restricted for debt service	1,250	2,202	5,065	7,147	6,315	9,349
Unrestricted	<u>(11,269)</u>	<u>(13,295)</u>	<u>(2,006)</u>	<u>(2,255)</u>	<u>(13,275)</u>	<u>(15,550)</u>
<b>Total net assets</b>	<u>\$ 54,411</u>	<u>50,046</u>	<u>16,871</u>	<u>16,507</u>	<u>71,282</u>	<u>66,553</u>

The largest portion of the City's net assets, \$72,432,224 in 2008 (a decrease of approximately 7% from 2007), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$9,671,494 represents resources that are subject to external restrictions on how they may be used.

The remaining category of the City's net assets represents a deficit balance of *unrestricted net assets* totaling \$15,550,923 in 2008. This decrease of \$2,276,317 is the result of \$4,445,699 in tax incremental financing (TIF) notes issued in 2008. This brings TIF notes outstanding to \$21,000,000 for infrastructure assets not owned by the City. These TIF notes are limited obligations of the City and will be retired by the incremental increase in sales tax revenues generated within the TIF district.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**Table A-3  
Change in City of Arnold's Net Assets for the Years Ended August 31, 2007 and 2008  
(In thousands of dollars)**

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>		<i>Change</i>
	<i>Activities</i>		<i>Activities</i>				<i>2007-2008</i>
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 3,428	3,227	3,599	4,000	7,027	7,227	2.85 %
Operating grants	1,144	1,135	-	-	1,144	1,135	(0.79)
Capital grants	1,331	957	-	-	1,331	957	(28.10)
General revenues:							
Taxes	9,935	11,677	-	-	9,935	11,677	17.53
Investment income	364	290	586	555	950	845	(11.05)
Miscellaneous	1,799	2,092	-	-	1,799	2,092	16.29
<b>Total revenues</b>	<u>18,001</u>	<u>19,378</u>	<u>4,185</u>	<u>4,555</u>	<u>22,186</u>	<u>23,933</u>	7.87
<b>Expenses</b>							
General government	2,026	3,606	-	-	2,026	3,606	77.99
Public safety	5,163	5,038	-	-	5,163	5,038	(2.42)
Public works	3,648	1,545	-	-	3,648	1,545	(57.65)
Highways and streets	446	3,218	-	-	446	3,218	621.52
Parks and recreation	1,990	2,166	-	-	1,990	2,166	8.84
Health and sanitation	885	927	-	-	885	927	4.75
Economic development	16,554	4,446	-	-	16,554	4,446	(73.14)
Sewer system	-	-	2,140	4,037	2,140	4,037	88.64
Storm water system	-	-	127	256	127	256	101.57
Golf course	-	-	427	670	427	670	56.91
Interest on long-term debt	1,584	2,753	-	-	1,584	2,753	73.80
<b>Total expenses</b>	<u>32,296</u>	<u>23,699</u>	<u>2,694</u>	<u>4,963</u>	<u>34,990</u>	<u>28,662</u>	(18.09)
Excess (deficiency) before special items and transfers	(14,295)	(4,321)	1,491	(408)	(12,804)	(4,729)	63.07
Special items:							
Transfers	(145)	(44)	145	44	-	-	-
<b>Increase (decrease) in net assets</b>	(14,440)	(4,365)	1,636	(364)	(12,804)	(4,729)	63.07
Net assets - September 1	<u>68,851</u>	<u>54,411</u>	<u>15,235</u>	<u>16,871</u>	<u>84,086</u>	<u>71,282</u>	(15.23)
Net assets - August 31	<u>\$ 54,411</u>	<u>50,046</u>	<u>16,871</u>	<u>16,507</u>	<u>71,282</u>	<u>66,553</u>	(6.63) %

**Governmental activities.** Governmental activities decreased the City's net assets by \$4,364,983. Key elements of this net decrease are as follows:

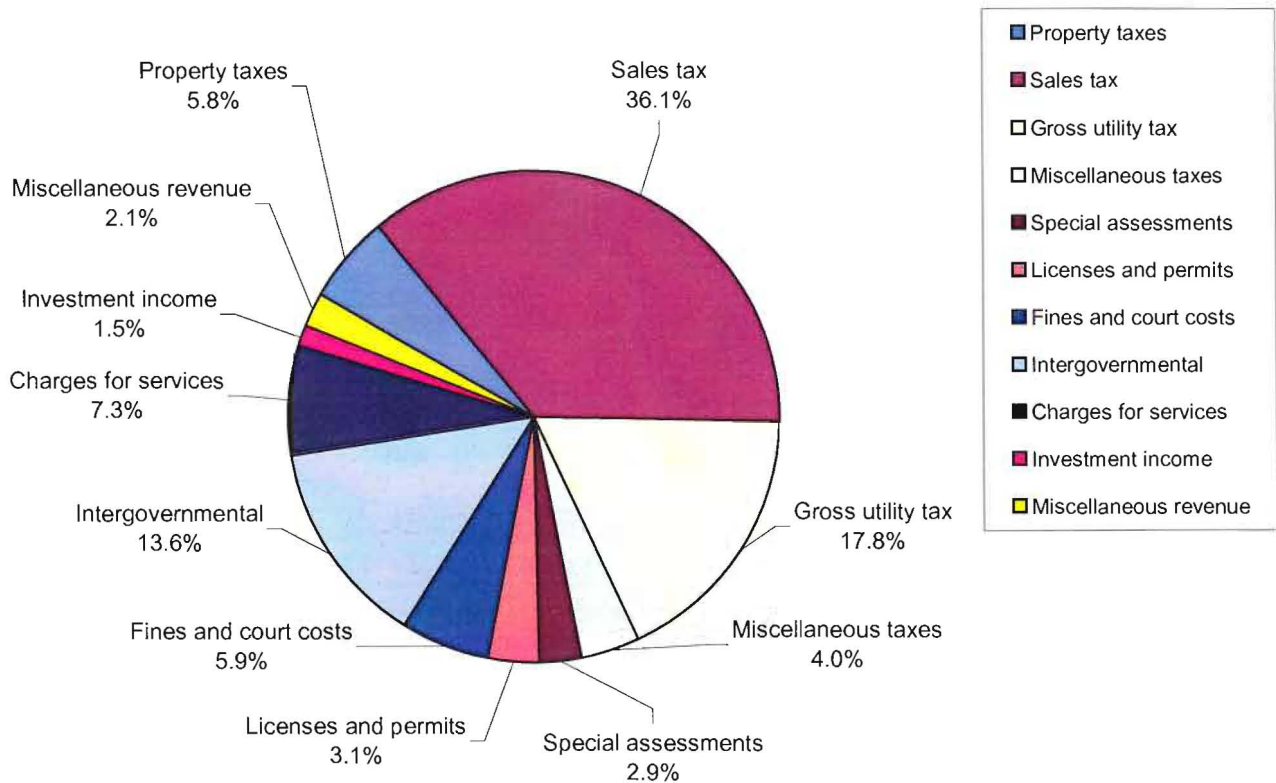
- Although there was no change in the property tax rate of \$0.4246 per \$100 of assessed valuation, 2008 property tax revenues increased by \$132,784, or 13%. \$92,312 of this amount is due to an increase in assessed valuations for the TIF redevelopment properties.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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- Gross receipts tax revenue increased 71% this year from \$2,046,144 in 2007 to \$3,498,852 in 2008 as a result of a statewide settlement with several large telephone companies providing mobile services.
- Charges for services revenue decreased \$201,033, or 5.9%. Of this amount, 71% or \$213,641 was due to a reduction of \$127,350 in construction related permits, plan approvals, and inspections and \$86,291 in municipal court fines and costs. The transfer of storm water activities to its own fund accounts for \$78,906 is the remaining variance.
- The combined public works and highway and streets departments grant funding decreased by \$344,143 as compared to prior year, requiring the City to use bond proceeds to complete several street improvement projects. Operating grants to parks and recreation dropped \$51,865.
- Interest on long-term debt increased \$1,168,559 mainly due to the TIF notes.
- Interest income decreased by \$73,567 or 20.2% during the current year. This decrease represents reduction in funds available for investment as they are utilized for completion of street improvements to Church, Missouri State, and Old Lemay Ferry Roads.
- As in 2007, the issuance of TIF notes in the amount of \$4,445,699 for the Arnold Commons development project is a significant change in activities for fiscal 2008. As previously stated, these notes are for infrastructure assets not owned by the City.

Figure A-1

**Sources of Revenue – Governmental Funds**



Miscellaneous revenue does not include unusual items such as loan and bond proceeds.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Figure A-2

**Expenditures by Functions – Governmental Funds**

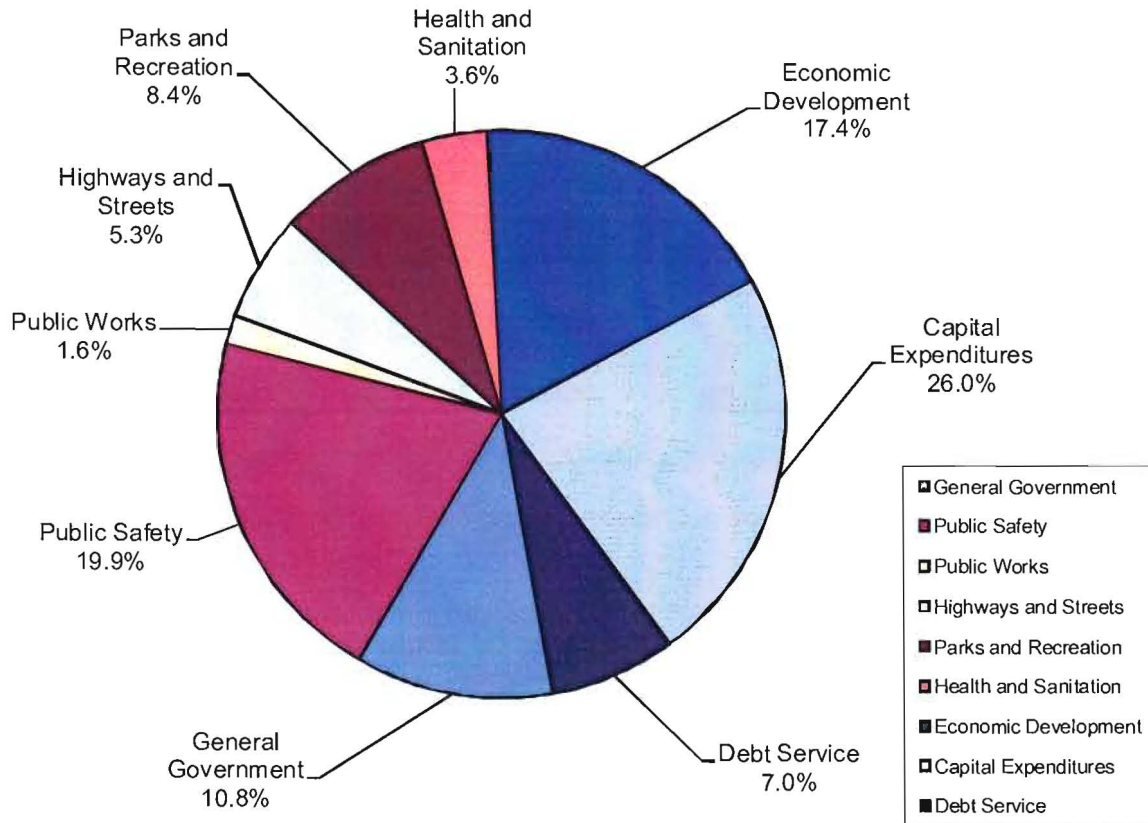


Table A-4 presents the cost of each of the City's six governmental functions – general government including economic development, public safety (police, courts, and justice services), public works, highways and streets, parks and recreation (parks and recreation center), and health and sanitation – as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

- The cost of all governmental activities this year was \$23,698,903.
- However, the amount that our taxpayers paid for these activities through City taxes was \$11.7 million. Some of the costs were paid by:
  - Those who directly benefited from the programs,
  - Issuance of debt in conjunction, or
  - Other governments and organizations that subsidized certain programs with grants and contributions.

**CITY OF ARNOLD, MISSOURI  
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**Table A-4  
Net Cost of City of Arnold's Governmental Activities  
(In thousands of dollars)**

	Total Cost Of Services		Change	Net Cost Of Services		Change
	2007	2008	2007-2008	2007	2008	2007-2008
General government	\$ 2,026	3,606	77.99 %	\$ 1,500	3,041	102.73 %
Public safety	5,163	5,038	(2.42)	3,416	3,497	2.37
Public works	3,648	1,545	(57.65)	3,443	960	(72.12)
Highways and streets	446	3,218	621.52	(1,696)	1,799	206.07
Parks and recreation	1,990	2,166	8.84	727	993	36.59
Health and sanitation	885	927	4.75	865	891	3.01
Economic development	16,554	4,446	(73.14)	16,554	4,446	(73.14)
Interest on long-term debt	1,584	2,753	73.80	1,584	2,753	73.80
<b>Total</b>	<b>\$ 32,296</b>	<b>23,699</b>	<b>(26.62) %</b>	<b>\$ 26,393</b>	<b>18,380</b>	<b>(30.36) %</b>

**Business-type activities.** Business-type activities decreased the City's net assets by \$363,880. Key elements of this decrease are as follows:

- Charges for sewer services increased by \$284,606 during the current year while the cost of services increased \$555,810, or 58%. Of this amount, 74%, or \$412,840 represents increased MSD treatment costs. Additional staff, use of contract sewer repairs services, and backup deductibles account for the additional growth in expenses.
- Investment income decreased by \$31,262, or 5% due to a reduction in investment account balances and revenue bond proceeds from the City's sewer revenue bond and leasehold revenue bond issues.
- Interest expense for the Sewer Fund increased 148%, or \$719,470. The City's commitment to purchase capacity in the new MSD wastewater treatment plant contributed to 92% of this increase or \$661,662. The balance is attributable to interest paid on the new MDFB Series 2007A bond issue.
- Storm Water Fund charges for services increased \$43,944, or 9% while cost of services increased \$110,816, or 122% due to the addition of staff and system repairs.
- Purchased in March 2007, the City's public golf course ended its first full year of operations with a loss of \$172,934. Flooding in the spring and early fall restricted access and put several holes out of commission. Charges for services revenue totaled \$473,022 through the fiscal year-end. Cost of services expenses of \$460,677 includes repairs made to damaged fairways and holes. Depreciation and debt service increased \$8,677, or 52% and \$93,566, or 103%, respectively, reflecting a full year of each.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the



**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's General Fund reported an ending fund balance of \$9,689,195, an increase of \$5,130,488 in comparison with the prior year. Of the unreserved fund balance, the City Council has designated 1) \$884,449 for the construction of sewer subdistricts, 2) \$160,517 for greenway beautification, 3) \$154,668 for economic development, and 4) \$9,066 for the pride in our City program. An additional \$2,584,017 is reserved to indicate that it is not available for spending because it has already been committed 1) \$576,366 for debt service, 2) \$1,460,356 to liquidate contracts and purchase orders of the prior period, and 3) \$547,295 for prepaid expenditures. Of the \$1,460,356 in encumbrances, \$0.75 million is related to the Arnold Commons project, while \$0.6 million is for sewer subdistrict work. The unreserved, undesignated fund balance remaining is a surplus of \$5,986,478.

The Recreation Center Fund completed its third full year of operations. This fund is strictly dedicated to recreation center revenues and expenses. Revenues are generated through a ¼ cent general sales tax and user fees. The Recreation Center Fund reported an ending fund balance of \$856,071. Of this balance, \$1,260,027 is reserved for bond escrow funds, \$9,707 is reserved for prepaid expenditures, and a deficit of \$413,663 is undesignated. This is a decrease from the prior year's fund balance of \$341,974, or 29%. Key factors to this change are an increase of \$194,047, or 14% in operating expenditures including pool management, \$84,333; program costs, \$64,196; and personnel costs, 39,515.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to (\$2,952,565), a decrease of \$541,654. Net assets restricted for debt service on SRF notes and MDFB bonds increased by \$2,088,648. The unrestricted net assets for the Storm Water Fund amounted to \$684,437, an increase of \$294,058 over prior year. The Golf Fund ended the year with an unrestricted net asset balance of \$12,849, down \$1,907 from prior year.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was a \$248,927 increase in appropriations between the original and final amended budget. The following are the main components of the increase:

- \$1,822,284 reduction in anticipated road projects expenditures due to the delay of the 141-Astra Way project
- \$1,985,584 reduction for estimate of net proceeds and interest on new MDFB Bonds
- \$40,986 increase in police and dispatch anticipated personnel expenditures
- \$32,827 increase in temporary staffing for finance

The final amended budget states that intergovernmental revenues were estimated to be \$833,663 for the fiscal year. Actual revenue of \$2,580,642 varied budget by 209.6%. Intergovernmental revenues represent amounts reimbursed through grants from other governmental entities for the current year's capital activities. The Arnold Commons project progressed faster than estimated resulting in a positive budget variance in intergovernmental revenues with a corresponding increase in actual expenditures for its capital outlays and the public works roads project budgets. It is estimated that the Arnold Commons road projects will be completed and the 141-Astra Way project begun in fiscal year 2009.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of August 31, 2008, amounted to \$125,850,645 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, and bridges. The increase in the City's investment in capital assets for the current fiscal

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

year was 20% (a 3.5% increase for governmental activities and a 75.3% increase for business-type activities). (Table A-5)

Major capital asset events during the current fiscal year included the following:

- Approximately \$5,306,688 was expended for road and street projects and the City accepted \$44,844 in infrastructure from developers.
- Various equipment totaling \$75,619 including a tar kettle, tandem axle trailer, snow plows and salt spreader, and hopper was purchased for use by the highway and streets departments.
- Two park pavilions were added totaling \$41,146.
- Recreation center pool UV unit installed for \$35,835.
- The City contributed sewer lines totaling \$44,500 to the Sewer Fund.
- Construction in progress was increased \$1,800,064 for the new connector tunnel while obsolete and abandoned City pump stations with asset value after depreciation totaling \$291,636 were deleted.
- Capital costs for capacity in the new MSD Wastewater Plant totaling \$17,383,605 added to Sewer Fund assets.
- \$5,200 was added to stormwater construction in progress for work on the Woodridge Estates.
- The golf course completed related land improvements of \$10,332.

For more detailed information about the City's capital assets, see note C in the notes to financial statements, pages 34 through 37.

**Table A-5  
City of Arnold's Capital Assets  
(Net of depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities		Capital Assets	
	2007	2008	2007	2008	2007	2008
Land	\$ 27,095,487	27,095,487	3,358,161	3,368,493	30,453,648	30,463,980
Buildings	15,984,035	15,477,748	89,699	87,943	16,073,734	15,565,691
Treatment plants	-	-	515,649	151,515	515,649	151,515
Machinery and equipment	572,406	490,064	547,434	555,054	1,119,840	1,045,118
Automotive equipment	653,840	349,320	-	-	653,840	349,320
Infrastructure	28,597,716	28,278,080	-	-	28,597,716	28,278,080
Intangibles	-	-	-	17,035,933	-	17,035,933
Sewer lines	-	-	11,549,342	11,226,311	11,549,342	11,226,311
Construction in progress	7,801,420	11,845,584	8,083,778	9,889,113	15,885,198	21,734,697
<b>Total</b>	<b>\$ 80,704,904</b>	<b>83,536,283</b>	<b>24,144,063</b>	<b>42,314,362</b>	<b>104,848,967</b>	<b>125,850,645</b>

**Long-term debt.** At year-end the City had \$82,673,220 in bonds and notes outstanding – an increase of 60% from last year – as shown in Table A-6. Governmental activity debt for fiscal year 2008 was composed of a new bond issue for \$7,110,000 to be used for completion of road projects. The City issued additional TIF notes for \$4,445,699, bringing the total to \$21 million for the Arnold Commons project. For business-type activities, as mentioned above, the City executed a note for \$16,721,443 to

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2008**

fund the purchase of capacity in the new MSD wastewater treatment plant and issued \$2,475,000 in bonds for sewer related projects.

For more detailed information about the City's long-term liabilities, see note D in the notes to financial statements, pages 37 through 44.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$33,081,629. The City currently has no general obligation debt outstanding.

**Table A-6  
City of Arnold's Outstanding Debt  
(In millions of dollars)**

	Governmental		Business-type		Total		Change
	Activities		Activities				
	2007	2008	2007	2008	2007	2008	2007-2008
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 32,829	43,719	18,842	38,954	51,671	82,673	60.00 %

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate, not seasonally adjusted, for Jefferson County for August 2008 was 6.7%, which is an increase from a rate of 5.2% a year ago. This matches to the state's average unemployment rate of 6.7% and is higher than the national average rate of 6.1%, all rates not seasonally adjusted.
- The Consumer Price Index indicates that inflation has increased 5.6% over the August 2007 rate for the midwest region. Inflationary trends for the midwest region compare favorably to both the northeast and south regions indices.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

The property tax rate set to support the 2009 fiscal year budget is \$0.4246 per \$100 of assessed value. The local sales tax rate is anticipated to remain at 1¼%, with 1% allocated for General Fund operations and ¼% allocated to the Recreation Center Fund.

A sewer rate study will be completed during the new fiscal year to determine rates that will provide funding sufficient to cover the capital costs and replacement of the aging system. It is anticipated the results will be implemented before mid-fiscal year. Storm water fees remain at \$3.00 per month per equivalent residential unit.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2101 Jeffco Blvd., Arnold, MO 63010.

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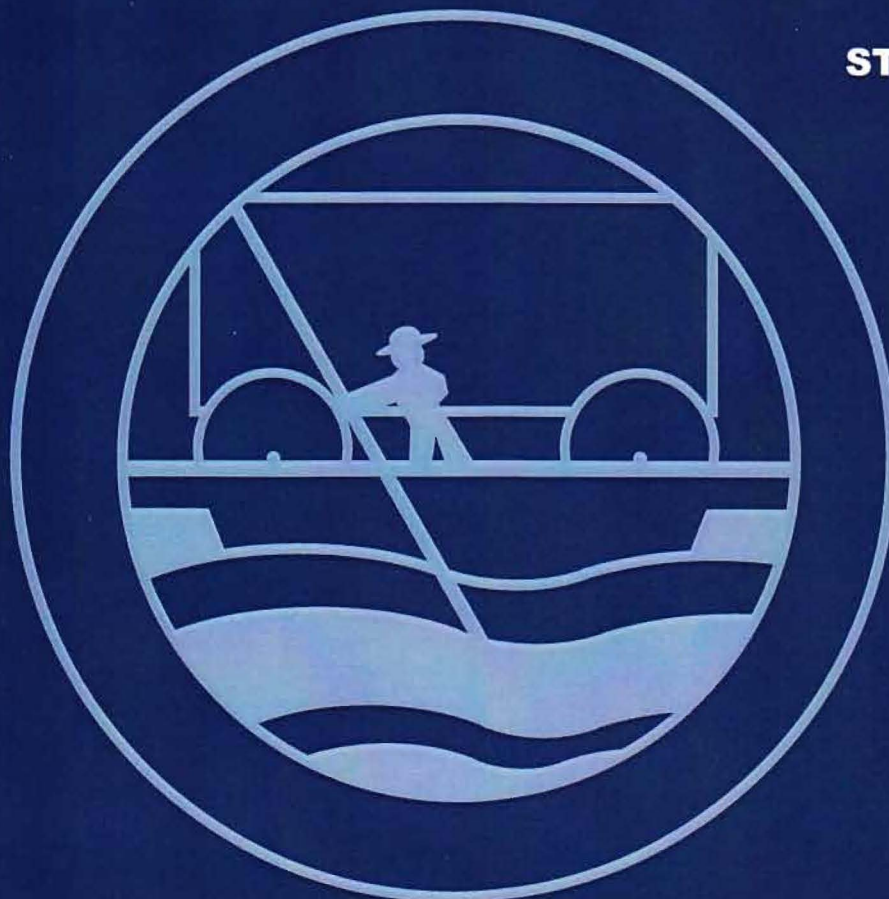
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for the Fiscal Year ended  
**August 31, 2008**

**CITY OF ARNOLD, MISSOURI**

**STATEMENT OF NET ASSETS**

**AUGUST 31, 2008**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,055,445	4,933,368	10,988,813
Receivables (net of allowances for uncollectibles):			
Taxes	3,064,520	-	3,064,520
Special assessments	1,574,099	-	1,574,099
Service fees	-	234,827	234,827
Intergovernmental	3,644,980	-	3,644,980
Miscellaneous	531,134	-	531,134
Internal balances	(999,729)	999,729	-
Prepaid items	623,998	69,102	693,100
Bond issue costs	547,592	322,570	870,162
Restricted assets:			
Cash and cash equivalents	1,352,727	8,630,413	9,983,140
Capital improvements sales tax receivable	322,474	-	322,474
Investments	1,259,318	-	1,259,318
Net pension asset	178,308	-	178,308
Capital assets:			
Land and construction in progress	38,941,071	13,257,606	52,198,677
Other capital assets, net of accumulated depreciation	44,595,212	29,056,756	73,651,968
Total Assets	<u>101,691,149</u>	<u>57,504,371</u>	<u>159,195,520</u>
<b>LIABILITIES</b>			
Accounts payable	3,299,207	1,505,948	4,805,155
Accrued liabilities	114,210	43,820	158,030
Accrued interest payable	2,773,245	88,449	2,861,694
Funds held for others	2,885	-	2,885
Unearned revenue	1,151,097	405,400	1,556,497
Noncurrent liabilities:			
Due within one year	963,562	783,905	1,747,467
Due in more than one year	43,341,172	38,169,825	81,510,997
Total Liabilities	<u>51,645,378</u>	<u>40,997,347</u>	<u>92,642,725</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	60,816,793	11,615,431	72,432,224
Restricted for capital improvements	322,474	-	322,474
Restricted for debt service	2,202,148	7,146,872	9,349,020
Unrestricted	(13,295,644)	(2,255,279)	(15,550,923)
Total Net Assets	<u>\$ 50,045,771</u>	<u>16,507,024</u>	<u>66,552,795</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

					Net Revenues (Expenses) And Changes In Net Assets		
	Program Revenues				Primary Government		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 3,606,327	560,900	4,248	-	(3,041,179)	-	(3,041,179)
Public safety	5,037,988	1,481,357	59,775	-	(3,496,856)	-	(3,496,856)
Public works	1,544,873	-	103,722	480,790	(960,361)	-	(960,361)
Highways and streets	3,217,725	-	942,344	475,965	(1,799,416)	-	(1,799,416)
Parks and recreation	2,166,365	1,148,889	23,788	-	(993,688)	-	(993,688)
Health and sanitation	927,232	35,505	912	-	(890,815)	-	(890,815)
Economic development	4,445,699	-	-	-	(4,445,699)	-	(4,445,699)
Interest on long-term debt	2,752,694	-	-	-	(2,752,694)	-	(2,752,694)
Total Governmental Activities	<u>23,698,903</u>	<u>3,226,651</u>	<u>1,134,789</u>	<u>956,755</u>	<u>(18,380,708)</u>	<u>-</u>	<u>(18,380,708)</u>
<b>Business-type Activities</b>							
Sewer system	4,036,658	2,969,723	-	-	-	(1,066,935)	(1,066,935)
Storm water	256,127	557,094	-	-	-	300,967	300,967
Golf	670,153	473,022	-	-	-	(197,131)	(197,131)
Total Business-type Activities	<u>4,962,938</u>	<u>3,999,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(963,099)</u>	<u>(963,099)</u>
Total Primary Government	<u>\$ 28,661,841</u>	<u>7,226,490</u>	<u>1,134,789</u>	<u>956,755</u>	<u>(18,380,708)</u>	<u>(963,099)</u>	<u>(19,343,807)</u>
<b>General Revenues</b>							
<b>Taxes:</b>							
Property					1,125,304	-	1,125,304
Sales					7,018,675	-	7,018,675
Gross receipts					3,498,852	-	3,498,852
Miscellaneous					34,224	-	34,224
Investment income					290,449	554,719	845,168
Gain on sale of assets					800	-	800
Miscellaneous					2,091,921	-	2,091,921
<b>Transfers</b>					(44,500)	44,500	-
Total General Revenues And Transfers					<u>14,015,725</u>	<u>599,219</u>	<u>14,614,944</u>
<b>CHANGES IN NET ASSETS</b>					(4,364,983)	(363,880)	(4,728,863)
NET ASSETS, SEPTEMBER 1					<u>54,410,754</u>	<u>16,870,904</u>	<u>71,281,658</u>
NET ASSETS, AUGUST 31					<u>\$ 50,045,771</u>	<u>16,507,024</u>	<u>66,552,795</u>

**CITY OF ARNOLD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2008**

	<b>General</b>	<b>Recreation Center</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,792,259	208,856	54,330	6,055,445
Receivables (net of allowances for uncollectibles):				
Taxes	2,664,067	221,745	178,708	3,064,520
Special assessments	1,574,099	-	-	1,574,099
Intergovernmental	3,644,980	-	-	3,644,980
Court	52,917	-	-	52,917
Miscellaneous	438,172	40,045	-	478,217
Due from other funds	473,675	-	-	473,675
Prepaid items	547,295	9,707	66,996	623,998
Restricted assets:				
Cash and cash equivalents	1,146,789	709	205,229	1,352,727
Capital improvements sales tax receivable	322,474	-	-	322,474
Investments	-	1,259,318	-	1,259,318
Total Assets	\$ 16,656,727	1,740,380	505,263	18,902,370
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,061,950	166,738	70,519	3,299,207
Accrued liabilities	108,544	5,220	446	114,210
Due to other funds	564,177	410,618	-	974,795
Deferred revenue	2,734,252	301,733	64,600	3,100,585
Funds held for others	-	-	2,885	2,885
Advance to other funds	498,609	-	-	498,609
Total Liabilities	6,967,532	884,309	138,450	7,990,291
 <b>Fund Balances</b>				
Reserved for:				
Debt service	576,366	1,260,027	365,755	2,202,148
Encumbrances	1,460,356	-	-	1,460,356
Prepaid items	547,295	9,707	66,996	623,998
Unreserved:				
Designated for sewer subdistrict projects	884,449	-	-	884,449
Designated for greenway beautification	160,517	-	-	160,517
Designated for economic development	154,668	-	-	154,668
Designated for pride in our City	9,066	-	-	9,066
Undesignated - General Fund	5,896,478	-	-	5,896,478
Undesignated - Special Revenue Fund	-	(413,663)	(65,938)	(479,601)
Total Fund Balances	9,689,195	856,071	366,813	10,912,079
Total Liabilities And Fund Balances	\$ 16,656,727	1,740,380	505,263	18,902,370



**CITY OF ARNOLD, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET ASSETS**  
**AUGUST 31, 2008**

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Total Fund Balances - Governmental Funds	\$ 10,912,079
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$117,557,027 and the accumulated depreciation is \$34,020,744.	83,536,283
Net pension assets are not financial resources and, therefore, are not reported in the governmental funds.	178,308
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	1,949,488
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 interest payable	(2,773,245)
Accrued compensated absences	(585,244)
Capital lease obligations payable outstanding	(455,622)
Leasehold revenue bonds outstanding	(14,790,000)
Revenue bonds outstanding	(7,110,000)
Tax increment revenue notes outstanding	(21,000,000)
Unamortized bond premium	(396,907)
Unamortized bond discount	33,039
Unamortized bond issuance cost	547,592
Total Net Assets Of Governmental Activities	<u><u>\$ 50,045,771</u></u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>General</u>	<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 10,536,499	1,081,113	592,006	12,209,618
Special assessments	551,076	-	-	551,076
Licenses and permits	590,067	-	-	590,067
Fines and court costs	1,122,605	-	-	1,122,605
Intergovernmental	2,580,642	-	12,234	2,592,876
Charges for services	144,822	1,071,794	178,961	1,395,577
Investment income	215,243	74,851	355	290,449
Miscellaneous	410,489	7,773	2,982	421,244
Total Revenues	<u>16,151,443</u>	<u>2,235,531</u>	<u>786,538</u>	<u>19,173,512</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,391,343	-	382,683	2,774,026
Public safety	5,081,797	-	5,818	5,087,615
Public works	414,040	-	-	414,040
Highways and streets	1,363,420	-	-	1,363,420
Parks and recreation	569,869	1,579,237	-	2,149,106
Health and sanitation	923,881	-	-	923,881
Economic development	4,445,699	-	-	4,445,699
Capital outlay	6,627,098	35,835	-	6,662,933
Debt service:				
Principal	307,946	305,000	-	612,946
Interest	193,187	657,433	74,339	924,959
Bond issuance costs	244,699	-	-	244,699
Total Expenditures	<u>22,562,979</u>	<u>2,577,505</u>	<u>462,840</u>	<u>25,603,324</u>
<b>REVENUES (OVER) UNDER EXPENDITURES</b>	<u>(6,411,536)</u>	<u>(341,974)</u>	<u>323,698</u>	<u>(6,429,812)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	11,555,699	-	-	11,555,699
Bond discount	(34,475)	-	-	(34,475)
Sale of capital assets	800	-	-	800
Transfers in	20,000	-	-	20,000
Transfers out	-	-	(20,000)	(20,000)
Total Other Financing Sources (Uses)	<u>11,542,024</u>	<u>-</u>	<u>(20,000)</u>	<u>11,522,024</u>
<b>NET CHANGE IN FUND BALANCES</b>	5,130,488	(341,974)	303,698	5,092,212
FUND BALANCES, SEPTEMBER 1	<u>4,558,707</u>	<u>1,198,045</u>	<u>63,115</u>	<u>5,819,867</u>
<b>FUND BALANCES, AUGUST 31</b>	<u>\$ 9,689,195</u>	<u>856,071</u>	<u>366,813</u>	<u>10,912,079</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

Net Change In Fund Balances - Governmental Funds		\$ 5,092,212
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$5,471,702) exceeded depreciation (\$2,685,167) in the current period.		2,786,535
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		44,844
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		198,246
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, the governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued:		
Revenue bonds payable	(7,110,000)	
Issuance costs	244,699	
Discount	34,475	
Tax increment revenue notes	(4,445,699)	
Repayments:		
Capital lease obligations payable	307,946	
Leasehold revenue bonds	305,000	
Amortization	(7,442)	
Net Adjustment		(10,671,021)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Accrued interest on bonds	(1,820,293)	
Net pension asset	33,862	
Accrued compensated absences	(29,368)	(1,815,799)
Change In Net Assets Of Governmental Activities		\$ (4,364,983)

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**AUGUST 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4,191,668	741,700	-	4,933,368
Service fees (net of allowances for uncollectibles)	197,416	37,411	-	234,827
Due from other funds	564,177	-	-	564,177
Prepaid items	62,075	1,664	5,363	69,102
Total Current Assets	<u>5,015,336</u>	<u>780,775</u>	<u>5,363</u>	<u>5,801,474</u>
<b>Noncurrent Assets</b>				
Capital assets:				
Land and construction in progress	10,014,531	20,700	3,222,375	13,257,606
Other capital assets, net of accumulated depreciation	28,827,427	81,312	148,017	29,056,756
Total Capital Assets	<u>38,841,958</u>	<u>102,012</u>	<u>3,370,392</u>	<u>42,314,362</u>
Restricted bond cash, cash equivalents, and investments	7,823,734	118,870	687,809	8,630,413
Advance from other funds	498,609	-	-	498,609
Bond issue costs	215,287	-	107,283	322,570
Total Noncurrent Assets	<u>47,379,588</u>	<u>220,882</u>	<u>4,165,484</u>	<u>51,765,954</u>
Total Assets	<u>52,394,924</u>	<u>1,001,657</u>	<u>4,170,847</u>	<u>57,567,428</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	1,483,952	4,863	17,133	1,505,948
Accrued liabilities	21,768	16,343	5,709	43,820
Due to other funds	-	28,227	34,830	63,057
Accrued interest payable	43,166	-	45,283	88,449
Unearned revenues	239,625	165,775	-	405,400
Revenue bonds payable - current	456,335	-	-	456,335
Capital lease payable - current	-	32,171	-	32,171
Notes payable - current	295,399	-	-	295,399
Total Current Liabilities	<u>2,540,245</u>	<u>247,379</u>	<u>102,955</u>	<u>2,890,579</u>
<b>Noncurrent Liabilities</b>				
Revenue bonds payable	11,387,229	-	4,250,185	15,637,414
Capital lease payable	-	47,432	-	47,432
Notes payable	22,484,979	-	-	22,484,979
Total Noncurrent Liabilities	<u>33,872,208</u>	<u>47,432</u>	<u>4,250,185</u>	<u>38,169,825</u>
Total Liabilities	<u>36,412,453</u>	<u>294,811</u>	<u>4,353,140</u>	<u>41,060,404</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	12,114,133	22,409	(521,111)	11,615,431
Restricted for debt service	6,820,903	-	325,969	7,146,872
Unrestricted	(2,952,565)	684,437	12,849	(2,255,279)
Total Net Assets	<u>\$ 15,982,471</u>	<u>706,846</u>	<u>(182,293)</u>	<u>16,507,024</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,969,723	557,094	473,022	3,999,839
<b>OPERATING EXPENSES</b>				
Cost of services	1,508,996	201,877	460,677	2,171,550
Administration	138,081	36,000	-	174,081
Depreciation and amortization	893,094	16,424	25,345	934,863
Total Operating Expenses	<u>2,540,171</u>	<u>254,301</u>	<u>486,022</u>	<u>3,280,494</u>
<b>OPERATING INCOME (LOSS)</b>	<u>429,552</u>	<u>302,793</u>	<u>(13,000)</u>	<u>719,345</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	530,522	-	24,197	554,719
Interest expense	(1,205,351)	(1,826)	(184,131)	(1,391,308)
Loss on sale of capital assets	(291,136)	-	-	(291,136)
Total Nonoperating Revenues (Expenses)	<u>(965,965)</u>	<u>(1,826)</u>	<u>(159,934)</u>	<u>(1,127,725)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	(536,413)	300,967	(172,934)	(408,380)
<b>CAPITAL CONTRIBUTIONS - SEWER LINES FROM GENERAL GOVERNMENT</b>	<u>44,500</u>	<u>-</u>	<u>-</u>	<u>44,500</u>
<b>CHANGE IN NET ASSETS</b>	(491,913)	300,967	(172,934)	(363,880)
<b>NET ASSETS (DEFICIT), SEPTEMBER 1</b>	<u>16,474,384</u>	<u>405,879</u>	<u>(9,359)</u>	<u>16,870,904</u>
<b>NET ASSETS (DEFICIT), AUGUST 31</b>	<u>\$ 15,982,471</u>	<u>706,846</u>	<u>(182,293)</u>	<u>16,507,024</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 2,962,108	557,484	473,022	3,992,614
Payments to suppliers	(2,018,458)	(201,607)	(482,362)	(2,702,427)
Payments to employees	(134,123)	(31,659)	-	(165,782)
Net Cash Provided By (Used In) Operating Activities	<u>809,527</u>	<u>324,218</u>	<u>(9,340)</u>	<u>1,124,405</u>
<b>Cash flows provided by (used in) noncapital financing activities:</b>				
Due from (to) other funds	(626,586)	4,824	34,830	(586,932)
<b>Cash flows from capital and related financing activities:</b>				
Purchase of equipment	(2,462,295)	(5,190)	(45,865)	(2,513,350)
Purchase of land	-	-	(10,332)	(10,332)
Proceeds from sale of capital assets	500	-	-	500
Principal payments on notes payable	(552,325)	-	-	(552,325)
Principal payments on bonds	(483,000)	-	-	(483,000)
Principal payments on capital lease	-	(18,143)	-	(18,143)
Proceeds from bonds	2,389,487	-	-	2,389,487
Proceeds from notes payable	1,879,005	-	-	1,879,005
Interest expense	(1,163,634)	(1,826)	(184,131)	(1,349,591)
Net Cash Used In Capital And Related Financing Activities	<u>(392,262)</u>	<u>(25,159)</u>	<u>(240,328)</u>	<u>(657,749)</u>
<b>Cash flows from investing activities:</b>				
Investment income	530,522	-	24,197	554,719
Proceeds from sale of investments	7,808,635	-	779,247	8,587,882
Purchase of investments	(7,823,734)	-	(687,809)	(8,511,543)
Net Cash Provided By Investing Activities	<u>515,423</u>	<u>-</u>	<u>115,635</u>	<u>631,058</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>306,102</b>	<b>303,883</b>	<b>(99,203)</b>	<b>510,782</b>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1</b> (including \$115,676 for the Storm Water Fund reported in restricted accounts)	<u>3,885,566</u>	<u>556,687</u>	<u>99,203</u>	<u>4,541,456</u>
<b>CASH AND CASH EQUIVALENTS, AUGUST 31</b> (including \$118,870 for the Storm Water Fund reported in restricted accounts)	<u>\$ 4,191,668</u>	<u>860,570</u>	<u>-</u>	<u>5,052,238</u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer</u>	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 429,552	302,793	(13,000)	719,345
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	893,094	16,424	25,345	934,863
(Increase) decrease in:				
Receivables	(30,136)	(6,401)	-	(36,537)
Prepaid items	(60,411)	-	(5,363)	(65,774)
Increase (decrease) in:				
Accounts payable	(449,051)	270	(19,860)	(468,641)
Accrued liabilities	3,958	4,341	3,538	11,837
Unearned revenues	22,521	6,791	-	29,312
Total Adjustments	<u>379,975</u>	<u>21,425</u>	<u>3,660</u>	<u>405,060</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 809,527</u>	<u>324,218</u>	<u>(9,340)</u>	<u>1,124,405</u>
 Noncash operating, financing, and investing activities:				
Contributions of capital assets from government	<u>\$ 44,500</u>	<u>-</u>	<u>-</u>	<u>44,500</u>
 Proceeds from capital lease	\$ -	97,746	-	97,746
Proceeds from notes payable	16,721,443	-	-	16,721,443
Purchase of equipment	<u>(16,721,443)</u>	<u>(97,746)</u>	<u>-</u>	<u>(16,819,189)</u>
Net Cash Received	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Par value of debt issued	\$ 2,475,000	-	-	2,475,000
Cost of issuance	<u>(85,513)</u>	<u>-</u>	<u>-</u>	<u>(85,513)</u>
Net Cash Received	<u>\$ 2,389,487</u>	<u>-</u>	<u>-</u>	<u>2,389,487</u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS -**  
**PENSION TRUST FUND**  
**AUGUST 31, 2008**

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**ASSETS**

Mutual funds

\$ 5,536,488

**NET ASSETS**

Held in trust for pension benefits

\$ 5,536,488



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

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**ADDITIONS**

Contributions:

Employer contributions	\$ 421,152
Employee contributions	178,989
Total Contributions	<u>600,141</u>

Investment income:

Net depreciation in fair value of investments, interest, and dividends	(75,745)
Less - Investment expense	<u>(10,163)</u>
Net Investment Income	<u>(85,908)</u>
Total Additions	514,233

**DEDUCTIONS**

Retirement benefits	<u>486,214</u>
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**CHANGE IN NET ASSETS**

28,019

NET ASSETS HELD IN TRUST FOR PENSION  
BENEFITS, SEPTEMBER 1

5,508,469

**NET ASSETS HELD IN TRUST FOR PENSION**  
**BENEFITS, AUGUST 31**

\$ 5,536,488

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

The financial statements of the City present the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

**2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

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

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, claims, and judgments, are recorded only when payment is due (i.e., matured).

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fixed period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

**Recreation Center Fund** -- This fund is used exclusively for the revenues of and expense from the operations of the recreation center. The fund includes the  $\frac{1}{4}\%$  parks and recreation center sales tax which is deposited into this fund and used for bi-annual bond payments.

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.

The City reports the following major proprietary funds:

**Sewer Fund** -- This fund is used to account for operations of the City's sewer department.

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

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Storm Water Fund** -- This fund is used to account for operations of the City's storm water department.

**Golf Fund** -- This fund is used to account for operations of the City's golf course.

Additionally, the City reports the following fund type:

**Pension Trust Fund** -- This fund is used to account for assets held in a trustee capacity for the City's eligible employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contribution; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds are charges for services. Operating expenses for the Enterprise Funds include the cost of services, administration expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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

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

**4. Cash, Cash Equivalents, and Investments**

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. 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 stated at fair value.

**5. Deposit Administration Contracts**

Deposit administration contracts are pooled funds maintained by Metropolitan Life Insurance Company and are carried at contract value. Contract value consist of contributions made under the contract plus investment income, less funds used to pay benefits, and investment expenses.

**6. Allowance for Doubtful Accounts**

The allowance for uncollectible receivables is as follows:

	<u>August 31</u> <u>2008</u>
General Fund	\$18,448
Enterprise Fund	<u>7,055</u>
	<u>\$25,503</u>

**7. Due To/From Other Funds**

Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered "available spendable resources" and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances".

**8. 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.

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

**9. Restricted Assets**

Certain funds in the sewer system are classified as restricted assets on the balance sheet because their use is limited by the sewer system revenue bond ordinances. The bond account is used only for the payment of principal and interest on the revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the sewer system. The bond reserve account is to be used only to pay bonds at maturity or interest as it accrues when and to the extent other funds are not available for this purpose.

Certain storm water monies are classified as restricted assets on the balance sheet because their use is limited by grant agreements.

Certain Golf Fund monies are classified as restricted on the balance sheet for the payment of construction projects and bond reserve because their use is limited by applicable bond covenants.

Certain General Fund monies are classified as restricted assets on the balance sheet because their use is limited by covenants of the capital lease agreement and the revenue bond agreement. The reserve accounts are to be used solely for the purpose of making payments on the applicable due dates when and to the extent other funds are not available for this purpose. The payment accounts are used only for the payment of the principal and interest on the obligations.

Certain capital improvement sales tax receivables are classified as restricted assets on the balance sheet because their use and availability is limited by the sales tax agreement with Jefferson County. The funds are to be used for capital improvements to publicly maintained roads and become available upon the City's request for reimbursement of expenditures on approved projects.

**10. Capital Assets**

Capital assets, which include property, equipment, intangibles, 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 \$5,000 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. Intangible assets include the right to use other governmental entity's operating facilities. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

**10. Capital Assets (Continued)**

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

Assets	Years
Buildings, treatment plants, and other improvements	10 - 30
Automotive equipment	3 - 5
Machinery and equipment	3 - 15
Sewer lines	50
Infrastructure	30
Intangibles	50

**11. Compensated Absences**

City employees generally earn vacation at the rate of 0.83 working days per month or 10 days per year. Regular full-time employees having completed 6 years of service earned vacation leave at the rate of 1.25 days per month or 15 days per year. Regular full-time employees having completed 15 years of service earned vacation leave at the rate of 1.67 working days per month or 20 days per year. Regular full-time employees who are separated from service are compensated for vacation accrued up to the date of separation. Comp time accrued is also paid upon the date of separation. Sick leave vests after 10 years of service at a rate of \$50 per day and is payable to the employee upon termination. All vacation pay, sick leave, and comp time is accrued when incurred in the government-wide and proprietary fund financial statements.

**12. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

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

**13. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for subsequent year appropriations or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**14. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund types. Since appropriations lapse at year-end, the subsequent fiscal year's budget specifically provides for reappropriation of outstanding encumbrances to honor the prior commitments. Encumbrances do not constitute current year expenditures or liabilities.

**15. Deferred Revenues**

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both the revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**16. Use of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

**17. Reclassifications**

Certain reclassifications have been made to the August 31, 2007 amounts in order to conform to the presentation of the August 31, 2008 financial statements.



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

**NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**1. Deposits**

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of August 31, 2008, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

**2. Investments**

As of August 31, 2008, the City had the following investments:

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>	<u>Credit Risk</u>
<b>Primary Government</b>							
Repurchase agreement	\$ 5,026,000	-	5,026,000	-	-	-	AAA
Guaranteed investment contract	6,620,269	-	182,087	-	564,100	5,874,082	Not rated
Government securities:							
Federal Home Loan Mortgage Corporation	1,259,318	-	1,259,318	-	-	-	AAA
Money market funds	<u>3,056,400</u>	<u>3,056,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Not rated
Total Primary Government	15,961,987	3,056,400	6,467,405	-	564,100	5,874,082	
<b>Fiduciary Fund</b>							
Mutual funds	<u>5,536,488</u>	<u>5,536,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A
<b>Grand Total</b>							
Investments	<u>\$21,498,475</u>	<u>8,592,888</u>	<u>6,467,405</u>	<u>-</u>	<u>564,100</u>	<u>5,874,082</u>	

**Investments Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the City minimizes credit risk by diversifying the portfolio to reduce potential losses on individual securities.

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

**2. Investments (Continued)**

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

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. In accordance with its investment policy, the City minimizes concentration of credit risk by diversifying the investment portfolio.

**Custodial Credit Risk**

For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be fully able to recover collateral securities in the possession of an outside party. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by diversifying the investment portfolio.

**NOTE C - CAPITAL ASSETS**

The City has reported all capital assets including infrastructure in the government-wide statement of net assets.

Capital asset activity was as follows:

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

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

	<b>For The Year Ended August 31, 2008</b>			
	<b>Balance August 31 2007</b>	<b>Additions</b>	<b>Deletions And Transfers</b>	<b>Balance August 31 2008</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$27,095,487	-	-	27,095,487
Construction in progress	<u>7,801,420</u>	<u>5,240,123</u>	<u>1,195,959</u>	<u>11,845,584</u>
Total Capital Assets Not Being Depreciated	<u>34,896,907</u>	<u>5,240,123</u>	<u>1,195,959</u>	<u>38,941,071</u>
Capital assets being depreciated:				
Buildings and other improvements	18,618,328	88,981	-	18,707,309
Automotive equipment	1,838,324	-	56,407	1,781,917
Machinery and equipment	1,969,343	76,033	-	2,045,376
Infrastructure	<u>54,773,986</u>	<u>1,307,368</u>	<u>-</u>	<u>56,081,354</u>
Total Capital Assets Being Depreciated	<u>77,199,981</u>	<u>1,472,382</u>	<u>56,407</u>	<u>78,615,956</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	2,634,293	595,268	-	3,229,561
Automotive equipment	1,184,484	304,520	56,407	1,432,597
Machinery and equipment	1,396,937	158,375	-	1,555,312
Infrastructure	<u>26,176,270</u>	<u>1,627,004</u>	<u>-</u>	<u>27,803,274</u>
Total Accumulated Depreciation	<u>31,391,984</u>	<u>2,685,167</u>	<u>56,407</u>	<u>34,020,744</u>
Total Capital Assets Being Depreciated, Net	<u>45,807,997</u>	<u>(1,212,785)</u>	<u>-</u>	<u>44,595,212</u>
 Governmental Activities Capital Assets, Net	 <u>\$80,704,904</u>	 <u>4,027,338</u>	 <u>1,195,959</u>	 <u>83,536,283</u>

Beginning capital assets were increased by \$488,373 for construction in progress.

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

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

	<b>For The Year Ended August 31, 2008</b>			
	<b>Balance August 31 2007</b>	<b>Additions</b>	<b>Deletions And Transfers</b>	<b>Balance August 31 2008</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,358,161	10,332	-	3,368,493
Construction in progress	<u>8,083,778</u>	<u>1,805,335</u>	-	<u>9,889,113</u>
Total Capital Assets Not Being Depreciated	<u>11,441,939</u>	<u>1,815,667</u>	-	<u>13,257,606</u>
Capital assets being depreciated:				
Buildings	104,096	2,747	-	106,843
Treatment plants	2,391,575	-	1,911,959	479,616
Machinery and equipment	1,344,337	140,855	500	1,484,692
Intangibles	-	17,383,605	-	17,383,605
Sewer lines	<u>18,332,044</u>	<u>44,500</u>	-	<u>18,376,544</u>
Total Capital Assets Being Depreciated	<u>22,172,052</u>	<u>17,571,707</u>	<u>1,912,459</u>	<u>37,831,300</u>
Less - Accumulated depreciation for:				
Buildings	14,397	4,503	-	18,900
Treatment plants	1,875,926	72,498	1,620,323	328,101
Machinery and equipment	796,903	133,235	500	929,638
Intangibles	-	347,672	-	347,672
Sewer lines	<u>6,782,702</u>	<u>367,531</u>	-	<u>7,150,233</u>
Total Accumulated Depreciation	<u>9,469,928</u>	<u>925,439</u>	<u>1,620,823</u>	<u>8,774,544</u>
Total Capital Assets Being Depreciated, Net	<u>12,702,124</u>	<u>16,646,268</u>	<u>291,636</u>	<u>29,056,756</u>
Business-type Activities Capital Assets, Net	<u>\$24,144,063</u>	<u>18,461,935</u>	<u>291,636</u>	<u>42,314,362</u>

Beginning capital assets were increased by \$77,238 for treatment plants.

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

	<b>For The Year Ended August 31 2008</b>
<b>Governmental Activities</b>	
General government	\$ 621,139
Public safety	280,479
Public works	44,314
Highways and streets	1,687,912
Parks and recreation	48,266
Health and sanitation	<u>3,057</u>
Total Depreciation Expense - Governmental Activities	<u>\$2,685,167</u>

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

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

	<b>For The Year Ended August 31 <u>2008</u></b>
<b>Business-type Activities</b>	
Sewer	\$891,621
Storm water	16,424
Golf	<u>17,394</u>
Total Depreciation Expense - Business-type Activities	<u>\$925,439</u>

**NOTE D - LONG-TERM DEBT**

**Changes in Long-term Liabilities**

Long-term liability activity was as follows:

	<b>For The Year Ended August 31, 2008</b>			<b>Balance August 31 2008</b>	<b>Amounts Due Within One Year</b>
	<b>Balance August 31 2007</b>	<b>Additions</b>	<b>Reductions</b>		
	<b>Governmental Activities</b>				
Leasehold revenue bonds	\$15,095,000	-	305,000	14,790,000	335,000
Plus - Premium	416,752	-	19,845	396,907	-
Revenue bonds payable	-	7,110,000	-	7,110,000	218,831
Less - Discounts	-	(34,475)	(1,436)	(33,039)	-
Tax increment revenue notes	16,554,301	4,445,699	-	21,000,000	-
Capital lease obligations	763,568	-	307,946	455,622	265,401
Compensated absences	<u>555,876</u>	<u>282,444</u>	<u>253,076</u>	<u>585,244</u>	<u>144,330</u>
Total Governmen- tal Activities	<u>\$33,385,497</u>	<u>11,803,668</u>	<u>884,431</u>	<u>44,304,734</u>	<u>963,562</u>
<b>Business-type Activities</b>					
Revenue bonds payable	\$13,949,166	2,475,000	483,000	15,941,166	456,335
Less - Discounts	(53,280)	-	(3,980)	(49,300)	-
Plus - Premiums	213,418	-	11,535	201,883	-
Capital lease obligation	-	97,746	18,143	79,603	32,171
MSD note payable	-	16,721,443	379,248	16,342,195	295,399
Notes payable	<u>4,732,255</u>	<u>1,879,005</u>	<u>173,077</u>	<u>6,438,183</u>	<u>-</u>
Total Business- type Activities	<u>\$18,841,559</u>	<u>21,173,194</u>	<u>1,061,023</u>	<u>38,953,730</u>	<u>783,905</u>

Beginning compensated absences were increased by \$167,200.

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

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

Compensated absences are generally liquidated by the General Fund. Leasehold revenue bonds are generally liquidated by the Recreation Center Fund. Revenue bonds are generally liquidated by the General Fund, the Sewer Fund, and the Golf Fund. Tax increment revenue notes are generally liquidated by the General Fund. Notes payable are generally liquidated by the Sewer Fund.

**Governmental Activities**

**Leasehold Revenue Bonds**

In May 2003 the City issued \$16,000,000 in leasehold revenue bonds (Series 2003) which represent proportionate interest in base rentals to be paid by the City pursuant to an annually renewable lease/purchase agreement dated May 1, 2003 between the City and UMB Bank, N.A. Company of Missouri (the trustee/lessor). The trustee has agreed to execute and deliver the bonds pursuant to a declaration and indenture of trust to finance the City's acquisition and construction of the recreation center. The base rentals constitute rent for the facility pursuant to the lease. The leasehold revenue bonds bear interest ranging from 2% to 5%.

Leasehold revenue bonds debt service requirements to maturity are as follows:

<b>For The Years Ended August 31</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 335,000	648,508	983,508
2010	365,000	640,551	1,005,551
2011	400,000	630,514	1,030,514
2012	440,000	619,014	1,059,014
2013	475,000	605,814	1,080,814
2014 - 2018	3,070,000	2,763,160	5,833,160
2019 - 2023	4,605,000	1,945,000	6,550,000
2024 - 2027	<u>5,100,000</u>	<u>631,376</u>	<u>5,731,376</u>
	<u>\$14,790,000</u>	<u>8,483,937</u>	<u>23,273,937</u>

**Revenue Bonds Payable**

In November 2007 the City issued \$7,110,000 in revenue bonds (Series 2007B). The revenue bonds bear interest ranging from 3.7% to 5%.

Revenue bonds debt service requirements to maturity are as follows:

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

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

<b>For The Years Ended August 31</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 218,831	341,849	560,680
2010	229,958	332,446	562,404
2011	237,376	321,535	558,911
2012	248,503	310,134	558,637
2013	263,339	298,057	561,396
2014 - 2018	1,509,563	1,285,666	2,795,229
2019 - 2023	1,924,971	868,563	2,793,534
2024 - 2028	<u>2,477,459</u>	<u>322,312</u>	<u>2,799,771</u>
	<u>\$7,110,000</u>	<u>4,080,562</u>	<u>11,190,562</u>

**Tax Increment Revenue Notes**

The City has tax increment revenue notes which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property, incremental increases in economic activity taxes in the project area, and monies on deposit in the Debt Service Reserve Fund. The bonds and notes do not constitute a general obligation of the City. Bonds and notes outstanding at August 31, 2008 are as follows:

	<b><u>Date Issued</u></b>	<b><u>Date Of Maturity</u></b>	<b><u>Date Of Annual Payment</u></b>	<b><u>Original Amount</u></b>	<b><u>Balance August 31 2008</u></b>
Triangle	8-31-2007	9-14-2028	November 1	\$21,000,000	\$21,000,000

**Capital Lease Obligations**

During 2005 the City entered into a lease agreement as lessee for financing the acquisition of equipment and vehicles.

During 2006 the City entered into a lease agreement as lessee for financing the acquisition of vehicles.

During 2007 the City entered into a lease agreement as lessee for financing the acquisition of equipment and vehicles.

The assets acquired through capital leases are as follows:

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

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

	<b>Governmental Activities</b>
	<b>August 31 2008</b>
Assets:	
Automotive equipment	\$ 975,618
Machinery and equipment	<u>385,484</u>
	1,361,102
Less - Accumulated depreciation	<u>911,433</u>
	<u>\$ 449,669</u>

The future minimum capital lease obligations and the net present value of these minimum lease payments as of August 31, 2008 were as follows:

<b>For The Years Ended August 31</b>	<b>Governmental Activities</b>			
	<b>2005 Equipment And Vehicles</b>	<b>2006 Vehicles</b>	<b>2007 Equipment And Vehicles</b>	<b>Total</b>
2009	\$53,467	162,003	63,288	278,758
2010	-	40,501	63,288	103,789
2011	-	-	63,288	63,288
2012	-	-	<u>31,644</u>	<u>31,644</u>
Total Minimum Lease Payments	<u>53,467</u>	<u>202,504</u>	<u>221,508</u>	<u>477,479</u>
Less - Amount representing interest	<u>773</u>	<u>5,454</u>	<u>15,630</u>	<u>21,857</u>
Present Value Of Minimum Lease Payments	<u>\$52,694</u>	<u>197,050</u>	<u>205,878</u>	<u>455,622</u>

**Business-type Activities**

**Revenue Bonds Payable**

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt services. Revenue bonds outstanding at year-end are as follows:



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

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance August 31 2008</u>
Sewerage system - Series 1992	4.25 - 6.550%	\$ 1,270,000	430,417
Sewerage system - Series 1993	3.40 - 5.400	1,135,000	457,416
Sewerage system - Series 2005	3.25 - 5.250	6,125,000	5,674,166
Sewerage system - Series 2006	3.60 - 5.250	2,875,000	2,614,167
Golf course - Series 2007	3.90 - 4.375	4,290,000	4,290,000
Sewerage system - Series 2007A	3.70 - 5.000	<u>2,475,000</u>	<u>2,475,000</u>
		<u>\$18,170,000</u>	<u>15,941,166</u>

The revenue bonds dated June 1, 1992 maturing after January 1, 2002 may be called for redemption and payment prior to maturity in whole or in part on each June 1 and December 1 commencing June 1, 2002, at redemption prices set forth below (expressed as percentages of principal amount) plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2002 and December 1, 2002	102%
June 1, 2003 and December 1, 2003	101
June 1, 2005 and thereafter	100

The revenue bonds dated June 1, 1993 maturing after January 1, 2005 may be called for redemption and payment prior to maturity in whole or in part on each June 1 and December 1 commencing June 1, 2005, at redemption prices set forth below (expressed as percentages of principal amount) plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2003 and December 1, 2003	102%
June 1, 2005 and December 1, 2005	101
June 1, 2005 and thereafter	100

The revenue bonds dated November 1, 2005 maturing on July 1, 2016; July 1, 2017; July 2, 2021; and thereafter may be called for redemption and payment prior to maturity in whole or in part on each June 1 and December 1 commencing December 1, 2015, at the redemption price of 100% of the principal amount plus accrued interest thereon to the date of redemption.

The revenue bonds dated April 2006 maturing on July 1, 2020 and thereafter may be called for redemption and payment prior to maturity in whole or in part on each June 1 and December 1 commencing June 1, 2016, at the redemption price of 100% of the principal amount plus accrued interest thereon to the date of redemption.

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

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

The revenue bonds dated February 1, 2007 maturing on December 1, 2018 and thereafter may be called for redemption and payment prior to maturity in whole or in part on or after December 1, 2017, at the redemption price of 100% of the principal amount plus accrued interest thereon to the date of redemption.

The revenue bonds dated November 1, 2007 maturing on November 1, 2019 and thereafter may be called for redemption and payment prior to maturity in whole or in part on or after November 1, 2017, at the redemption price of 100% of the principal amount plus accrued interest thereon to the date of redemption.

The revenue bonds dated November 1, 2007 maturing on November 1, 2019 may be called for redemption and payment prior to maturity in whole or in part on November 1, 2018 and 2019 and those maturing November 1, 2027 may be called for redemption and payment prior to maturity in whole or in part on each November 1 of the years 2020 through 2027, at the redemption price of 100% of the principal amount plus accrued interest thereon to the date of redemption.

The bond ordinances required that the City establish rates and charges for its sewer services, such that the revenues derived from the sewage system are sufficient to provide for the payment of principal and interest on the revenue bonds and for the operation and maintenance of the sewage system.

Revenue bond debt service requirements to maturity are as follows:

<b>For The Years Ended August 31</b>	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 456,335	731,975	1,188,310
2010	596,042	707,257	1,303,299
2011	612,624	681,013	1,293,637
2012	740,497	650,038	1,390,535
2013	779,661	613,624	1,393,285
2014 - 2018	3,473,437	2,612,881	6,086,318
2019 - 2023	4,235,029	1,733,432	5,968,461
2024 - 2028	3,882,541	672,012	4,554,553
2029 - 2032	<u>1,165,000</u>	<u>104,452</u>	<u>1,269,452</u>
Total	<u>\$15,941,166</u>	<u>8,506,684</u>	<u>24,447,850</u>

**Capital Lease Obligation**

During 2008 the City entered into a lease agreement as lessee for financing the acquisition of equipment and a vehicle.

The assets acquired through capital leases are as follows:

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

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

	<u>Business-type Activities</u> <u>August 31</u> <u>2008</u>
Assets:	
Automotive equipment	\$42,970
Machinery and equipment	<u>54,766</u>
	97,736
Less - Accumulated depreciation	<u>16,424</u>
	<u>\$81,312</u>

The future minimum capital lease obligations and the net present value of these minimum lease payments as of August 31, 2008 were as follows:

	<u>Business-type Activities</u> <u>2008</u> <u>Equipment And Vehicles</u>
<u>For The</u> <u>Years Ended</u> <u>August 31</u>	
2009	\$34,430
2010	34,297
2011	<u>14,309</u>
Total Minimum Lease Payments	83,036
Less - Amount representing interest	<u>3,433</u>
Present Value Of Minimum Lease Payments	<u>\$79,603</u>

**MSD Note Payable**

The City has a note payable to the Metropolitan St. Louis Sewer District for Lower Meramec River System Improvements. The note is due in quarterly payments with an interest rate of 4.35%, maturing October 2032. Debt service requirements to maturity are as follows:

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

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

<b>For The Years Ended August 31</b>	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 295,399	529,975	825,374
2010	409,076	691,423	1,100,499
2011	427,163	673,336	1,100,499
2012	446,050	654,449	1,100,499
2013	465,772	634,727	1,100,499
2014 - 2018	2,656,598	2,845,896	5,502,494
2019 - 2023	3,298,184	2,204,311	5,502,495
2024 - 2028	4,094,717	1,407,777	5,502,494
2029 - 2033	<u>4,249,236</u>	<u>427,884</u>	<u>4,677,120</u>
Total	<u>\$16,342,195</u>	<u>10,069,778</u>	<u>26,411,973</u>

**Notes Payable**

	<b>August 31 2008</b>
SRF - 1992, no interest	\$ 240,000
SRF - 1993, no interest	324,100
SRF - 2005, no interest	3,975,344
SRF - 2006, no interest	<u>1,898,739</u>
	<u>\$6,438,183</u>

In conjunction with the bonds dated June 1, 1992, a reserve account has been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, this loan (reserve account) will be funded in an amount equal to 50% of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve account will be reduced such that the reserve account will equal 50% of the remaining principal balance of such bonds.

In conjunction with the bonds dated August 1, 1993; November 1, 2005; and April 1, 2006, reserve accounts have been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, these loans (reserve accounts) will be funded in an amount equal to 70% of the outstanding principal amount of such bonds. The reserve accounts are held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve account will be reduced such that the reserve account will equal 70% of the remaining principal balance of such bonds.

The City is in compliance with significant requirements regarding deposits and debt service payments.

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

**NOTE E - SHORT-TERM DEBT**

**Lines of Credit**

During fiscal 2007 the City obtained lines of credit to finance acquisition of residential properties within the Arnold Commons redevelopment area. The lines of credit were paid off in full during fiscal 2008.

Changes in short-term debt were as follows:

	<b>For The Year Ended August 31, 2008</b>			
	<b>Balance August 31 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance August 31 2008</b>
Lines of credit	<u>\$445,584</u>	<u>-</u>	<u>445,584</u>	<u>-</u>

**NOTE F - EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

The City maintains a single-employer, defined benefit pension plan (City of Arnold, Missouri Police Pension Plan) which covers all members of the organized police force and participates in the state-wide Missouri Local Government Retirement System, an agent multiple-employer, defined benefit pension plan which covers all of the City's full-time employees except for members of the police force.

**1. City of Arnold, Missouri Police Pension Plan**

***Plan Description and Provisions***

The Plan is a single-employer, defined benefit pension plan that covers all of the City's full-time police employees. The Plan was created and is governed by City Ordinance. The payroll for employees covered by the Plan for the year ended August 31, 2008, which is the date of the latest actuarial valuation available, was \$2,024,539 and the City's total payroll was \$5,964,479.

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

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

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

**NOTE F - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**1. City of Arnold, Missouri Police Pension Plan (Continued)**

Membership in the Plan is comprised of the following:

<u>Group</u>	<u>August 31 2008</u>
Retirees and beneficiaries currently receiving benefits	-
Vested terminated employees and active employees	51

Employees attaining the age of 55 who have completed five or more years of service are entitled to benefits based upon average earnings and years of service. The Plan also provides early retirement, death, and disability.

City Ordinance requires each member to contribute 8½% of gross salary. The Ordinance requires the City to contribute the actuarially computed amounts, which together with employee contributions and investment income, will cover the costs of the Plan. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

***Funding Status and Progress***

<u>Pension Plan</u>		
<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Actuarial Value Of Assets</u>	<u>Covered Payroll</u>
2008	\$5,536,488	\$2,024,539
2007	5,508,469	2,154,441
2006	4,912,904	2,080,320
2005	5,493,770	1,774,321
2004	4,762,934	1,834,589
2003	4,530,291	1,720,460

**Schedule Of Employer Contributions**

<u>For The Years Ended August 31</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2008	\$398,846	\$421,152	105.6%
2007	425,810	457,273	107.4
2006	393,674	329,595	83.7
2005	264,795	223,088	84.2
2004	220,217	176,103	80.0
2003	216,477	205,471	94.9

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

**NOTE F - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**1. City of Arnold, Missouri Police Pension Plan (Continued)**

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

Actuarial cost method	Aggregate actuarial cost method
Amortization method	Using assumed rate of 8% over 2 to 18 years
Amortization period	Closed
Asset valuation method	At contract value and market value
Actuarial assumptions:	
Investment rate of return	8%
Pre-retirement	8%
Post-retirement	5.4%
Projected salary increases	4.5%
Inflation rate	N/A

***Annual Pension Cost***

Current year annual pension costs for the Plan are shown in the trend information. Annual required contributions were made by the Plan.

***Trend Information***

The historical trend information about 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). The information provided is the latest information available.

<b>Pension Plan</b>			
<b><u>Valuation For The</u></b> <b><u>Actuarial Years</u></b> <b><u>Ended August 31</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost</u></b>	<b><u>Percentage</u></b> <b><u>Contributed</u></b>	<b><u>Net Pension</u></b> <b><u>Asset</u></b> <b><u>(Obligation)</u></b> <b><u>End Of Year</u></b>
2008	\$387,290	105.6%	\$178,308
2007	417,441	107.4	144,446
2006	381,178	83.7	104,614
2005	250,135	84.2	156,197
2004	203,376	80.0	183,244
2003	200,068	94.9	210,517

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

**NOTE F - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**1. City of Arnold, Missouri Police Pension Plan (Continued)**

<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Net Pension Asset (Obligation) Beginning Of Year</u>	<u>Interest Net Pension Asset (Obligation)</u>	<u>Annual Required Contribution</u>
2008	\$144,446	\$ 11,556	\$398,846
2007	104,614	8,369	425,810
2006	156,197	12,496	393,674
2005	183,244	14,660	264,795
2004	210,517	16,841	220,217
2003	205,114	16,409	216,477

Note: Adjustment to annual required contribution is \$0 for each year.

<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Actual Contribution</u>	<u>Increase (Decrease) In Net Pension Asset (Obligation)</u>	<u>Net Pension Asset (Obligation) End Of Year</u>
2008	\$421,152	\$ 33,862	\$178,308
2007	457,273	39,832	144,446
2006	329,595	(51,583)	104,614
2005	223,088	(27,047)	156,197
2004	176,103	(27,273)	183,244
2003	205,471	5,403	210,517

**2. Missouri Local Government Employees Retirement System (LAGERS)**

***Plan Description***

The City participates in LAGERS, an agent multiple-employer public-employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, Section RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.



**NOTE F - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**2. Missouri Local Government Employees Retirement System (LAGERS) (Continued)**

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

***Funding Policy***

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 17.6% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

***Annual Pension Cost***

For 2008, the City's annual pension cost of \$496,557 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008 included a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2008 was 16 years.

Three-year trend information follows:

<b><u>For The Years</u></b> <b><u>Ended June 30</u></b>	<b><u>Annual Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage Of</u></b> <b><u>APC Contributed</u></b>
2008	\$496,557	100%
2007	475,234	100
2006	404,407	100

Schedule of funding progress follows:

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

**NOTE F - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)**

**2. Missouri Local Government Employees Retirement System (LAGERS) (Continued)**

<u>For The Valuation Years Ended February 28</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Accrued Liability (UAL)</u>
2008	\$7,545,770	\$8,622,531	\$1,076,761
2007	6,415,513	8,180,308	1,764,795
2006	5,461,396	6,931,372	1,496,976

<u>For The Valuation Years Ended February 28</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL As A Percentage Of Covered Payroll</u>
2008	88%	\$2,841,234	38%
2007	78	2,703,800	65
2006	79	2,224,604	66

Note: The above assets and AAL do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City, MO.

**NOTE G - INTERFUND ASSETS/LIABILITIES**

Individual interfund assets and liabilities are as follows:

**Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>August 31 2008</u>
General Fund - Major Fund	Recreation Center Fund - Major Fund	\$ 410,618
Sewer Fund - Major Fund	General Fund - Major Fund	564,177
General Fund - Major Fund	Golf Fund- Major Fund	34,830
General Fund - Major Fund	Storm Water Fund - Major Fund	<u>28,227</u>
		<u>\$1,037,852</u>

The outstanding balances between funds result mainly from the time lag between dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending August 31, 2009.

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

**NOTE G - INTERFUND ASSETS/LIABILITIES (Continued)**

**Advance From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>August 31 2008</u>
Sewer Fund - Major Fund	General Fund - Major Fund	<u>\$498,609</u>

The outstanding balances between funds result from the purchase of land by the Sewer Fund to be used by the General Fund. The balance is not expected to be repaid within the fiscal year ending August 31, 2009.

**NOTE H - INTERFUND TRANSACTIONS**

Individual interfund transactions are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended August 31 2008</u>
General Fund - Major Fund	Tourism Fund - Nonmajor Fund	<u>\$20,000</u>

Interfund transfers were used to reimburse one fund for expenses that should have been paid out of a different fund.

**NOTE I - PROPERTY TAXES**

Property taxes are recorded as revenue in the fiscal year in which they are levied. Taxes levied and uncollected are carried as an asset of the General Fund. An allowance has been established for the estimated uncollectible property taxes.

The City's property tax calendar is as follows:

- a. Property is assessed by the County on January 1 each year.
- b. The tax levy ordinance is adopted and filed with the county clerk on or before September 1.
- c. Property taxes are due to be collected on or before December 31.
- d. Property taxes attach as an enforceable lien on property as of January 1.

**NOTE J - INSURANCE**

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a state-wide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2009.

**NOTE J - INSURANCE (Continued)**

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$510,876 for MIRMA's fiscal years ended June 30, 2009. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

**NOTE K - INTERFUND ADMINISTRATION FEE**

During the year the Sewer Fund, the Storm Water Fund, and the Recreation Center Fund paid \$138,081, \$36,000, and \$36,000, respectively, to the General Fund for administrative costs incurred by the General Fund relating to the various operations of the Funds. These fees are included in miscellaneous revenue in the General Fund.

**NOTE L - CONTINGENCIES AND COMMITMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

At August 31, 2008, the City had construction commitments for sewer projects in the amount of \$143,255.

**NOTE M - RESTRICTED NET ASSETS**

The government-wide statement of net assets does not report any restricted net assets which are restricted by enabling legislation.

**NOTE N - TAX INCREMENT REVENUES PLEDGED**

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes to finance certain improvements in the City. The bonds are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds per Note D is payable through September 14, 2028. For the current year, principal and interest paid and total incremental tax revenues were \$74,339 and \$440,915, respectively.

**NOTE O - DEFICIT BALANCES**

The Tourism Fund and Golf Fund had deficits in fund balances/net assets of \$25,729 and \$182,293, respectively. These deficits will be offset by future revenues.

**NOTE P - PRIOR PERIOD ADJUSTMENT**

The previously stated net assets have been adjusted as follows:

	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Business -type Activities</u>
Net assets, August 31, 2007, as previously reported	\$55,015,242	16,397,146	410,979	16,798,766
Restatement for:				
Capital assets	488,373	77,238	-	77,238
Accrued interest	(925,661)	-	-	-
Compensated absences	<u>(167,200)</u>	<u>-</u>	<u>(5,100)</u>	<u>(5,100)</u>
Net Assets, August 31, 2007, As Restated	<u>\$54,410,754</u>	<u>16,474,384</u>	<u>405,879</u>	<u>16,870,904</u>

**NOTE Q - FUTURE ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans* (GASB 45), establishes accounting and financial reporting standards for postemployment benefits other than pensions. As part of a total compensation package, many governments offer postemployment benefit plans other than pensions such as healthcare, life insurance, and so forth. GASB 45 establishes standards for the measurement, recognition, and display of other postemployment benefit expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB 45 will be effective for the City for the fiscal year ending August 31, 2009. Management of the City has not yet completed its assessment of the statement.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), establishes standards for the measurement and recording the estimated historical cost for land associated with right-of-way easements. GASB 51 will be effective for the City for the fiscal year ending August 31, 2010. The City, however, has not yet completed its assessment of the statement or the potential impact of the statement on its financial position.

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**SUPPLEMENTAL INFORMATION**

for the Fiscal Year ended  
**August 31, 2008**

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ 1,044,300	1,044,300	1,032,992	(11,308)
Sales	5,960,000	5,960,000	5,325,892	(634,108)
Public utility gross receipts	2,055,000	2,055,000	3,411,545	1,356,545
Motor fuel	575,000	575,000	569,799	(5,201)
Other	195,500	195,500	196,271	771
Total Taxes	<u>9,829,800</u>	<u>9,829,800</u>	<u>10,536,499</u>	<u>706,699</u>
<b>Special Assessments</b>	<u>150,000</u>	<u>150,000</u>	<u>551,076</u>	<u>401,076</u>
<b>Licenses and Permits</b>	<u>503,900</u>	<u>503,900</u>	<u>590,067</u>	<u>86,167</u>
<b>Fines and Court Costs</b>	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,122,605</u>	<u>(27,395)</u>
<b>Intergovernmental</b>	<u>812,673</u>	<u>833,663</u>	<u>2,580,642</u>	<u>1,746,979</u>
<b>Charges for Services</b>	<u>114,720</u>	<u>114,720</u>	<u>144,822</u>	<u>30,102</u>
<b>Investment Income</b>	<u>101,000</u>	<u>101,000</u>	<u>215,243</u>	<u>114,243</u>
<b>Miscellaneous</b>				
Administration	210,000	210,000	214,729	4,729
Other	134,250	143,120	195,760	52,640
Total Miscellaneous	<u>344,250</u>	<u>353,120</u>	<u>410,489</u>	<u>57,369</u>
Total Revenues	<u>13,006,343</u>	<u>13,036,203</u>	<u>16,151,443</u>	<u>3,115,240</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
General and administrative	1,061,271	1,084,875	955,824	(129,051)
Mayor and council	103,353	103,353	101,691	(1,662)
Municipal court	150,967	150,453	162,890	12,437
Administrator	298,696	295,567	297,473	1,906
Treasurer	48,606	48,632	43,923	(4,709)
Finance	258,030	268,931	259,824	(9,107)
Collector of revenue	164,174	165,146	167,526	2,380
Attorney	149,000	149,000	212,211	63,211
Elections	9,600	9,600	6,968	(2,632)
Planning commission	184,226	184,802	183,013	(1,789)
Total General Government	<u>2,427,923</u>	<u>2,460,359</u>	<u>2,391,343</u>	<u>(69,016)</u>

(Continued)

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Public Safety</b>				
Police	4,520,679	4,561,026	4,269,760	(291,266)
Police board	2,615	2,615	1,080	(1,535)
Dispatching	518,821	520,185	475,854	(44,331)
Building commission	352,883	352,158	335,103	(17,055)
Total Public Safety	<u>5,394,998</u>	<u>5,435,984</u>	<u>5,081,797</u>	<u>(354,187)</u>
<b>Public Works</b>	<u>434,624</u>	<u>434,002</u>	<u>414,040</u>	<u>(19,962)</u>
<b>Highways and Streets</b>	<u>1,312,113</u>	<u>1,355,058</u>	<u>1,363,420</u>	<u>8,362</u>
<b>Parks and Recreation</b>	<u>560,874</u>	<u>569,616</u>	<u>569,869</u>	<u>253</u>
<b>Health and Sanitation</b>				
Health department	60,543	59,547	60,501	954
Rabies control	141,269	133,165	117,589	(15,576)
Vector control	20,500	20,600	18,495	(2,105)
Solid waste	720,000	720,000	727,296	7,296
Total Health And Sanitation	<u>942,312</u>	<u>933,312</u>	<u>923,881</u>	<u>(9,431)</u>
<b>Capital Outlay</b>	<u>6,468,000</u>	<u>4,645,716</u>	<u>6,627,098</u>	<u>1,981,382</u>
<b>Debt Service</b>	<u>482,225</u>	<u>643,645</u>	<u>745,832</u>	<u>102,187</u>
Total Expenditures	<u>18,023,069</u>	<u>16,477,692</u>	<u>18,117,280</u>	<u>1,639,588</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(5,016,726)</u>	<u>(3,441,489)</u>	<u>(1,965,837)</u>	<u>1,475,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term debt	5,050,000	3,225,836	7,110,000	3,884,164
Bond discount	-	-	(34,475)	(34,475)
Sale of capital assets	1,000	1,000	800	(200)
Transfers in	-	-	20,000	20,000
Total Other Financing Sources (Uses)	<u>5,051,000</u>	<u>3,226,836</u>	<u>7,096,325</u>	<u>3,869,489</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 34,274</u>	<u>(214,653)</u>	<u>5,130,488</u>	<u>5,345,141</u>
<b>FUND BALANCE, SEPTEMBER 1</b>			<u>4,558,707</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u>\$ 9,689,195</u>	



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL - RECREATION CENTER**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 1,100,000	1,100,000	1,081,113	(18,887)
Charges for services	1,327,600	1,327,600	1,071,794	(255,806)
Investment income	60,000	60,000	74,851	14,851
Miscellaneous	5,600	5,600	7,773	2,173
Total Revenues	<u>2,493,200</u>	<u>2,493,200</u>	<u>2,235,531</u>	<u>(257,669)</u>
<b>EXPENDITURES</b>				
Recreation center	1,544,740	1,567,160	1,579,237	12,077
Capital outlay	35,000	35,835	35,835	-
Debt service	962,500	962,500	962,433	(67)
Total Expenditures	<u>2,542,240</u>	<u>2,565,495</u>	<u>2,577,505</u>	<u>12,010</u>
<b>NET CHANGE IN FUND</b>				
<b>BALANCE</b>	<u>\$ (49,040)</u>	<u>(72,295)</u>	(341,974)	<u>(269,679)</u>
FUND BALANCE, SEPTEMBER 1			<u>1,198,045</u>	
FUND BALANCE, AUGUST 31			<u>\$ 856,071</u>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

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**Budgetary Data**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. On or before July 8, all departments submit requests for appropriations to the City's budget committee so that a budget may be prepared.
- b. During August the operating budget is presented to the City Council for review. The operating budget includes proposed expenditures for the General, Recreation Center, Tourism, Drug Forfeiture, and Enterprise Funds and the means of financing them. The Special Allocation Fund is not budgeted.
- c. Public hearing meetings are held to obtain taxpayer comments.
- d. Prior to September 1 the budget is adopted by the City Council.
- e. Budgets are adopted on a basis generally consistent with U.S. generally accepted accounting principles except that budgets do not include economic development and debt proceeds related to the tax increment financing projects. Expenditures modified for some year-end accruals may not legally exceed budgeted appropriations at the department level.
- f. Budget amendments at the department level must be approved by the City Council. Management may authorize transfers of appropriations within a department. Current year budget includes amendments.
- g. Appropriations lapse at year-end.

For the year ended August 31, 2008, General Fund expenditures exceeded appropriations for highways and streets (\$8,362), parks and recreation (\$253), capital outlay (\$1,981,382), and debt service (\$102,187). These over expenditures were funded by greater than anticipated revenues of the General Fund. The Recreation Fund and Tourism Fund expenditures exceeded appropriations by \$12,010 and \$31,390, respectively.

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**GOVERNMENTAL FUNDS - COMPARATIVE BALANCE SHEETS**  
**AUGUST 31**

	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,055,445	3,498,375
Receivables (net of allowances for uncollectibles):		
Taxes	3,064,520	2,674,045
Special assessments	1,574,099	1,668,884
Intergovernmental	3,644,980	547,545
Court	52,917	82,359
Miscellaneous	478,217	2,884,159
Deposits	-	671,024
Due from other funds	473,675	203,840
Prepaid items	623,998	630,167
Restricted assets:		
Cash and cash equivalents	1,352,727	89,779
Capital improvements sales tax receivable	322,474	-
Investments	1,259,318	1,249,818
	<b>\$ 18,902,370</b>	<b>14,199,995</b>

**LIABILITIES AND FUND BALANCES**

**Liabilities**

Accounts payable	\$ 3,299,207	3,789,575
Accrued liabilities	114,210	131,802
Due to other funds	974,795	118,028
Deferred revenue	3,100,585	3,396,530
Funds held for others	2,885	-
Short-term debt	-	445,584
Advance to other funds	498,609	498,609
<b>Total Liabilities</b>	<b>7,990,291</b>	<b>8,380,128</b>

**Fund Balances**

Reserved for:		
Debt service	2,202,148	1,250,000
Encumbrances	1,460,356	5,697,566
Prepaid items	623,998	630,167
Unreserved:		
Designated for sewer subdistrict projects	884,449	884,449
Designated for road reconstruction	-	550,000
Designated for drug forfeitures	-	40,152
Designated for greenway beautification	160,517	140,517
Designated for economic development	154,668	111,294
Designated for pride in our City	9,066	9,066
Designated for tourism	-	126,415
Undesignated	5,416,877	(3,619,759)
<b>Total Fund Balances</b>	<b>10,912,079</b>	<b>5,819,867</b>
	<b>\$ 18,902,370</b>	<b>14,199,995</b>

Total Liabilities And Fund Balances

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - GOVERNMENTAL**  
**FUNDS - COMPARATIVE STATEMENTS OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED AUGUST 31**

	2008	2007
<b>REVENUES</b>		
Taxes	\$ 12,209,618	10,866,182
Special assessments	551,076	306,798
Licenses and permits	590,067	648,771
Fines and court costs	1,122,605	1,177,581
Intergovernmental	2,592,876	1,910,417
Charges for services	1,395,577	1,326,128
Investment income	290,449	364,016
Miscellaneous	421,244	394,194
Total Revenues	19,173,512	16,994,087
 <b>EXPENDITURES</b>		
Current:		
General government	2,774,026	2,657,615
Public safety	5,087,615	5,124,954
Public works	414,040	3,583,152
Highways and streets	1,363,420	1,093,891
Parks and recreation	2,149,106	1,944,788
Health and sanitation	923,881	882,010
Economic development	4,445,699	16,554,301
Capital outlay	6,662,933	818,386
Debt service:		
Principal	612,946	547,723
Interest	924,959	721,577
Bond issuance costs	244,699	-
Total Expenditures	25,603,324	33,928,397
 <b>REVENUES UNDER EXPENDITURES</b>	<b>(6,429,812)</b>	<b>(16,934,310)</b>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of long-term debt	11,555,699	16,554,301
Bond discount	(34,475)	-
Issuance of capital lease	-	286,378
Sale of capital assets	800	504,457
Transfers in	20,000	166,567
Transfers out	(20,000)	(166,567)
Total Other Financing Sources (Uses)	11,522,024	17,345,136
 <b>NET CHANGE IN FUND BALANCES</b>	<b>5,092,212</b>	<b>410,826</b>
 <b>FUND BALANCES, SEPTEMBER 1</b>	<b>5,819,867</b>	<b>5,409,041</b>
 <b>FUND BALANCES, AUGUST 31</b>	<b>\$ 10,912,079</b>	<b>5,819,867</b>

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING**  
**BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2008**

	<b>Special Revenue Funds</b>			<b>Totals</b>
	<b>Tourism</b>	<b>Drug Forfeiture</b>	<b>Special Allocation</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,543	26,787	-	54,330
Receivables:				
Taxes	15,297	-	163,411	178,708
Prepaid items	66,996	-	-	66,996
Restricted assets:				
Cash and cash equivalents	-	-	205,229	205,229
Total Assets	<u>\$ 109,836</u>	<u>26,787</u>	<u>368,640</u>	<u>505,263</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 70,519	-	-	70,519
Accrued liabilities	446	-	-	446
Deferred revenue	64,600	-	-	64,600
Funds held for others	-	-	2,885	2,885
Total Liabilities	<u>135,565</u>	<u>-</u>	<u>2,885</u>	<u>138,450</u>
 <b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	365,755	365,755
Prepaid items	66,996	-	-	66,996
Unreserved:				
Undesignated - Special Revenue Fund	(92,725)	26,787	-	(65,938)
Total Fund Balances	<u>(25,729)</u>	<u>26,787</u>	<u>365,755</u>	<u>366,813</u>
Total Liabilities And Fund Balances	<u>\$ 109,836</u>	<u>26,787</u>	<u>368,640</u>	<u>505,263</u>

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	Special Revenue Funds			Totals
	Tourism	Drug Forfeiture	Special Allocation	
<b>REVENUES</b>				
Taxes	\$ 151,091	-	440,915	592,006
Intergovernmental	-	12,234	-	12,234
Charges for services	178,961	-	-	178,961
Investment income	-	131	224	355
Miscellaneous	-	2,982	-	2,982
Total Revenues	<u>330,052</u>	<u>15,347</u>	<u>441,139</u>	<u>786,538</u>
<b>EXPENDITURES</b>				
Current:				
General government	381,638	-	1,045	382,683
Public safety	-	5,818	-	5,818
Debt service:				
Interest	-	-	74,339	74,339
Total Expenditures	<u>381,638</u>	<u>5,818</u>	<u>75,384</u>	<u>462,840</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(51,586)	9,529	365,755	323,698
<b>OTHER FINANCING USES</b>				
Transfers out	(20,000)	-	-	(20,000)
<b>NET CHANGE IN FUND BALANCE</b>	(71,586)	9,529	365,755	303,698
FUND BALANCES, SEPTEMBER 1	<u>45,857</u>	<u>17,258</u>	<u>-</u>	<u>63,115</u>
<b>FUND BALANCES, AUGUST 31</b>	<u><u>\$ (25,729)</u></u>	<u><u>26,787</u></u>	<u><u>365,755</u></u>	<u><u>366,813</u></u>

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - TOURISM FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 160,000	160,000	151,091	(8,909)
Charges for services	171,500	171,500	178,961	7,461
Total Revenues	<u>331,500</u>	<u>331,500</u>	<u>330,052</u>	<u>(1,448)</u>
<b>EXPENDITURES</b>				
General government	<u>336,043</u>	<u>350,248</u>	<u>381,638</u>	<u>31,390</u>
<b>REVENUES UNDER EXPENDITURES</b>	(4,543)	(18,748)	(51,586)	(32,838)
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (4,543)</u>	<u>(18,748)</u>	<u>(71,586)</u>	<u>(52,838)</u>
<b>FUND BALANCE, SEPTEMBER 1</b>			<u>45,857</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u>\$ (25,729)</u>	

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - DRUG FORFEITURE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	-	12,234	12,234
Investment income	50	100	131	31
Miscellaneous	500	3,482	2,982	(500)
Total Revenues	<u>550</u>	<u>3,582</u>	<u>15,347</u>	<u>11,765</u>
<b>EXPENDITURES</b>				
Public safety	-	5,818	5,818	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 550</u>	<u>(2,236)</u>	9,529	<u>11,765</u>
FUND BALANCE, SEPTEMBER 1			<u>17,258</u>	
FUND BALANCE, AUGUST 31			<u>\$ 26,787</u>	



**INTRODUCTION**

**FINANCIAL**

**FINANCIAL  
STATEMENTS**

**SUPPLEMENTAL  
INFORMATION**

**STATISTICS**



for the Fiscal Year ended  
**August 31, 2008**

**STATISTICS**

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

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	65 - 69
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's local revenue sources.	70 - 75
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	76 - 78
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	79 - 80
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	81 - 83

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF ARNOLD, MISSOURI**

**NET ASSETS BY COMPONENT**

**LAST SIX FISCAL YEARS**

	August 31					
	2008	2007	2006	2005	2004	2003
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$60,816,793	64,429,584	61,737,432	60,501,363	43,980,742	36,551,411
Restricted	2,524,622	1,250,000	1,389,706	2,059,448	2,422,228	1,902,327
Unrestricted	<u>(13,295,644)</u>	<u>(11,268,830)</u>	<u>5,890,607</u>	<u>6,414,258</u>	<u>17,507,321</u>	<u>22,394,361</u>
 Total Governmental Activities Net Assets	 <u>\$50,045,771</u>	 <u>54,410,754</u>	 <u>69,017,745</u>	 <u>68,975,069</u>	 <u>63,910,291</u>	 <u>60,848,099</u>
<b>Business-type Activities</b>						
Invested in capital assets, net of related debt	\$11,615,431	13,812,089	12,963,653	11,501,918	11,258,683	10,941,507
Restricted	7,146,872	5,064,591	842,007	804,700	1,299,950	300,905
Unrestricted	<u>(2,255,279)</u>	<u>(2,005,776)</u>	<u>1,434,544</u>	<u>1,593,564</u>	<u>1,461,173</u>	<u>2,827,318</u>
 Total Business-type Activities Net Assets	 <u>\$16,507,024</u>	 <u>16,870,904</u>	 <u>15,240,204</u>	 <u>13,900,182</u>	 <u>14,019,806</u>	 <u>14,069,730</u>
<b>Primary Government</b>						
Invested in capital assets, net of related debt	\$72,432,224	78,241,673	74,701,085	72,003,281	55,239,425	47,492,918
Restricted	9,671,494	6,314,591	2,231,713	2,864,148	3,722,178	2,203,232
Unrestricted	<u>(15,550,923)</u>	<u>(13,274,606)</u>	<u>7,325,151</u>	<u>8,007,822</u>	<u>18,968,494</u>	<u>25,221,679</u>
 Total Primary Govern- ment Net Assets	 <u>\$66,552,795</u>	 <u>71,281,658</u>	 <u>84,257,949</u>	 <u>82,875,251</u>	 <u>77,930,097</u>	 <u>74,917,829</u>

Source: Basic financial statements

GASB 34 was implemented in 2003.

**CITY OF ARNOLD, MISSOURI**  
**CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**

	For The Years Ended August 31					
	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>						
<b>Governmental Activities</b>						
General government	\$ 3,606,327	2,026,103	2,646,655	1,935,204	2,092,831	1,760,587
Public safety	5,037,988	5,162,582	5,141,027	4,824,236	4,448,556	4,192,120
Public works	1,544,873	3,648,054	2,025,478	1,049,519	837,772	1,020,872
Highways and streets	3,217,725	445,648	1,405,773	2,275,559	845,437	1,191,238
Parks and recreation	2,166,365	1,990,090	1,889,036	761,557	585,666	563,526
Health and sanitation	927,232	884,918	826,303	883,772	985,793	986,340
Economic development	4,445,699	16,554,301	-	-	-	-
Interest on long-term debt	2,752,694	1,584,135	656,208	749,147	779,696	290,267
Total Governmental Activities Expenses	<u>23,698,903</u>	<u>32,295,831</u>	<u>14,590,480</u>	<u>12,478,994</u>	<u>10,575,751</u>	<u>10,004,950</u>
<b>Business-type Activities</b>						
Sewer system	4,036,658	2,139,774	1,869,840	1,480,804	1,526,476	1,459,541
Storm water	256,127	127,061	37,899	-	-	-
Golf	670,153	427,304	-	-	-	-
Total Business-type Activities Expenses	<u>4,962,938</u>	<u>2,694,139</u>	<u>1,907,739</u>	<u>1,480,804</u>	<u>1,526,476</u>	<u>1,459,541</u>
Total Primary Govern- ment Expenses	<u>28,661,841</u>	<u>34,989,970</u>	<u>16,498,219</u>	<u>13,959,798</u>	<u>12,102,227</u>	<u>11,464,491</u>
<b>PROGRAM REVENUES</b>						
<b>Governmental Activities</b>						
Charges for services:						
General government	560,900	526,293	346,148	378,591	332,215	307,012
Public safety	1,481,357	1,694,748	1,379,817	1,223,932	963,583	801,586
Parks and recreation	1,148,889	1,187,075	920,846	108,730	177,910	93,075
Health and sanitation	35,505	19,568	14,888	15,144	16,057	14,763
Operating grants and contributions	1,134,789	1,144,088	1,138,664	1,004,539	1,002,252	1,071,808
Capital grants and contributions	956,755	1,331,064	781,372	4,928,205	928,132	1,423,045
Total Governmental Activities Program Revenues	<u>5,318,195</u>	<u>5,902,836</u>	<u>4,581,735</u>	<u>7,659,141</u>	<u>3,420,149</u>	<u>3,711,289</u>
<b>Business-type Activities</b>						
Charges for services:						
Sewer system	2,969,723	2,685,117	2,492,669	1,153,188	1,207,243	1,147,048
Storm water	557,094	513,150	61,267	-	-	-
Golf	473,022	401,008	-	-	-	-
Total Business-type Activities Program Revenues	<u>3,999,839</u>	<u>3,599,275</u>	<u>2,553,936</u>	<u>1,153,188</u>	<u>1,207,243</u>	<u>1,147,048</u>
Total Primary Govern- ment Program Revenues	<u>9,318,034</u>	<u>9,502,111</u>	<u>7,135,671</u>	<u>8,812,329</u>	<u>4,627,392</u>	<u>4,858,337</u>

(Continued)

**CITY OF ARNOLD, MISSOURI**  
**CHANGES IN NET ASSETS (Continued)**  
**LAST SIX FISCAL YEARS**

	For The Years Ended August 31					
	2008	2007	2006	2005	2004	2003
<b>NET REVENUES (EXPENSES)</b>						
Governmental activities	(18,380,708)	(26,392,995)	(10,008,745)	(4,819,853)	(7,155,602)	(6,293,661)
Business-type activities	(963,099)	905,136	646,197	(327,616)	(319,233)	(312,493)
Total Primary Govern- ment Net Revenues (Expenses)	<u>(19,343,807)</u>	<u>(25,487,859)</u>	<u>(9,362,548)</u>	<u>(5,147,469)</u>	<u>(7,474,835)</u>	<u>(6,606,154)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>						
<b>Governmental Activities</b>						
Taxes:						
Property	1,125,304	992,520	949,500	863,007	838,929	818,986
Sales	7,018,675	6,860,615	6,771,832	6,745,540	7,368,939	6,040,919
Gross receipts	3,498,852	2,046,144	2,044,454	1,837,302	1,781,808	1,729,838
Miscellaneous	34,224	35,611	27,475	27,638	25,835	26,398
Investment income	290,449	364,016	242,701	387,852	276,247	172,335
Gain on sale of assets	800	504,457	143,126	18,312	-	-
Miscellaneous	2,091,921	1,294,524	221,895	110,114	118,141	188,815
Transfers	(44,500)	(144,683)	(349,562)	(105,134)	(192,105)	(141,868)
Total Governmental Activities General Revenues And Other Changes In Net Assets	<u>14,015,725</u>	<u>11,953,204</u>	<u>10,051,421</u>	<u>9,884,631</u>	<u>10,217,794</u>	<u>8,835,423</u>
<b>Business-type Activities</b>						
Investment income	554,719	585,981	344,263	102,858	77,204	82,407
Transfers	44,500	144,683	349,562	105,134	192,105	141,868
Total Business-type Activities General Revenues And Other Changes In Net Assets	<u>599,219</u>	<u>730,664</u>	<u>693,825</u>	<u>207,992</u>	<u>269,309</u>	<u>224,275</u>
Total Primary Govern- ment General Rev- enues And Other Changes In Net Assets	<u>14,614,944</u>	<u>12,683,868</u>	<u>10,745,246</u>	<u>10,092,623</u>	<u>10,487,103</u>	<u>9,059,698</u>
<b>CHANGES IN NET ASSETS</b>						
Governmental activities	(4,364,983)	(14,439,791)	42,676	5,064,778	3,062,192	2,541,762
Business-type activities	(363,880)	1,635,800	1,340,022	(119,624)	(49,924)	(88,218)
Total Primary Government	<u><u>\$(4,728,863)</u></u>	<u><u>(12,803,991)</u></u>	<u><u>1,382,698</u></u>	<u><u>4,945,154</u></u>	<u><u>3,012,268</u></u>	<u><u>2,453,544</u></u>

Source: Basic financial statements

GASB 34 was implemented in 2003.

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

	August 31					
	2008	2007	2006	2005	2004	2003
<b>General Fund</b>						
Reserved	\$ 2,584,017	6,271,895	1,608,446	1,261,317	13,331,864	4,875,576
Unreserved	7,105,178	(1,713,188)	2,410,889	3,531,012	4,876,738	17,892,272
Total General Fund	<u>\$ 9,689,195</u>	<u>4,558,707</u>	<u>4,019,335</u>	<u>4,792,329</u>	<u>18,208,602</u>	<u>22,767,848</u>
<b>Recreation Center Fund</b>						
Reserved	\$ 1,269,734	1,258,033	1,250,000	1,250,000	-	-
Unreserved	(413,663)	(59,988)	139,706	450,632	-	-
Total Recreation Center Fund	<u>\$ 856,071</u>	<u>1,198,045</u>	<u>1,389,706</u>	<u>1,700,632</u>	<u>-</u>	<u>-</u>
<b>All Other Governmental Funds</b>						
Reserved	\$ 432,751	47,805	-	-	-	-
Unreserved, reported in:						
Special Revenue Funds	(65,938)	15,310	-	-	-	-
Total All Other Governmental Funds	<u>\$ 366,813</u>	<u>63,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: Basic financial statements

GASB 34 was implemented in 2003.

Note: No other governmental funds prior to 2007. Recreation center started in 2005.

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

	For The Years Ended August 31					
	2008	2007	2006	2005	2004	2003
<b>REVENUES</b>						
Taxes	\$12,209,618	10,866,182	10,753,278	10,439,176	10,969,016	9,542,169
Special assessments	551,076	306,798	428,599	319,133	440,386	475,833
Licenses and permits	590,067	648,771	501,547	554,273	515,179	444,745
Fines and court costs	1,122,605	1,177,581	1,060,849	797,176	631,699	501,000
Intergovernmental	2,592,876	1,910,417	337,205	3,389,943	711,340	1,107,081
Charges for services	1,395,577	1,326,128	937,009	203,181	156,760	119,825
Investment income	290,449	364,016	242,701	387,852	276,247	172,335
Miscellaneous	421,244	394,194	420,189	281,881	310,048	339,681
Total Revenues	<u>19,173,512</u>	<u>16,994,087</u>	<u>14,681,377</u>	<u>16,372,615</u>	<u>14,010,675</u>	<u>12,702,669</u>
<b>EXPENDITURES</b>						
General government	2,774,026	2,657,615	2,246,139	1,794,740	1,976,501	1,910,074
Public safety	5,087,615	5,124,954	4,790,213	4,446,103	4,045,557	3,915,183
Public works	414,040	3,583,152	1,997,244	5,848,333	2,770,280	2,705,462
Highways and streets	1,363,420	1,093,891	1,046,910	850,141	787,401	1,143,693
Parks and recreation	2,149,106	1,944,788	1,895,233	735,511	666,321	549,509
Health and sanitation	923,881	882,010	823,634	880,191	975,528	983,565
Economic development	4,445,699	16,554,301	-	-	-	-
Capital outlay	6,662,933	818,386	1,802,811	12,115,857	5,449,754	2,338,215
Debt service:						
Principal	612,946	547,723	858,743	1,374,896	1,111,207	840,243
Interest	924,959	721,577	927,996	756,741	787,372	264,736
Bond issue costs	244,699	-	-	-	-	391,364
Total Expenditures	<u>25,603,324</u>	<u>33,928,397</u>	<u>16,388,923</u>	<u>28,802,513</u>	<u>18,569,921</u>	<u>15,042,044</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(6,429,812)</u>	<u>(16,934,310)</u>	<u>(1,707,546)</u>	<u>(12,429,898)</u>	<u>(4,559,246)</u>	<u>(2,339,375)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of long-term debt	11,555,699	16,554,301	-	-	-	16,380,000
Premium/discount on issuance	(34,475)	-	-	-	-	496,132
Proceeds from capital lease	-	286,378	600,000	400,000	-	-
Sale of capital assets	800	504,457	23,626	314,257	-	-
Transfers in	20,000	166,567	-	1,596,205	-	-
Transfers out	(20,000)	(166,567)	-	(1,596,205)	-	-
Total Other Financing Sources (Uses)	<u>11,522,024</u>	<u>17,345,136</u>	<u>623,626</u>	<u>714,257</u>	<u>-</u>	<u>16,876,132</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 5,092,212</u>	<u>410,826</u>	<u>(1,083,920)</u>	<u>(11,715,641)</u>	<u>(4,559,246)</u>	<u>14,536,757</u>

Debt service as a percentage of non-capital expenditures	9.2 %	4.3	12.9	17.8	16.8	13.1
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Source: Basic financial statements

GASB 34 was implemented in 2003.

**CITY OF ARNOLD, MISSOURI**  
**PROGRAM REVENUES BY FUNCTIONS/PROGRAMS**  
**LAST SIX FISCAL YEARS**

FUNCTIONS/PROGRAMS	Program Revenues					
	2008	2007	2006	2005	2004	2003
<b>Governmental Activities</b>						
General government	\$ 565,148	526,313	442,738	695,161	496,567	839,186
Public safety	1,541,132	1,746,508	1,455,527	1,262,782	1,058,680	1,118,463
Public works	584,512	204,576	475,087	640,969	265,539	207,638
Highways and streets	1,418,309	2,142,388	1,272,649	4,936,355	1,405,396	1,415,564
Parks and recreation	1,172,677	1,262,728	920,846	108,730	177,910	115,675
Health and sanitation	36,417	20,323	14,888	15,144	16,057	14,763
Total Governmental Activities	<u>5,318,195</u>	<u>5,902,836</u>	<u>4,581,735</u>	<u>7,659,141</u>	<u>3,420,149</u>	<u>3,711,289</u>
<b>Business-type Activities</b>						
Sewer system	2,969,723	2,685,117	2,492,669	1,153,188	1,207,243	1,147,048
Storm water	557,094	513,150	61,267	-	-	-
Golf	473,022	401,008	-	-	-	-
Total Business-type Activities	<u>3,999,839</u>	<u>3,599,275</u>	<u>2,553,936</u>	<u>1,153,188</u>	<u>1,207,243</u>	<u>1,147,048</u>
Total Primary Govern- ment	<u>\$ 9,318,034</u>	<u>9,502,111</u>	<u>7,135,671</u>	<u>8,812,329</u>	<u>4,627,392</u>	<u>4,858,337</u>

Source: Basic financial statements

GASB 34 was implemented in 2003.



**CITY OF ARNOLD, MISSOURI**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes (1)</b>	<b>Public Utility Gross Receipts Taxes</b>	<b>Motor Fuel Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
2008	\$ 1,125,304	\$ 6,906,699	\$ 3,411,545	\$ 569,799	\$ 196,271	\$ 12,209,618
2007	992,520	7,138,297	1,961,536	583,495	190,334	10,866,182
2006	949,500	7,026,936	2,044,454	565,520	166,868	10,753,278
2005	863,007	6,995,014	1,837,302	583,207	160,646	10,439,176
2004	838,929	7,618,703	1,781,808	578,703	150,873	10,969,016
2003	818,986	6,286,576	1,729,837	559,479	147,291	9,542,169
2002	784,409	6,159,926	1,724,863	545,538	120,049	9,334,785
2001	710,966	5,982,216	1,867,444	535,295	119,158	9,215,079
2000	670,891	4,373,059	1,513,163	558,156	115,093	7,230,362
1999	622,119	4,008,135	1,516,599	527,420	112,334	6,786,607

(1) The City participates in the county-wide sales tax sharing pool and a point of sale sharing, therefore, sales tax is not the City's own source revenue.

Source: Required supplemental information and basic financial statements

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

<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>Real Property</b>	<b>Railroads And Utilities</b>	<b>Total</b>		<b>Ratio Of Total Assessed Value To Total Estimated Actual Value</b>
				<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
2008	2007	\$244,660,300	\$5,698,063	\$250,358,363	\$1,096,031,833	22.8 %
2007	2006	221,014,200	5,640,294	226,654,494	990,383,737	22.9
2006	2005	211,786,300	5,511,854	217,298,154	943,764,731	23.0
2005	2004	188,897,200	5,223,038	194,120,238	835,396,989	23.2
2004	2003	184,774,900	5,254,233	190,029,133	814,846,655	23.3
2003	2002	179,072,600	5,166,281	184,238,881	793,026,020	23.2
2002	2001	176,057,800	5,348,584	181,406,384	781,100,986	23.2
2001	2000	154,909,400	5,075,954	159,985,354	695,836,539	23.0
2000	1999	145,829,500	5,100,237	150,929,737	666,276,086	22.7
1999	1998	132,768,200	5,220,979	137,989,179	615,655,916	22.4

Notes:

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%.

The City does not collect tax on personal property and such data is, therefore, not included.

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

Source: Jefferson County Assessor

**CITY OF ARNOLD, MISSOURI**  
**PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
City of Arnold	0.420	0.420	0.440	0.440	0.450	0.450	0.450	0.450	0.460	0.470
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
Jefferson County	0.530	0.530	0.510	0.500	0.520	0.520	0.500	0.500	0.480	0.490
Consolidated School No. 6 of Jefferson County	4.530	4.520	4.460	4.460	4.600	3.530	3.510	3.500	3.580	3.610
Rock Community Fire Protection District	0.710	0.710	0.940	0.940	0.970	0.960	0.940	0.920	0.850	0.800
Rock Township Ambulance District	0.120	0.120	0.130	0.150	0.230	0.220	0.220	0.220	0.230	0.230
The Junior College District of Jefferson County	0.330	0.330	0.350	0.350	0.350	0.350	0.350	0.230	0.230	0.230
The Jefferson County Library District	0.190	0.190	0.180	0.180	0.190	0.190	0.190	0.190	0.190	0.190
Surtax-Commercial Only	0.240	0.240	0.240	0.240	0.240	0.240	-	-	-	-

Source: Jefferson County Assessor (rates stated per \$100 assessed valuation)

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage Of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage Of Total City Taxable Assessed Value</u>
AmerenUE	\$ 4,486,879	1	1.79 %	\$ -	-	- %
Metal Container Corporation	3,835,600	2	1.53	-	-	-
THF Arnold Triangle Dev LLC	3,700,400	3	1.48	-	-	-
Schnuck's	2,964,500	4	1.18	-	-	-
Water Tower LLC	2,638,300	5	1.05	-	-	-
Home Depot	2,542,600	6	1.02	-	-	-
Target	2,496,000	7	1.00	-	-	-
Dierberg's Market	2,453,300	8	0.98	-	-	-
Suellentrop Family Partnership LP	2,401,700	9	0.96	-	-	-
Convergy's Corporation	2,375,900	10	0.95	-	-	-
	<u>\$ 29,895,179</u>		<u>11.94 %</u>	<u>\$ -</u>		<u>- %</u>

Note: The information for 1999 was not obtainable. These records are not readily accessible from Jefferson County.

Source: Jefferson County Assessor

**CITY OF ARNOLD, MISSOURI**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Levy Year</u>	<u>Net Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent Collected As Current</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent Of Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent Of Levy</u>
2008	2007	\$ 1,032,992	\$ 982,678	95.1 %	\$ 14,224	\$ 996,902	96.5 %	\$ 50,314	5.05 %
2007	2006	992,520	951,674	95.9	14,046	965,720	97.3	40,846	4.23
2006	2005	944,339	897,486	95.0	8,619	906,105	96.0	57,677	6.11
2005	2004	859,110	802,501	93.4	15,718	818,219	95.2	23,218	2.70
2004	2003	834,414	809,603	97.0	14,358	823,961	98.7	24,812	2.97
2003	2002	814,105	759,996	93.4	59,237	819,233	100.6	36,228	4.45
2002	2001	780,778	730,130	93.5	51,280	781,410	100.1	16,345	2.09
2001	2000	708,787	661,782	93.4	46,057	707,839	99.9	16,978	2.40
2000	1999	670,891	517,177	77.1	155,207	672,384	100.2	13,849	2.06
1999	1998	622,429	586,577	94.2	35,659	622,236	100.0	18,762	3.01

(1) Originally adjusted for strike offs and additions by the Board of Equalization after 1978

Source: Jefferson County Collector's office

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

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage Of Personal Income (1)	Per Capita
	Capital Lease Obligations	Certificates Of Participation	Leasehold Revenue Bonds	Revenue Bonds	Tax Increment Revenue Notes	Revenue Bonds	Capital Lease Obligations	Notes Payable			
2008	\$ 455,622	\$ -	\$ 14,790,000	\$ 7,110,000	\$ 21,000,000	\$ 15,941,166	\$ 79,603	\$ 22,780,378	\$ 82,156,769	- %	\$ 3,990
2007	763,568	-	15,095,000	-	16,554,301	13,949,166	-	4,732,255	51,094,290	-	2,460
2006	749,910	-	15,370,000	-	-	10,120,833	-	842,007	27,082,750	-	1,327
2005	328,654	440,000	15,610,000	-	-	1,285,775	-	804,700	18,469,129	-	905
2004	48,550	650,000	16,655,000	-	-	1,410,275	-	875,700	19,639,525	5.02	975
2003	239,757	855,000	17,370,000	-	-	1,676,775	-	942,100	21,083,632	5.41	1,052
2002	-	1,055,000	1,870,000	-	-	1,926,025	-	1,004,600	5,855,625	1.51	294
2001	-	1,260,000	2,335,000	-	-	2,154,525	-	1,065,700	6,815,225	1.76	342
2000	9,828	1,315,000	2,765,000	-	-	2,390,500	-	1,009,356	7,489,684	1.93	375
1999	32,379	1,450,000	3,160,000	-	-	2,541,250	-	581,943	7,765,572	-	387

(1) See Demographics and Economic Statistics Table

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

**CITY OF ARNOLD, MISSOURI**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AUGUST 31, 2008**

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<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
The Junior College District of Jefferson County	\$ -	12.04 %	\$ -
Consolidated School No. 6 of Jefferson County	<u>35,260,000</u>	41.09	<u>14,487,822</u>
	35,260,000		14,487,822
City direct debt	<u>82,156,769</u>	100.00 %	<u>82,156,769</u>
Total Direct And Overlapping Debt	<u><u>\$ 117,416,769</u></u>		<u><u>\$ 96,644,591</u></u>

Source: Information was obtained by contacting the Taxing Jurisdiction and the Jefferson County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

**CITY OF ARNOLD, MISSOURI**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	<b>Fiscal Years</b>									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Debt limit	\$ 33,081,629	30,513,314	28,247,720	25,534,112	25,363,969	25,018,687	24,752,032	22,021,812	20,513,362	19,070,814
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 33,081,629</u>	<u>30,513,314</u>	<u>28,247,720</u>	<u>25,534,112</u>	<u>25,363,969</u>	<u>25,018,687</u>	<u>24,752,032</u>	<u>22,021,812</u>	<u>20,513,362</u>	<u>19,070,814</u>
Total Net Debt Applicable To The Limit As Percentage Of Debt Limit	-	%	-	-	-	-	-	-	-	-

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



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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Median Age (2)</b>	<b>Personal Income (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment</b>	<b>Unemployment Rate (3)</b>
2008	20,589	34.9	N/A	N/A	11,535	6.4 %
2007	20,766	36.7	N/A	N/A	11,459	5.3
2006	20,413	36.7	N/A	N/A	11,459	4.8
2005	20,413	36.7	N/A	N/A	11,554	4.3
2004	20,146	34.9	\$ 391,537,510	\$ 19,435	11,019	3.1
2003	20,049	34.9	389,652,315	19,435	11,019	3.1
2002	19,920	34.9	387,145,200	19,435	11,019	3.1
2001	19,956	34.9	387,844,860	19,435	11,019	3.1
2000	19,970	34.9	388,116,950	19,435	11,019	3.1
1999	20,053	N/A	N/A	N/A	9,507	5.2

(1) Source: SETA - Office of Social and Economic Trend Analysis

(2) Source: Census Bureau

(3) Source: Missouri Department of Labor

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND SIX YEARS AGO**

<u>Employer</u>	<u>2008</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent Of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent Of Total City Employment</u>
Convergy's Corporation	1,100	1	5.47 %	950	1	4.73 %
Wal-Mart	331	2	1.65	282	2	1.40
LMC Industries	300	3	1.49	280	3	1.39
Shop & Save	200	4	1.00	161	7	0.80
Metal Container Corporation	180	5	0.90	197	5	0.98
Schnuck's	159	6	0.79	200	4	1.00
Home Depot	150	7	0.75	163	6	0.81
Target	139	8	0.69	119	10	0.59
Sinclair & Rush	125	9	0.62	136	8	0.68
Kohl's Department Store	106	10	0.53	125	9	0.62
	<u>2,790</u>		<u>13.89 %</u>	<u>2,613</u>		<u>13.00 %</u>

Source: City Clerk's office

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

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of August 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Legislative services	1	1	1	1	1	1	1	1	1	1
Administrative services	8	8	7	6	5	5	5	4	4	4
Maintenance of municipal property	1	1	1	1	1	1	1	-	-	-
Municipal court	2	2	2	1	1	1	1	1	1	1
Finance	4	4	4	3	3	3	3	3	3	3
Police:										
Officers	48	48	48	47	46	44	46	47	47	45
Administrative services	4	4	4	3	4	4	4	4	4	4
Dispatch	8	8	7	8	8	8	7	7	7	8
Public works:										
Administration	3	3	2	2	2	2	2	2	2	2
Street maintenance	8	8	8	8	8	9	11	13	13	12
Fleet	2	2	2	2	2	2	2	-	-	-
Building department:										
Administration	4	4	4	4	3	3	3	3	2	1
Inspectors	2	2	2	3	3	3	3	4	5	3
Engineers	1	1	1	1	1	-	1	1	1	1
Parks and recreation:										
Administration	3	3	3	3	2	2	3	2	2	2
Maintenance	6	6	4	4	4	3	3	3	3	3
Supervisors	2	2	2	2	-	-	-	-	-	-
Sewer:										
Maintenance	6	5	5	5	5	4	4	4	4	5
Storm water:										
Maintenance	2	2	-	-	-	-	-	-	-	-
Health department:										
Administration	1	1	1	1	1	2	2	2	2	2
Rabies controller	1	1	2	2	2	2	2	2	2	2
Golf course:										
Administration	2	2	-	-	-	-	-	-	-	-
Maintenance	1	1	-	-	-	-	-	-	-	-

Source: City payroll department records

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

<b>FUNCTIONS/PROGRAMS</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Police - patrol:										
Arrests	1,561	1,932	2,183	2,393	2,120	1,998	2,061	4,983	1,589	1,511
Traffic citations	7,178	9,657	8,039	12,028	9,764	8,312	8,342	8,283	3,955	4,475
Crime reports	15,598	15,741	15,072	15,999	15,519	14,753	13,803	14,312	14,087	14,313
Accident reports	1,048	964	1,009	1,095	1,020	983	1,066	1,146	1,030	889
Warrants	2,145	2,132	2,427	3,128	N/A	N/A	N/A	N/A	N/A	N/A
Public works:										
Road repair - tons of mix	511	816	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic control signs serviced	30	26	19	45	N/A	N/A	N/A	N/A	N/A	N/A
Weed violations issued - HW	117	172	140	138	102	95	627	720	892	341
Acres mowed and maintained	25	25	25	25	25	25	25	25	25	25
Planning and building:										
Site development/concept plans	25	43	67	43	67	57	44	28	36	39
Rezoning applications	6	6	5	4	3	4	4	10	5	5
Text amendments	5	8	3	-	1	-	5	3	9	7
Building permits issued	499	633	622	799	736	701	646	567	640	763
Building inspections completed	2,756	3,200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance and administration:										
Merchant licenses issued	83	86	83	92	89	82	79	89	83	89
Payroll checks issued	4,677	4,548	4,151	3,209	3,065	3,069	3,137	N/A	N/A	N/A
Accounts payable processed	5,472	4,926	4,419	4,010	3,975	3,899	3,621	N/A	N/A	N/A
Requests for public records	44	49	34	8	8	5	9	N/A	N/A	N/A

Source: City records - various departments listed

**CITY OF ARNOLD, MISSOURI**  
**CAPITAL ASSETS STATISTICS BY FUNCTIONS/PROGRAMS**  
**LAST TEN FISCAL YEARS**

<b>FUNCTIONS/PROGRAMS</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	29	29	29	29	29	29	16	16	16	16
Public works:										
Miles of streets	80	81	81	77	77	77	77	77	77	53
Traffic lights and signals	6	3	3	3	3	3	3	3	3	2
Miles of sanitary sewers	233.0	98.5	98.5	96.3	96.3	96.3	96.3	95.3	95.3	74.8
Miles of storm sewers	7.5	7.4	7.4	7.4	7.4	7.4	7.4	7.3	7.3	7.3
Number of pumping stations	5	9	9	9	9	9	9	9	9	6
Parks and recreation:										
Number of parks	5	5	5	5	5	5	5	5	5	5
Acres of parks	485	485	485	485	485	485	463	463	463	348
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	1	1	1	1	1	1
Golf course	1	1	-	-	-	-	-	-	-	-

Source: City finance department records