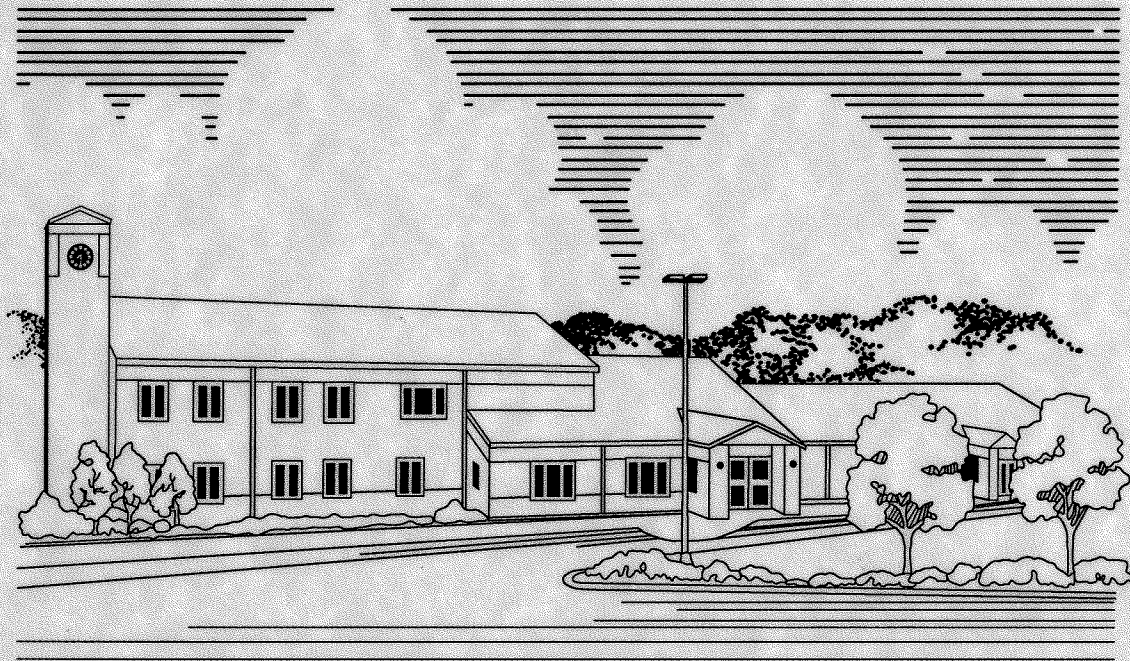


CITY OF ARNOLD, MISSOURI

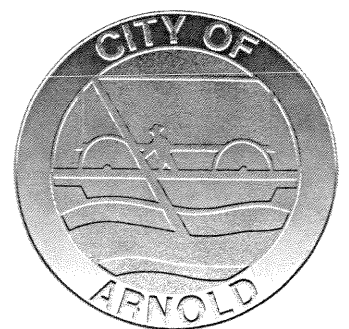
Comprehensive Annual Financial Report For The Fiscal Year Ended August 31, 2013



CITY OF ARNOLD, MISSOURI

Comprehensive Annual Financial Report
For The Fiscal Year Ended August 31, 2013

Prepared by the
Finance Department



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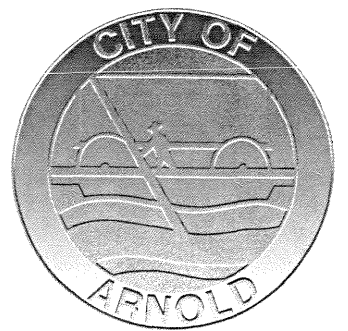
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INTRODUCTION





February 13, 2014

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

State law and local ordinances require that all general-purpose local governments publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of Arnold, Missouri (the City) for the fiscal year ended August 31, 2013, is hereby submitted.

The comprehensive annual financial 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. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Hochschild, Bloom & Company LLP audited the City's financial statements. 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, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

City Hall
2101 Jeffco Blvd.
Arnold, MO 63010
636/296-2100

Parks and Recreation
1695 Missouri State Rd.
Arnold, MO 63010
636/282-2380

Public Works
2912 Arnold Tenbrook
Arnold, MO 63010
636/282-2386

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 Government

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 City has operated under the mayor-council-city administrator form of government since its inception. Policy making and legislative authority are vested in a governing council consisting of the mayor and eight council members. The mayor and council are elected on a nonpartisan basis. The mayor is elected to serve a four-year term. Council members serve two-year staggered terms, with four council members elected every year. 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 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, snow removal, 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.

Local Economy

The City occupies an area of approximately 11.2 square miles and based on the 2010 Census, serves a population of 20,808 residents, who are ideally located to commute to employment within the City and throughout the surrounding Metropolitan St. Louis area. Interstate Highway 55, U.S. Highway 61-67, and State Highways 141 and 231 provide access to St. Louis City, Jefferson, St. Louis, and St. Charles counties along with the Metro-East (Illinois).

The Federal Reserve Bank of St. Louis reports that as of August 2013, the unemployment rate for Jefferson County has dropped to 6.8% from 7.2% in August 2012. This is the first year unemployment has been below 7.0% since August 2007. By comparison, as of August 2013, the unemployment rate for the State of Missouri was 7.1% the same as in August 2012. The St. Louis metropolitan statistical area which includes some Illinois counties was 7.4% as of August 2013 and 7.8% for the same period last year. The adjacent counties of St. Louis, Franklin, and Washington were reported at 7.0%, 6.7%, and 9.4% in August 2013, respectively. Economists predict unemployment will continue to recover slowly within the nation and region but vary widely on when or if it will

level off at the pre-recession rate. The City believes it is in a favorable situation for the coming year given the number of new retail sales and services establishments that have opened for business within the last few years bringing several hundred jobs to the City and the manufacturing activity within this last year.

The economic condition and outlook of the City has been stable in recent years. Even with the Metropolitan area's somewhat sluggish residential and commercial markets, the real estate tax base for fiscal year 2013 showed modest growth of 0.15% above last year's levels. The City's residential stock, geographic location and variety of services have kept real estate marketable. Commercial vacancies remain modest while the potential for further retail and industrial development appears favorable within the next five years.

The City's tax structure relies primarily on sales taxes and gross receipts utility taxes. Utility tax receipts from the electric, gas, and telecommunications companies continue to increase at a modest rate. The City sales tax receipts for fiscal year 2013 remained strong up 3.32% from 2012. After factoring in the EATS pass-through payments for the TIF projects and economic development set-aside, the City's net general sales tax receipts were 1.48% over the prior fiscal year. We have projected a 4% increase in gross sales tax for fiscal year 2014 as compared to fiscal year 2013.

The City desires to plan for the success of the City for decades to come. To encourage growth and stability, the City has established an economic development committee to actively seek out and support commercial development. In addition to the expanded Water Tower Shopping Center, City council supported the development of two TIF areas; the "Arnold Commons" and the "Arnold Crossroads" redevelopment projects now both nearing build-out. The Arnold Commons redevelopment project produced a new quality 225,000 square-foot shopping center located on approximately 40 acres in the southwest quadrant of Interstate 55 and Highway 141. The Arnold Crossroads redevelopment area includes the revitalization and modification of an existing shopping center located in the heart of the City.

In 2008, the City established the Arnold Retail Corridor Transportation Development District (ARC-TDD) to accommodate anticipated changes in traffic patterns and density because of the TIF and other developments. This year, ARC-TDD project funds were used to help with the construction of road improvements at Astra Way and Missouri State Roads and Lone Star Drive. The ARC-TDD is included in the basis financial statements as a distinctly presented component unit. Separate financial statements may be obtained from the City's finance department.

In addition to recent retail activities such as a new CVS Pharmacy and Ross Dress for Less, the City issued \$88 million in Chapter 100 Industrial Bonds in support of expansion to Metal Container Corporation, a subsidiary of Anheuser Busch-InBev. This expansion not only retains approximately 100 existing jobs but will provide for at least 25 additional positions. In December 2013, the City Planning Commission approved plans for a second expansion for Metal

Container Corporation to add another 24,000 sq. ft. to their complex. Superior Oil, a major supplier of industrial solvent and chemical products, has relocated their plant to the City.

The Richardson Villas being constructed by Arapaho Development containing forty-eight affordable senior housing units is nearing completion. After the success with Watercolor Villas development within the City, the Missouri Housing Development Commission awarded funding for this second project.

Long-term Financial Planning

The annual budget serves as the foundation for the City's financial planning and control. Throughout the fiscal year, the Budget Review Committee meets to monitor trends in monthly revenue and expenditure activity, prioritize capital needs, review financial policies, and work with staff to develop fees for services. All departments of the City are required to submit requests for appropriations to the City's administrator and finance director. These requests are used as a starting point for developing a proposed budget. Initial draft budget documents are presented to the Budget Review Committee for refining. With the assistance of the Budget Review Committee, the City's administrator and finance director present the proposed budget to the mayor and City council for review in July prior to adoption. The City 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's 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.

Due to the General Fund's reliance on sales tax revenue, the City has adopted a Fund Balance Policy that anticipates a target unassigned fund balance of not less than 34% of annual operating revenues for the fiscal year and requires a plan of action to restore the balance if it falls below this level. Last year the City took advantage of the favorable bond market year to refund the existing Recreation Center Series 2003 Bonds with bonds providing a lower interest rate and is reviewing other issues for similar opportunities. The City has and will continue to demonstrate its ability to compress government expenditures to accommodate this tighter economy and any temporary downturns in revenue.

Major Initiatives

Following the Comprehensive Plan's blueprint or guideline, the City utilizing federal surface transportation improvement and ARC-TDD funds along with the City's funds, completed construction on a modern roundabout at the Astra Way and Old Missouri State Road intersection and the reconfiguration of Highway 141 at Astra Way to improve traffic flow. ARC-TDD and the City's monies are funding the construction of a new road that will eventually provide relief to Highway 61-67

and connect Highway 141 with Michigan Avenue in the heart of the Water Tower Shopping Center. The City was awarded a new surface transportation improvement grant for the resurfacing of Michigan Avenue. Preliminary engineering has begun with the hope of starting construction Spring/Summer 2014. In keeping with the City's focus on enhancing the leisure life provided residents, the City purchased additional property adjacent to Ferd B. Lang Park for future expansion and installed a new walking path around the lake in Arnold City Park.

The City will continue to seek alternative funding sources, such as grants, and analyzing City operations for areas of efficiency and cost effectiveness.


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 for its comprehensive annual financial report for the fiscal year ended August 31, 2012. This is the 24th 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 GAAP and applicable legal requirements.

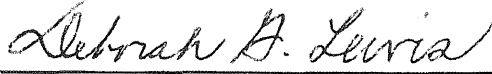
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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's finances.

Respectfully submitted,



Bryan Richison
City Administrator



Deborah G. Lewis
Finance Director



Government Finance Officers Association

**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, 2012

Executive Director/CEO

CITY OF ARNOLD, MISSOURI
PRINCIPAL OFFICIALS

Ron Counts

Mayor

Council

Nancy Crisler

Ward One

Jason Fulbright

Ward One

Mary Elizabeth Coleman

Ward Two

Michelle Hohmeier

Ward Two

Phil Amato

Ward Three

Paul Freese

Ward Three

Butch Cooley

Ward Four

Kenneth Moss

Ward Four

Tammi Casey

City Clerk

Dan Kroupa

Treasurer

Todd Hamby

Judge

Robert Sweeney

City Attorney

Bryan Richison

City Administrator

Deborah Lewis

Finance Director

Robert Shockey

Chief of Police

Mary Holden

Community Development Director

Ed Blattner

Public Works Director

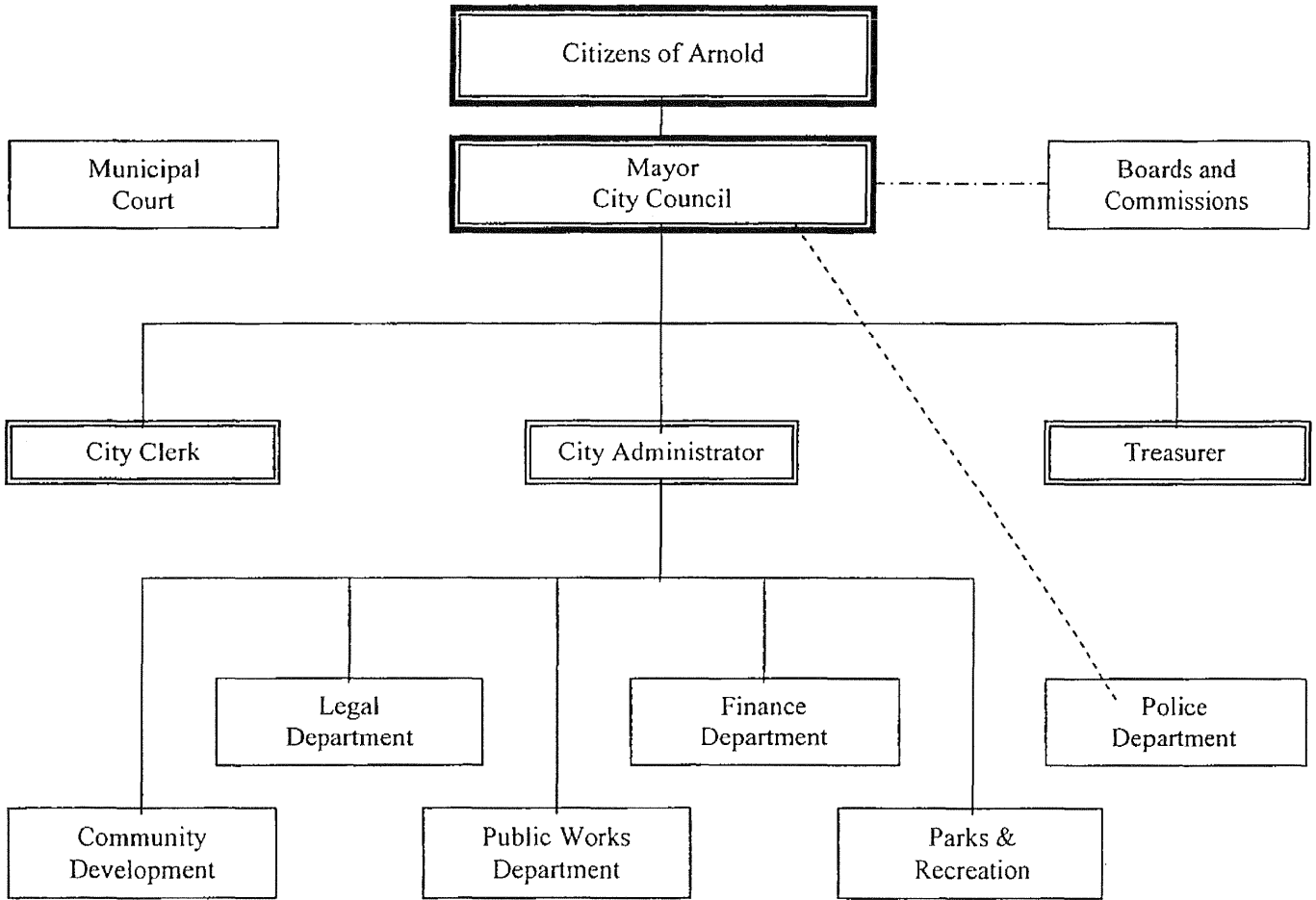
Greg Hall

Director of Administration

Susie Boone

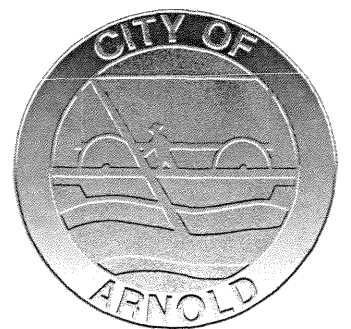
Parks and Recreation Director

Organization Chart



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

FINANCIAL





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

INDEPENDENT AUDITOR'S REPORT

February 13, 2014

Honorable Mayor and City Council
CITY OF ARNOLD, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

- 16100 Chesterfield Parkway W., Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of August 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 and introductory and statistical sections, as listed in the table contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial state-

ments or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2014, 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 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* in considering the City's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ARNOLD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2013

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, 2013. 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 and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$60,064,938 (*net position*). The City has a deficit unrestricted net position of \$22,152,651 due to \$32,187,152 in TIF bonds and notes outstanding at year-end for infrastructure assets not owned by the City.
- Governmental activities and business-type activities had a net position of \$42,469,040 and \$17,595,898, respectively, at fiscal year-end.
- The City's total net position increased by \$1,968,113 during the fiscal year. The combined governmental activities increasing by \$2,171,890 while the combined business-type activities decreased by \$203,777.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,521,837, a decrease of \$1,150,630 in comparison with the prior year. Approximately 36% of this amount (\$4,903,209) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$8,393,193, or approximately 46% of total general fund expenditures.
- The City's total outstanding long-term debt, including compensated absences, decreased by \$2,389,064 during the current fiscal year to a total of \$79,616,034. This decrease is attributable to the year's repayments. No new bonds were issued in the fiscal year. The MSD note increased due to modifications made at the Meramec WWTP for disinfection and additional Phase 1 construction costs.

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 supplemental information intended to furnish additional detail to support 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, in a manner similar to a private-sector company. The two government-wide statements, **Statement of Net Position** and **Statement of Activities**, report the City's net position and how it has 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, highways, public safety, and parks. Business-type activities are those activities of a government that are designed to be self-supporting.

The **Statement of Net Position** presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position also provides information on the City's net investment in capital assets, restricted items and unrestricted net position.

The **Statement of Activities** presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base or the condition of the City's roadway network.

CITY OF ARNOLD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2013

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety (police, courts, and justice services), public works, highways and streets, parks and recreation (including the Recreation Center), health and sanitation, economic development as well as interest and fiscal charges. The business-type activities include the golf course and the sewer and storm water system utility services provided by the City.

The government-wide financial statements include not only the City (known as the *primary government*), but also the legally separate Arnold Retail Corridor Transportation Development District (the District). The District is considered a component unit of the City. The District was organized to construct public infrastructure improvement projects to serve new transportation redevelopment projects in the City. The District's financial activity is discretely presented in the City's basic financial statements.

The government-wide financial statements can be found on pages 16 and 17 of this report.

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

	Fund Statements			
	Government-wide 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 and storm water systems	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City commissioned employees
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balance	* Statement of net position * Statement of revenues, expenses, and changes in net position	* Statement of fiduciary net position * Statement of changes in fiduciary net position
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 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 the 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 the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Fund financial statements. A *fund* is an accounting device that groups related accounts together 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 fund financial statements focus on *near-term inflows and outflows of spendable resources*, as

**CITY OF ARNOLD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2013**

well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 maintains five individual government funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, recreation center fund and special allocation fund, which are considered major funds. Data for the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements in the other supplemental information section of this report.

The City adopts annual appropriated budgets for its General Fund, Recreation Center Fund, Special Allocation 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 fund financial statements can be found on pages 18 through 21 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*. Typically, Internal Service Funds provide services that predominantly benefit governmental rather than performing business-type functions and are used to accumulate and allocate costs internally among an entity's various functions and departments.

The basic proprietary fund financial statements can be found on pages 22 through 25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or *fiduciary*, for its police employees' pension plan. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. 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 26 and 27 of this report.

Notes to the 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 28 through 56 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 57 through 61 of this report. Other supplemental information found on pages 62 through 67 contain comparative governmental funds statements and combining and individual statements for the nonmajor governmental funds.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$60,064,938 at the close of the most recent fiscal year. This represents an increase in net position of 3.4% or \$1,968,113 over fiscal 2012. (Table A-2)

At the end of the current fiscal year, the City had positive balances in six categories of net position (net investment in capital assets; restricted for capital improvements; restricted for debt service; restricted for public safety; restricted for tax increment financing; and restricted for tourism) however, its unrestricted net position had a deficit balance of \$22,152,651.

**Table A-2
City's Net Position as of August 31, 2012 and 2013
(In thousands of dollars)**

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>activities</i>		<i>activities</i>			
	2012	2013	2012	2013	2012	2013
Assets						
Current and other assets	\$ 21,186	18,495	6,785	5,224	27,971	23,719
Capital assets	77,178	79,958	41,224	41,167	118,402	121,125
Total assets	<u>98,364</u>	<u>98,453</u>	<u>48,009</u>	<u>46,391</u>	<u>146,373</u>	<u>144,844</u>
Total Deferred Outflows of Resources	<u>1,058</u>	<u>987</u>	<u>-</u>	<u>-</u>	<u>1,058</u>	<u>987</u>
Liabilities						
Long-term debt outstanding	53,731	52,006	28,445	27,865	82,176	79,871
Other liabilities	5,394	4,965	1,765	930	7,159	5,895
Total liabilities	<u>59,125</u>	<u>56,971</u>	<u>30,210</u>	<u>28,795</u>	<u>89,335</u>	<u>85,766</u>
Net Investment in capital assets	58,747	62,496	13,366	13,383	72,113	75,879
Restricted for capital improvements	801	249	-	-	801	249
Restricted for debt service	3,049	3,049	701	588	3,750	3,637
Restricted for public safety	25	19	-	-	25	19
Restricted for tax increment financing	1,921	2,391	-	-	1,921	2,391
Restricted for tourism	-	42	-	-	-	42
Unrestricted	(24,246)	(25,777)	3,732	3,625	(20,514)	(22,152)
Total net position	<u>\$ 40,297</u>	<u>42,469</u>	<u>17,799</u>	<u>17,596</u>	<u>58,096</u>	<u>60,065</u>

The largest portion of the City's net position, \$75,878,997 in 2013 (an increase of approximately 5.2% from 2012), 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 position, \$6,338,592 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$6,028,402 or over 95% is restricted by debt covenants while use of the remaining, \$310,190, is restricted by other governmental entities.

The remaining category of the City's net position represents a deficit balance of *unrestricted net position* totaling \$22,152,651 in 2013. This increase in the deficit balance (\$1,639,173) over 2012 is due in part to the outstanding TIF bonds and notes.

CITY OF ARNOLD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2013

Table A-3
Change in City's Net Positions for the Years Ended August 31, 2012 and 2013
(In thousands of dollars)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>		<i>Change</i>
	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>Activities</i>	<i>2012-2013</i>
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	
Revenues							
Program revenues:							
Charges for services	\$ 3,103	3,121	4,933	5,023	8,036	8,144	1.34 %
Operating grants	1,086	1,087	-	-	1,086	1,087	0.09
Capital grants	1,408	2,375	1	16	1,409	2,391	69.69
General revenues:							
Taxes	14,177	15,121	-	-	14,177	15,121	6.66
Investment income	74	48	253	241	327	289	(11.62)
Miscellaneous	150	190	-	12	150	202	34.67
Total revenues	<u>19,998</u>	<u>21,942</u>	<u>5,187</u>	<u>5,292</u>	<u>25,185</u>	<u>27,234</u>	8.14
Expenses							
General government	3,561	3,438	-	-	3,561	3,438	(3.45)
Public safety	5,557	5,699	-	-	5,557	5,699	2.56
Public works	471	653	-	-	471	653	38.64
Highways and streets	3,143	3,181	-	-	3,143	3,181	1.21
Parks and recreation	2,311	2,286	-	-	2,311	2,286	(1.08)
Health and sanitation	1,199	1,210	-	-	1,199	1,210	0.92
Economic development	85	132	-	-	85	132	55.29
Sewer system	-	-	3,592	4,138	3,592	4,138	15.20
Storm water system	-	-	639	608	639	608	(4.85)
Golf course	-	-	778	759	778	759	(2.44)
Interest on long-term debt	3,328	3,161	-	-	3,328	3,161	(5.02)
Total expenses	<u>19,655</u>	<u>19,760</u>	<u>5,009</u>	<u>5,505</u>	<u>24,664</u>	<u>25,265</u>	2.44
Excess (deficiency) before transfers	343	2,182	178	(213)	521	1,969	277.93
Transfers	(10)	(10)	10	10	-	-	-
Increase (decrease) in net position	333	2,172	188	(203)	521	1,969	277.93
Net position - September 1	<u>39,964</u>	<u>40,297</u>	<u>17,611</u>	<u>17,799</u>	<u>57,575</u>	<u>58,096</u>	0.90
Net position - August 31	<u>\$ 40,297</u>	<u>42,469</u>	<u>17,799</u>	<u>17,596</u>	<u>58,096</u>	<u>60,065</u>	3.39 %

Governmental activities. Governmental activities increased the City's net assets by \$2,171,890. Key elements of this net increase are as follows:

- Property tax revenues increased by \$280,394 or 15.1% from fiscal 2012. Although the City elected not to change its property tax levy rate, new construction completed in the Arnold Triangle TIF area accounts for 92.3% of this increase or \$258,922.
- Sales tax revenues were \$410,294 or 4.4% higher than last year. This can be attributed to new retailers and improvement in the local economy.
- This year's gross receipts tax revenue was \$249,204 or 8.3% higher due in part to a 10% increase in electrical rates which took effect January 2013.
- Overall charges for services revenue were relatively flat at a 0.6% or \$18,459 increase as compared to 2012. Charges for General Government services registered a modest increase relatively flat at \$6,244 or 1.3% higher

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than the prior year. This can be attributed to an increase in tourism event revenues. Increases in permits of 35.5% or \$72,404 and automated traffic enforcement fines and other court fines and fees of 3.6% or \$34,448 in results in Public Safety service fees being above last year by \$108,470 or 8.8%. Parks and Recreation dropped by \$94,799 or 6.9% due to decreases in parks programs and rentals of \$20,089, or 28% and in recreation center memberships, pool admissions and concessions of \$86,247, or 8.3% as compared to 2012.

- Funding from the Arnold Retail Corridor Transportation Development District (ARC-TDD), presented as a component unit in these reports, for the realignment and extension of Lone Star Drive and Surface Transportation Program for completion of construction on Astra Way, Highway 141 and Missouri State Road account for \$939,028 or 97% of the increase in capital grants and contributions as compared to prior year. Operating grants and contributions shows an increase of \$1,021 or less than 0.1% over last year.
- Investment income shows a decrease of \$25,790 or 34.9% during the current year. This is the second year interest income has fallen and reflects the Federal Reserve's monetary policy.

Figure A-1

Sources of Revenue - Governmental Activities

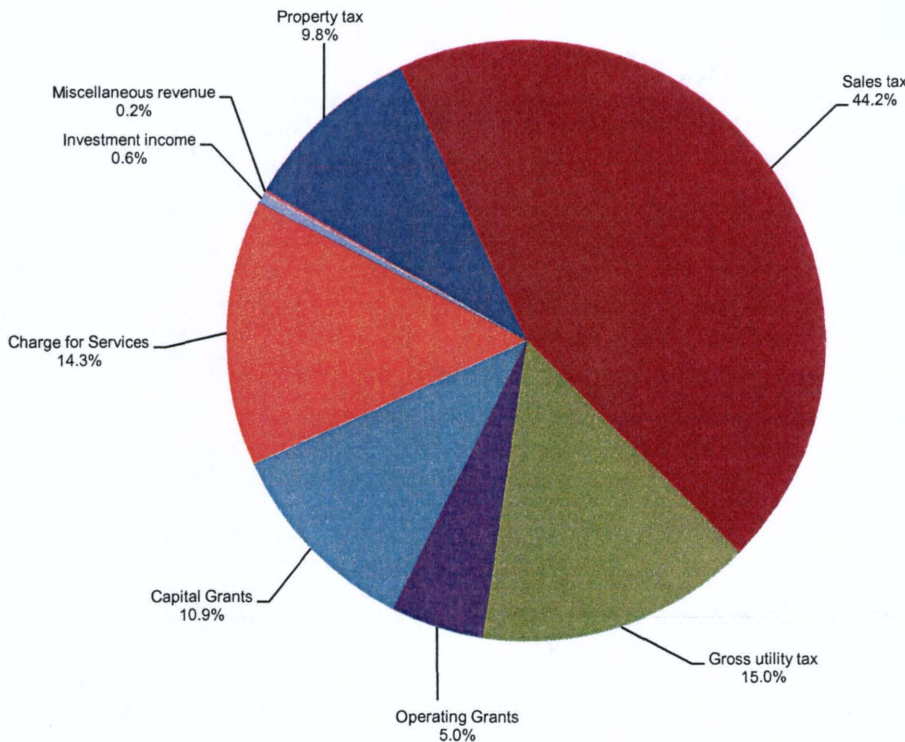


Figure A-2

Expenses by Function - Governmental Activities

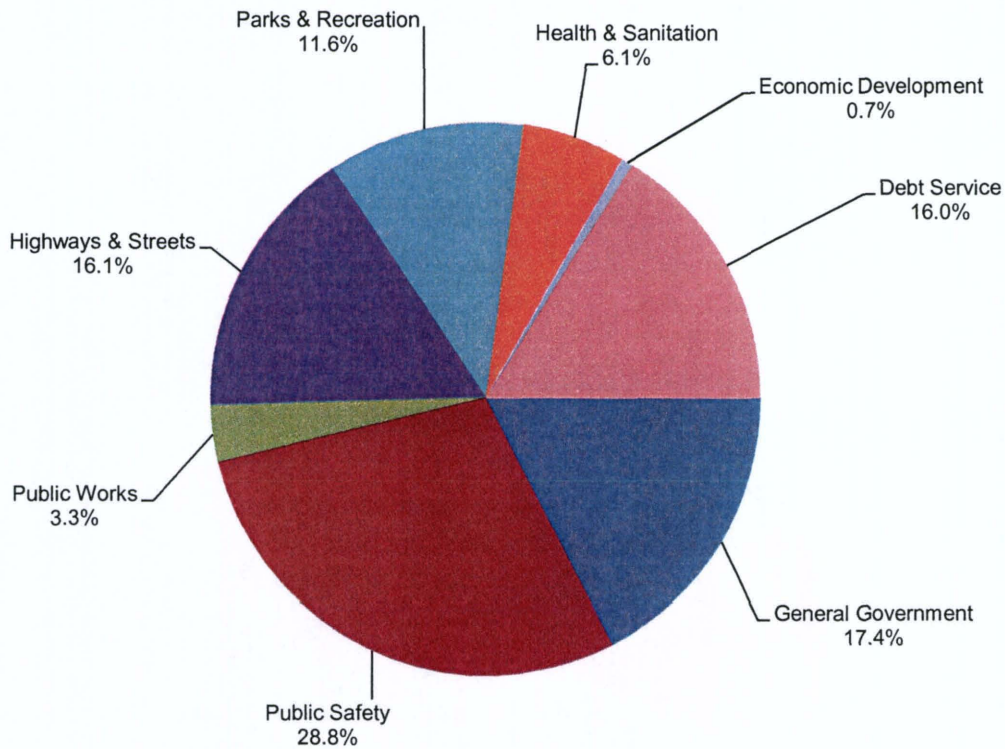


Table A-4 presents the cost of each of the City's seven governmental functions - general government including economic development, public safety (police, code enforcement, courts, and justice services), public works, highways and streets, parks and recreation (parks and recreation center), and health 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 \$19,759,965.
- However, the amount that our taxpayers paid for these activities through City taxes was \$15.1 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.

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**Table A-4
Net Cost of the City's Governmental Activities
(In thousands of dollars)**

	Total Cost Of Services			Change 2012-2013	Net Cost Of Services		
	2012	2013			2012	2013	Change 2012-2013
General government	\$ 3,561	3,438	(3.45) %	\$ 3,093	2,936	5.08 %	
Public safety	5,557	5,699	2.56	4,195	4,227	0.76	
Public works	471	653	38.64	17	(1,009)	(6,047.06)	
Highways and streets	3,143	3,181	1.21	1,269	1,566	23.40	
Parks and recreation	2,311	2,286	(1.08)	915	1,001	9.40	
Health and sanitation	1,199	1,210	0.92	1,156	1,163	0.61	
Economic development	85	132	52.29	85	132	55.29	
Interest on long-term debt	3,328	3,161	(5.02)	3,328	3,161	(5.02)	
Total	\$ 19,655	19,760	0.53 %	\$ 14,058	13,177	(6.27) %	

Business-type activities. Business activities decreased the City's net position by \$203,777. Key elements of this decrease are as follows:

- Charges for sewer services increased by \$202,261 or 5.3% during the current year. This is due to increased usage as rates remain the same as in the prior year. Operating expenses increased \$534,150 or 14.8% due to completion of phase 3 of the city-wide sewer irrigation and infiltration study for \$441,219 and an increase in depreciation expense of \$194,793 over last year. Contracted sewer repairs were lower than 2012 by \$94,022 or 72.3%.
- Storm water rates remain the same with charges for services increasing \$14,366 or 2.5% while cost of services decreased \$30,730 or 4.8% during the current year. No major building repairs were made this year while a \$21,687 roof replacement was completed in the prior year. Depreciation expense decreased \$4,255 or 7.2% this year as compared to last year.
- Charges for services decreased \$126,816 or 22.6% at the City's public golf course this year as flooding disrupted business. Daily admissions decreased \$78,997 or 21.1% while concessions including food, beverages, and golf shop sales decreased 26.2% or \$30,186. Operating expenses decreased \$24,651 or 3.1% this year. Of this amount, a decrease of \$15,767 or 25.7% is attributable to concession products. In spite of the extra labor to help recover from flooding and medical benefit increases, staffing costs were lower than last year by \$9,247 or 3.0%.
- Investment income for all business-type activities decreased by \$12,106 or 4.8% due to the low interest rates available on City approved investment instruments.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unrestricted 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 \$9,970,783, a decrease of \$1,531,484 in comparison with the prior year. Of this amount \$441,169 represents prepaid items and is nonspendable. Additional amounts of \$572,676 and \$563,745 have been restricted for capital projects and debt service respectively. The City Council has committed portions of fund balance as follows: 1) \$185,988 for services and street

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improvements, 2) \$883,724 for sewer sub-district projects, 3) \$113,165 for greenway beautification, 3) \$250,571 for economic development, 4) \$9,066 for the pride in our City program, 5) \$74,603 in continued support of a city bus route and 6) \$40,000 to match school districts funds for a sidewalk and intersection improvements project. The City Council has assigned \$530,792 for the subsequent year's budget. The remaining unassigned fund balance is \$6,305,284.

The Recreation Center Fund is strictly dedicated to the center's revenues and expenditures. Revenues are generated through a ¼ cent general sales tax and user fees. The Recreation Center Fund reported an ending fund balance (deficit) of \$1,386,983. Of this balance, prepaid items totaling \$15,091 are reported as nonspendable and (\$1,402,075) is reported as unassigned. As predicted prior to building the recreation center, sales tax receipts are sufficient to cover debt service. User fees although not adequate to cover operating expenditures, are set at a price point affordable for the vast majority of city residents and reviewed annually.

The Special Allocation Fund reports activities related to the City's Arnold Commons and Crossroads TIF projects. Revenues are received from incremental property and sales tax generated within the project area. These funds are then used to retire the related project debt. The Special Allocation Fund reported an ending fund balance of \$4,876,453 or an increase of \$470,846 or 10.7% above last year. Of this amount, 100% is restricted. In July 2009, bonds in the amount of \$28,485,000 were issued for the Arnold Commons TIF project. As of August 2013, \$26,455,000 remains outstanding on these bonds. In October 2009, notes in the amount of \$3,319,555 were issued for the Arnold Crossroads TIF project. Additional notes in the amount of \$3,000,000 were issued May 2011 for the Arnold Crossroads Sub-Area #1 TIF project. As of August 2013, \$3,319,555 remains outstanding on the Arnold Crossroads and \$2,412,597 on the Arnold Crossroads Sub-Area #1 projects.

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

The Sewer Fund has an unrestricted net position at the end of the fiscal year of \$4,730,082, an increase of \$249,363 from prior year. The unrestricted net position for the Storm Water Fund is \$296,489, an increase of \$5,228 from prior year. The Golf Fund ended the year with an unrestricted net position of (\$1,401,919), down \$452,969 from prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Results for the General Fund this year were better than anticipated by \$883,049. Actual total revenues were \$530,104 above final budget while actual total expenditures were \$354,220 below budget.

Total tax revenue was just over final estimated budget at \$3,288. Although sales tax revenue was 3.32% over the prior fiscal year, actual sales tax revenues were \$118,790 or 1.76% lower than final budget. Gross receipts tax was \$125,765 or 4.26% higher than final budget. Electric utility tax budget estimate already adjusted upwards because of a public service commission approved rate increase was less than actual tax receipts by \$130,746 or 7.7%. This was due in part to higher consumer usage in the summer months. Motor fuel tax was slightly \$4,115 or 0.78% below final budget.

Special assessment revenues were higher than anticipated because payment on a large portion of the Ozark Drive NID \$135,000 was recognized as part of a settlement with a property owner.

Budget variance in licenses and permits reflect additional improvement in the local economy. Merchant and other licenses account for \$69,109 or 62.7% of this increase. The remaining variance to budget of \$41,113 is the result of an increase in construction and remodeling permits.

Court fines were over budget estimate by \$50,095. In part, this was due to a 53% increase or \$15,950 in bond forfeitures.

Intergovernmental revenues were \$162,116 or 6.9% over budget estimate due to an expedited close-out of the surface transportation program grant funded Astra Way projects and unexpected progress on the Lone Star connector road.

Charges for service revenues were under budget estimate by \$17,446 or 16%. A \$12,291 or 19% over estimate in park rentals, concession, and park programs revenues accounts for 70% of the variance.

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General government actual expenditures were lower than final budget by \$154,485 or 5.56%. This was driven in part by the decision to delay several building improvement projects until in-house staff was available, savings in staffing costs due to vacancies, reduced subsidy for the local bus route and delays in the purchase of new IT equipment and supplies.

Public safety actual expenditures were under budget \$137,631 or 2.89% primarily due to police officer vacancies, reduced overtime and fuel costs and the elimination of a full-time building commissioner through attrition. Both public works and highway and street expenditures were lower than estimated due in part to employee turnover. Additionally, highway and street asphalt and concrete expenditures were below budgeted.

Parks and Recreation wages were lower than final budget by \$67,162 or 59.6% of the variance with the balance in programs, supplies and other accounts. These variances were due in part to weather conditions and the reinstatement of summer enrichment programs through the school district.

Capital outlays ended the year above budget by \$150,825 or 2.7% due to weather conditions favoring construction work.

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, 2013, amounted to \$121,125,829 (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 year was 2.3% (governmental activities increased 3.6% and a 0.14% decrease for business-type activities). (See table A-5)

Capital asset events occurring during the fiscal year included the following:

- Land was purchased to extend back of Ferd B. Lang Park along Ozark Drive (\$163,963) along with transfers from construction work-in-progress (CWIP) for easements and other parcels needed complete road projects on Astra Way at Hwy 141 and Missouri State Roads (\$26,028) and the Lone Star connector road (\$380,169).
- Astra Way (\$2,212,736), Lone Star (\$3,416,009), Judy Drive (\$81,921), and Old Lemay Ferry (\$10,877) improvements were moved from CWIP to infrastructure. Remaining in CWIP is preliminary work on Richardson Road (\$20,665), Michigan Avenue (\$51,105), and Melody Lane (\$50,727).
- General Fund updated the highway and streets fleet with the purchase of six dump trucks (\$730,967) while parks purchased two new 4x4 pickups (\$49,500).
- Equipment purchases include a used compact track loader (\$35,000) for Parks, a mini excavator (\$53,897) for highway and streets and a replacement Speedguard trailer (\$6,150) for the police traffic division.
- Final costs on improvements to the Public Works complex were allocated to Sewer (\$15,791) and Stormwater Funds (\$15,791).
- The Sewer Fund purchased one dump truck (\$121,577) for their operations.
- The Black Oak Trail sewer subdistrict was completed and removed from CWIP (\$37,937).
- The golf course purchased used greens (\$12,500) and fairway (\$21,500) mowers.

For more detailed information about the City's capital assets, see note C to the financial statements, pages 37 and 38.

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**Table A-5
City's Capital Assets as of August 31, 2012 and 2013
(Net of depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities		Capital Assets	
	2012	2013	2012	2013	2012	2013
Land	\$ 27,196,645	27,766,805	3,516,553	3,516,553	30,713,198	31,283,358
Buildings	13,145,147	12,701,732	365,632	571,832	13,510,779	13,273,564
Treatment plants	-	-	87,567	71,580	87,567	71,580
Machinery and equipment	305,607	347,862	305,646	384,434	611,253	732,296
Automotive equipment	487,877	1,013,985	-	-	487,877	1,013,985
Infrastructure	34,142,708	38,005,395	-	-	34,142,708	38,005,395
Intangibles	-	-	15,645,245	16,084,743	15,645,245	16,084,743
Stormwater lines	-	-	133,976	128,209	133,976	128,209
Sewer lines	-	-	20,703,131	20,153,896	20,703,131	20,153,896
Construction in progress	1,900,757	122,496	465,859	256,307	2,366,616	378,803
Total	\$ 77,178,741	79,958,275	41,223,609	41,167,554	118,402,350	121,125,829

Long-term debt. At year-end the City had \$78,879,368 in bonds and notes outstanding - a decrease of 2.99% from last year - as shown in Table A-6. No new Governmental activity debt was issued in fiscal year 2013. \$756,692 was added to the MSD notes payable for additional phase 1 construction costs and enhancements to the WWTP to bring it into compliance for disinfection treatment mandated by the EPA.

For more detailed information about the City's long-term liabilities, see note D in the notes to financial statements, pages 39 through 45.

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 \$36,029,611. The City currently has no general obligation debt outstanding.

**Table A-6
City's Outstanding Debt as of August 31, 2012 and 2013
(In thousands of dollars)**

	Governmental		Business-type		Total		Change
	Activities		Activities				
	2012	2013	2012	2013	2012	2013	2012-2013
Revenue bonds and notes backed by specific tax and fee revenues)	\$ 52,867	51,014	28,445	27,866	81,312	78,880	(2.99)%

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Economic Factors and Next Year's Budgets and Rates

- The unemployment rate, not seasonally adjusted, for Jefferson County for August 2013 was 6.8%, which is a decrease from a rate of 7.2% a year ago. This is lower than the state's average unemployment rate of 7.1% and lower than the national average rate of 7.3%, all rates not seasonally adjusted.
- The Consumer Price Index indicates that nationwide inflation has increased 1.5% over the August 2012 rate. Inflationary trends for the Midwest region (1.2%) compare favorably to the South (1.7%), Northeast (1.5%), and West (1.5%) regions indices.

All of these factors were considered in preparing the City's budget for the 2014 fiscal year.

The property tax rate set to support the 2014 fiscal year budget is \$0.3973 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.

The City's sewer base and usage rate was unchanged for calendar 2014. City policy dictates rates are to be reviewed annually to assure they remain sufficient to cover the capital costs and replacement of the aging system. It is anticipated the rate analysis will be completed and changes, if any, implemented along with the mid-year budget review process. Storm water fees remain at \$3 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.

CITY OF ARNOLD, MISSOURI

STATEMENT OF NET POSITION

AUGUST 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Transportation Development District
ASSETS				
Cash and investments	\$ 7,819,423	5,509,089	13,328,512	3,613,194
Receivables (net of allowances for uncollectibles):				
Taxes	2,675,161	-	2,675,161	-
Special assessments	1,195,625	-	1,195,625	-
Service fees	-	457,875	457,875	-
Intergovernmental	58,751	-	58,751	-
Miscellaneous	231,393	-	231,393	-
Internal balances	1,414,028	(1,414,028)	-	-
Prepaid items	470,321	62,932	533,253	-
Restricted assets:				
Cash and investments	3,659,956	607,725	4,267,681	-
Capital improvements sales tax receivable	248,606	-	248,606	-
Net pension asset	721,551	-	721,551	-
Capital assets:				
Land and construction in progress	27,889,301	3,772,860	31,662,161	-
Other capital assets, net of accumulated depreciation	52,068,974	37,394,694	89,463,668	-
Total Assets	<u>98,453,090</u>	<u>46,391,147</u>	<u>144,844,237</u>	<u>3,613,194</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	987,316	-	987,316	-
LIABILITIES				
Accounts payable	2,105,534	382,677	2,488,211	-
Accrued liabilities	238,265	110,970	349,235	-
Accrued interest payable	2,287,207	77,988	2,365,195	-
Unearned revenue	334,048	357,981	692,029	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	1,741,344	1,194,906	2,936,250	890,000
Due in more than one year:				
Long-term debt	50,009,057	26,670,727	76,679,784	17,550,000
Net pension obligation	40,511	-	40,511	-
Net OPEB obligation	215,400	-	215,400	-
Total Liabilities	<u>56,971,366</u>	<u>28,795,249</u>	<u>85,766,615</u>	<u>18,440,000</u>
NET POSITION				
Net investment in capital assets	62,495,954	13,383,043	75,878,997	-
Restricted for capital improvements	248,606	-	248,606	-
Restricted for debt service	3,048,746	588,203	3,636,949	1,879,416
Restricted for public safety	19,557	-	19,557	-
Restricted for tax increment financing	2,391,453	-	2,391,453	-
Restricted for tourism	42,027	-	42,027	-
Restricted for transportation development	-	-	-	1,733,778
Unrestricted net position	<u>(25,777,303)</u>	<u>3,624,652</u>	<u>(22,152,651)</u>	<u>(18,440,000)</u>
Total Net Position	<u>\$ 42,469,040</u>	<u>17,595,898</u>	<u>60,064,938</u>	<u>(14,826,806)</u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes In Net Position							Component Unit Transportation Development District
	Expenses	Program Revenues			Primary Government			
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 3,437,488	473,810	-	27,750	(2,935,928)	-	(2,935,928)	-
Public safety	5,699,347	1,335,540	137,217	-	(4,226,590)	-	(4,226,590)	-
Public works	652,774	-	-	1,661,672	1,008,898	-	1,008,898	-
Highways and streets	3,180,611	-	929,345	685,644	(1,565,622)	-	(1,565,622)	-
Parks and recreation	2,286,290	1,284,012	1,321	-	(1,000,957)	-	(1,000,957)	-
Health and sanitation	1,209,726	27,951	18,737	-	(1,163,038)	-	(1,163,038)	-
Economic development	132,250	-	-	-	(132,250)	-	(132,250)	-
Interest on long-term debt	3,161,479	-	-	-	(3,161,479)	-	(3,161,479)	-
Total Governmental Activities	<u>19,759,965</u>	<u>3,121,313</u>	<u>1,086,620</u>	<u>2,375,066</u>	<u>(13,176,966)</u>	<u>-</u>	<u>(13,176,966)</u>	<u>-</u>
Business-type Activities								
Sewer system	4,138,224	3,997,660	-	16,000	-	(124,564)	(124,564)	-
Storm water	608,027	589,987	-	-	-	(18,040)	(18,040)	-
Golf	759,006	434,990	-	-	-	(324,016)	(324,016)	-
Total Business-type Activities	<u>5,505,257</u>	<u>5,022,637</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>(466,620)</u>	<u>(466,620)</u>	<u>-</u>
Total Primary Government	<u>\$ 25,265,222</u>	<u>8,143,950</u>	<u>1,086,620</u>	<u>2,391,066</u>	<u>(13,176,966)</u>	<u>(466,620)</u>	<u>(13,643,586)</u>	<u>-</u>
Component Unit								
Transportation development district	<u>\$ 3,373,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,373,361)</u>
General Revenues								
Taxes:								
Property					2,137,107	-	2,137,107	-
Sales					9,676,868	-	9,676,868	2,146,907
Gross receipts					3,264,019	-	3,264,019	-
Miscellaneous					43,139	-	43,139	-
Investment income					48,212	240,758	288,970	781
Miscellaneous					122,575	3,284	125,859	-
Gain on sale of capital assets					66,936	8,801	75,737	-
Transfers					(10,000)	10,000	-	-
Total General Revenues And Transfers					<u>15,348,856</u>	<u>262,843</u>	<u>15,611,699</u>	<u>2,147,688</u>
CHANGE IN NET POSITION					2,171,890	(203,777)	1,968,113	(1,225,673)
NET POSITION, SEPTEMBER 1					40,297,150	17,799,675	58,096,825	(13,601,133)
NET POSITION, AUGUST 31					<u>\$ 42,469,040</u>	<u>17,595,898</u>	<u>60,064,938</u>	<u>(14,826,806)</u>

See notes to financial statements

CITY OF ARNOLD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2013

	General	Recreation Center	Special Allocation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,887,461	563,763	1,327,843	40,356	7,819,423
Receivables (net of allowances for uncollectibles):					
Taxes	1,442,316	229,676	981,355	21,814	2,675,161
Special assessments	1,195,625	-	-	-	1,195,625
Intergovernmental	58,751	-	-	-	58,751
Court	129,851	-	-	-	129,851
Miscellaneous	67,260	34,282	-	-	101,542
Due from other funds	3,352,871	-	256,096	-	3,608,967
Prepaid items	441,169	15,091	-	14,061	470,321
Restricted assets:					
Cash and investments	1,174,955	1	2,485,000	-	3,659,956
Capital improvements sales tax receivable	248,606	-	-	-	248,606
Total Assets	<u>\$ 13,998,865</u>	<u>842,813</u>	<u>5,050,294</u>	<u>76,231</u>	<u>19,968,203</u>
LIABILITIES					
Accounts payable	\$ 1,923,994	150,087	23,841	7,612	2,105,534
Accrued liabilities	227,784	9,641	-	840	238,265
Due to other funds	218,227	1,826,712	150,000	-	2,194,939
Unearned revenue	84,497	243,356	-	6,195	334,048
Total Liabilities	<u>2,454,502</u>	<u>2,229,796</u>	<u>173,841</u>	<u>14,647</u>	<u>4,872,786</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Special assessments	1,195,625	-	-	-	1,195,625
Court fines	129,349	-	-	-	129,349
Taxes	248,606	-	-	-	248,606
Total Deferred Inflows Of Resources	<u>1,573,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,573,580</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid items	441,169	15,091	-	14,061	470,321
Restricted for:					
Capital projects	572,676	-	-	-	572,676
Debt service	563,745	1	2,485,000	-	3,048,746
Public safety	-	-	-	19,557	19,557
Tax increment financing	-	-	2,391,453	-	2,391,453
Tourism	-	-	-	27,966	27,966
Committed for:					
Purchase of services and street improvements	185,988	-	-	-	185,988
Sewer subdistrict projects	883,724	-	-	-	883,724
Greenway beautification	113,165	-	-	-	113,165
Economic development	250,571	-	-	-	250,571
Pride in our City	9,066	-	-	-	9,066
City bus route	74,603	-	-	-	74,603
Street improvements	40,000	-	-	-	40,000
Assigned for:					
Subsequent year's budget	530,792	-	-	-	530,792
Unassigned	6,305,284	(1,402,075)	-	-	4,903,209
Total Fund Balances (Deficit)	<u>9,970,783</u>	<u>(1,386,983)</u>	<u>4,876,453</u>	<u>61,584</u>	<u>13,521,837</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances (Deficit)	<u>\$ 13,998,865</u>	<u>842,813</u>	<u>5,050,294</u>	<u>76,231</u>	<u>19,968,203</u>

CITY OF ARNOLD, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$ 13,521,837
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 \$125,782,103 and the accumulated depreciation is \$45,823,828.	79,958,275
Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds.	
Net pension asset	721,551
Net pension obligation	(40,511)
Net OPEB obligation	(215,400)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	1,573,580
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	(2,287,207)
Accrued compensated absences	(736,666)
Capital lease obligations payable outstanding	(70,177)
Certificates of participation outstanding	(18,945,000)
Tax increment revenue bonds outstanding	(26,455,000)
Tax increment revenue notes outstanding	(5,732,152)
Unamortized bond premium	(7,136)
Unamortized bond deferred charges	987,316
Unamortized bond discount	195,730
	195,730
Total Net Position Of Governmental Activities	\$ 42,469,040

CITY OF ARNOLD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>General</u>	<u>Recreation Center</u>	<u>Special Allocation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 11,516,117	1,200,381	3,565,446	140,480	16,422,424
Special assessments	208,907	-	-	-	208,907
Licenses and permits	730,422	-	-	-	730,422
Fines and court costs	1,039,805	-	-	-	1,039,805
Intergovernmental	2,494,985	-	-	8,263	2,503,248
Charges for services	90,374	1,224,761	-	48,142	1,363,277
Investment income	46,742	1,103	357	10	48,212
Miscellaneous	316,045	33,685	-	-	349,730
Total Revenues	<u>16,443,397</u>	<u>2,459,930</u>	<u>3,565,803</u>	<u>196,895</u>	<u>22,666,025</u>
EXPENDITURES					
Current:					
General government	2,622,248	-	7,500	137,678	2,767,426
Public safety	5,482,289	-	-	7,653	5,489,942
Public works	556,904	-	-	-	556,904
Highways and streets	1,377,329	-	-	-	1,377,329
Parks and recreation	551,623	1,699,110	-	-	2,250,733
Health and sanitation	1,204,374	-	-	-	1,204,374
Economic development	-	-	132,250	-	132,250
Capital outlay	5,711,866	-	-	6,150	5,718,016
Debt service:					
Principal	549,143	490,000	827,333	-	1,866,476
Interest	234,830	396,226	2,127,874	-	2,758,930
Total Expenditures	<u>18,290,606</u>	<u>2,585,336</u>	<u>3,094,957</u>	<u>151,481</u>	<u>24,122,380</u>
REVENUES OVER (UNDER) EXPEN- DITURES	<u>(1,847,209)</u>	<u>(125,406)</u>	<u>470,846</u>	<u>45,414</u>	<u>(1,456,355)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	315,725	-	-	-	315,725
Transfers out	-	-	-	(10,000)	(10,000)
Total Other Financing Sources (Uses)	<u>315,725</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>305,725</u>
NET CHANGE IN FUND BALANCES	(1,531,484)	(125,406)	470,846	35,414	(1,150,630)
FUND BALANCES (DEFICIT), SEPTEMBER 1	<u>11,502,267</u>	<u>(1,261,577)</u>	<u>4,405,607</u>	<u>26,170</u>	<u>14,672,467</u>
FUND BALANCES (DEFICIT), AUGUST 31	<u>\$ 9,970,783</u>	<u>(1,386,983)</u>	<u>4,876,453</u>	<u>61,584</u>	<u>13,521,837</u>

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, 2013

Net Change In Fund Balances - Governmental Funds \$ (1,150,630)

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 (\$5,809,581) exceeded depreciation (\$2,781,258) in the current period. 3,028,323

The net effect of various transactions involving capital assets:
 Disposal of capital assets (248,789)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (783,606)

The issuance of long-term debt (e.g., bonds, notes) 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 position. Also, the governmental funds report the effect of 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.

Repayments:

Capital lease obligations payable	209,143	
Certificates of participation	830,000	
Tax increment revenue bonds	770,000	
Tax increment revenue notes	57,333	
Amortization	(83,070)	
Net Adjustment	1,783,406	1,783,406

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	(319,479)	
Net pension asset (obligation)	(8,895)	
Net OPEB obligation	(84,100)	
Net pension obligation	(415)	
Accrued compensated absences	(43,925)	(456,814)

Change In Net Position Of Governmental Activities \$ 2,171,890

CITY OF ARNOLD, MISSOURI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AUGUST 31, 2013

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Golf	Total
ASSETS				
Current Assets				
Cash and investments	\$ 5,138,972	370,117	-	5,509,089
Service fees (net of allowances for uncollectibles)	388,293	69,582	-	457,875
Due from other funds	1,134	17	-	1,151
Prepaid items	54,763	114	8,055	62,932
Total Current Assets	<u>5,583,162</u>	<u>439,830</u>	<u>8,055</u>	<u>6,031,047</u>
Noncurrent Assets				
Capital assets:				
Land and construction in progress	387,835	29,833	3,355,192	3,772,860
Other capital assets, net of accumulated depreciation	36,668,886	514,945	210,863	37,394,694
Total Capital Assets	<u>37,056,721</u>	<u>544,778</u>	<u>3,566,055</u>	<u>41,167,554</u>
Restricted cash and investments	262,242	-	345,483	607,725
Total Noncurrent Assets	<u>37,318,963</u>	<u>544,778</u>	<u>3,911,538</u>	<u>41,775,279</u>
Total Assets	<u>42,902,125</u>	<u>984,608</u>	<u>3,919,593</u>	<u>47,806,326</u>
LIABILITIES				
Current Liabilities				
Accounts payable	332,824	20,080	29,773	382,677
Accrued liabilities	52,330	29,127	29,513	110,970
Due to other funds	61,788	45,889	1,307,502	1,415,179
Accrued interest payable	34,802	-	43,186	77,988
Unearned revenue	309,736	48,245	-	357,981
Revenue bonds payable - current	501,666	-	115,000	616,666
Capital lease payable - current	-	3,460	-	3,460
Notes payable - current	513,180	-	-	513,180
Total Current Liabilities	<u>1,806,326</u>	<u>146,801</u>	<u>1,524,974</u>	<u>3,478,101</u>
Noncurrent Liabilities				
Revenue bonds payable	8,223,360	-	3,930,946	12,154,306
Notes payable	14,578,021	-	-	14,578,021
Total Noncurrent Liabilities	<u>22,801,381</u>	<u>-</u>	<u>3,930,946</u>	<u>26,732,327</u>
Total Liabilities	<u>24,607,707</u>	<u>146,801</u>	<u>5,455,920</u>	<u>30,210,428</u>
NET POSITION				
Net investment in capital assets	13,302,102	541,318	(460,377)	13,383,043
Restricted for debt service	262,234	-	325,969	588,203
Unrestricted	4,730,082	296,489	(1,401,919)	3,624,652
Total Net Position	<u>\$ 18,294,418</u>	<u>837,807</u>	<u>(1,536,327)</u>	<u>17,595,898</u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Golf	Total
OPERATING REVENUES				
Charges for services	\$ 3,997,660	589,987	434,990	5,022,637
OPERATING EXPENSES				
Cost of services	1,886,727	516,841	542,386	2,945,954
Administration	138,000	36,000	-	174,000
Depreciation and amortization	978,250	54,874	40,290	1,073,414
Total Operating Expenses	3,002,977	607,715	582,676	4,193,368
OPERATING INCOME (LOSS)	994,683	(17,728)	(147,686)	829,269
NONOPERATING REVENUES (EXPENSES)				
Investment income	239,436	1,281	41	240,758
Gain on sale of assets	1,000	-	7,801	8,801
Proceeds from insurance	-	-	3,284	3,284
Interest expense	(1,135,247)	(312)	(176,330)	(1,311,889)
Total Nonoperating Revenues (Expenses)	(894,811)	969	(165,204)	(1,059,046)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANS- FERS	99,872	(16,759)	(312,890)	(229,777)
CAPITAL CONTRIBUTIONS	16,000	-	-	16,000
TRANSFER IN	-	-	10,000	10,000
CHANGE IN NET POSITION	115,872	(16,759)	(302,890)	(203,777)
NET POSITION, SEPTEMBER 1	18,178,546	854,566	(1,233,437)	17,799,675
NET POSITION, AUGUST 31	\$ 18,294,418	837,807	(1,536,327)	17,595,898

CITY OF ARNOLD, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Golf	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash flows from operating activities:				
Receipts from customers and users	\$ 3,969,795	583,684	434,990	4,988,469
Payments to suppliers	(2,701,205)	(524,309)	(543,701)	(3,769,215)
Payments to employees	(131,338)	(34,204)	-	(165,542)
Other receipts	-	-	3,284	3,284
Net Cash Provided By (Used In) Operating Activities	<u>1,137,252</u>	<u>25,171</u>	<u>(105,427)</u>	<u>1,056,996</u>
Cash flows from noncapital financing activities:				
Due from other funds	32	(17)	-	15
Due to other funds	(93,771)	(15,107)	372,249	263,371
Transfer from other funds	-	-	10,000	10,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(93,739)</u>	<u>(15,124)</u>	<u>382,249</u>	<u>273,386</u>
Cash flows from capital and related financing activities:				
Proceeds from disposition of assets	1,000	-	11,529	12,529
Purchase of capital assets	(144,109)	(22,742)	(46,554)	(213,405)
Principal payments on notes payable	(604,698)	-	-	(604,698)
Principal payments on bonds	(603,001)	-	(110,000)	(713,001)
Principal payments on capital lease	-	(10,145)	-	(10,145)
Interest expense	(1,137,178)	(312)	(178,427)	(1,315,917)
Net Cash Used In Capital And Related Financing Activities	<u>(2,487,986)</u>	<u>(33,199)</u>	<u>(323,452)</u>	<u>(2,844,637)</u>
Cash flows from investing activities:				
Investment income	239,436	1,281	41	240,758
Proceeds from sale of investments	721,973	-	392,072	1,114,045
Purchase of investments	(262,242)	-	(345,483)	(607,725)
Net Cash Provided By Investing Activities	<u>699,167</u>	<u>1,281</u>	<u>46,630</u>	<u>747,078</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(745,306)</u>	<u>(21,871)</u>	<u>-</u>	<u>(767,177)</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	<u>5,884,278</u>	<u>391,988</u>	<u>-</u>	<u>6,276,266</u>
CASH AND CASH EQUIVALENTS, AUGUST 31	<u><u>\$ 5,138,972</u></u>	<u><u>370,117</u></u>	<u><u>-</u></u>	<u><u>5,509,089</u></u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2013

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Golf	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 994,683	(17,728)	(147,686)	829,269
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	978,250	54,874	40,290	1,073,414
Miscellaneous receipts	-	-	3,284	3,284
(Increase) decrease in:				
Receivables	(5,921)	(5,518)	-	(11,439)
Prepaid items	24	24	(5,490)	(5,442)
Increase (decrease) in:				
Accounts payable	(814,502)	(7,492)	7,266	(814,728)
Accrued liabilities	6,662	1,796	(3,091)	5,367
Unearned revenues	(21,944)	(785)	-	(22,729)
Total Adjustments	<u>142,569</u>	<u>42,899</u>	<u>42,259</u>	<u>227,727</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,137,252</u>	<u>25,171</u>	<u>(105,427)</u>	<u>1,056,996</u>
Noncash operating, financing, and investing activities:				
Contributions of capital assets from developer	<u>\$ 16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Notes payable to purchase capital assets	<u>\$ 756,692</u>	<u>-</u>	<u>-</u>	<u>756,692</u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUND
AUGUST 31, 2013

ASSETS

Mutual funds	<u>\$ 8,827,569</u>
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NET POSITION

Held in trust for pension benefits	<u>\$ 8,827,569</u>
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CITY OF ARNOLD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - PENSION TRUST FUND
FOR THE YEAR ENDED AUGUST 31, 2013

ADDITIONS

Contributions:

Employer contributions	\$ 312,110
Employee contributions	221,263
Total Contributions	<u>533,373</u>

Investment income:

Net appreciation in fair value of investments, interest, and dividends	744,059
Less - Investment expense	<u>(43,255)</u>
Net Investment Income	<u>700,804</u>
Total Additions	1,234,177

DEDUCTIONS

Retirement benefits	<u>37,506</u>
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CHANGE IN NET POSITION

1,196,671

NET POSITION HELD IN TRUST FOR PENSION BENEFITS, SEP-
TEMBER 1

7,630,898

NET POSITION HELD IN TRUST FOR PENSION BENEFITS,
AUGUST 31

\$ 8,827,569

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 include the financial activities of the City and any component units, entities which are financially accountable to the City. The Arnold Retail Corridor Transportation Development District (the District) was created on March 12, 2008. A majority of the directors of the District are appointed by the Mayor of the City and confirmed by the City Council. The District is also included in the City's reporting entity because of the City's ability to impose its will on the District as the City provides administrative support to the District. The District is organized for the purpose of constructing certain transportation related projects in the City. The District is a component unit of the City and is discretely presented as such in the basic financial statements. Separate financial statements of the District may be obtained from the City's Finance Director.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from 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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

revenues in the year for which they are levied. Grants 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 and expenditures related to the operations of the recreation center. The fund includes the ¼¢ parks and recreation center sales tax which is deposited into this fund and used for bi-annual bond payments.

Special Allocation Fund -- This fund is used exclusively for the revenues and expenditures related to the tax increment financing districts.

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 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 storm water department.

Golf Fund -- This fund is used to account for operations of the 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.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Deposit Administration Contracts

Deposit administration contracts are pooled funds maintained by Great-West Life & Annuity 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:

	August 31 2013
General Fund	\$10,600
Sewer Fund	<u>7,055</u>
Total	<u>\$17,655</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 recorded as expenditures when consumed rather than purchased. Prepaid items are equally offset by fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

9. Restricted Assets

Certain cash and investments set aside for the repayment of various long-term bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and/or land. Donated capital assets are recorded at estimated fair 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.

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 and storm water 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 position. Bond premiums and discounts, are deferred and amortized over the life of the bond

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Long-term Obligations (Continued)

using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

14. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

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

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City Council officials to which the City Council has designated authority. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

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

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 34% of annual operating revenues for the fiscal year. Should the balance fall below the 34%, the City will identify a plan to restore the fund balance to its targeted amount. Should the fund balance exceed the 34%, City Council may consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future outlays for maintenance, additional staffing, or other recurring expenditures.

15. 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. Encumbrances outstanding at year-end were \$185,988 for the General Fund.

16. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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 (FDIC).

As of August 31, 2013, 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, 2013, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Primary Government					
Certificates of deposit	\$ 3,678,000	-	2,943,000	735,000	N/A
Repurchase agreement	4,338,000	-	4,338,000	-	AAA
Guaranteed investment contract	61,600	-	-	61,600	Not rated
Money market funds	5,358,021	5,358,021	-	-	Not rated
Total Primary Government	13,435,621	5,358,021	7,281,000	796,600	
Component Unit					
Money market funds	3,613,194	3,613,194	-	-	Not rated
Fiduciary Fund					
Mutual funds	8,827,569	8,827,569	-	-	N/A
Grand Total Investments	<u>\$ 25,876,384</u>	<u>17,798,784</u>	<u>7,281,000</u>	<u>796,600</u>	

Investment 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 FDIC, 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

Capital asset activity was as follows:

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended August 31, 2013			
	Balance August 31 2012	Transfers And Additions	Transfers And Deletions	
Governmental Activities				
Capital assets not being depreciated:				
Land and right-of-way	\$ 27,196,645	818,949	248,789	27,766,805
Construction in progress	1,900,757	4,712,325	6,490,586	122,496
Total Capital Assets Not Being Depreciated	29,097,402	5,531,274	6,739,375	27,889,301
Capital assets being depreciated:				
Buildings and other improvements	18,750,594	156,949	-	18,907,543
Automotive equipment	1,896,162	780,467	123,664	2,552,965
Machinery and equipment	2,142,792	109,935	6,635	2,246,092
Infrastructure	68,464,660	5,721,542	-	74,186,202
Total Capital Assets Being Depreciated	91,254,208	6,768,893	130,299	97,892,802
Less - Accumulated depreciation for:				
Buildings and other improvements	5,605,447	600,364	-	6,205,811
Automotive equipment	1,408,285	254,359	123,664	1,538,980
Machinery and equipment	1,837,185	67,680	6,635	1,898,230
Infrastructure	34,321,952	1,858,855	-	36,180,807
Total Accumulated Depreciation	43,172,869	2,781,258	130,299	45,823,828
Total Capital Assets Being Depreciated, Net	48,081,339	3,987,635	-	52,068,974
Governmental Activities Capital Assets, Net	\$ 77,178,741	9,518,909	6,739,375	79,958,275

Beginning capital assets and accumulated depreciation were decreased for infrastructure.

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

	For The Year Ended August 31 2013
Governmental Activities	
General government	\$ 589,478
Public safety	178,548
Public works	25,874
Highways and streets	1,945,538
Parks and recreation	36,908
Health and sanitation	4,912
Total	\$2,781,258

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended August 31, 2013			Balance August 31 2013
	Balance August 31 2012	Transfers And Additions	Transfers And Deletions	
Business-type Activities				
Capital assets not being depreciated:				
Land and right-of-way	\$ 3,516,553	-	-	3,516,553
Construction in progress	465,859	83,813	293,365	256,307
Total Capital Assets Not Being Depreciated	3,982,412	83,813	293,365	3,772,860
Capital assets being depreciated:				
Buildings	416,902	232,884	-	649,786
Treatment plants	479,616	-	-	479,616
Machinery and equipment	1,783,660	168,132	64,372	1,887,420
Intangibles	17,383,605	799,734	-	18,183,339
Storm water lines	144,152	-	-	144,152
Sewer lines	29,366,421	37,939	-	29,404,360
Total Capital Assets Being Depreciated	49,574,356	1,238,689	64,372	50,748,673
Less - Accumulated depreciation for:				
Buildings	51,270	26,684	-	77,954
Treatment plants	392,049	15,987	-	408,036
Machinery and equipment	1,478,014	85,616	60,644	1,502,986
Intangibles	1,738,360	360,236	-	2,098,596
Storm water lines	10,176	5,767	-	15,943
Sewer lines	8,663,290	587,174	-	9,250,464
Total Accumulated Depreciation	12,333,159	1,081,464	60,644	13,353,979
Total Capital Assets Being Depreciated, Net	37,241,197	157,225	3,728	37,394,694
Business-type Activities Capital Assets, Net	\$ 41,223,609	241,038	297,093	41,167,554

Depreciation expense was charged to functions/programs of the business-type activities as follows:

	For The Year Ended August 31 2013
Business-type Activities	
Sewer	\$ 988,452
Storm water	54,874
Golf	38,138
Total	\$1,081,464

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

Long-term debt activity was as follows:

	For The Year Ended August 31, 2013			Balance August 31 2013	Amounts Due Within One Year
	Balance August 31 2012	Additions	Reductions		
Governmental Activities					
Certificates of participation	\$ 19,775,000	-	830,000	18,945,000	875,000
Plus - Premium	7,640	-	504	7,136	-
Tax increment revenue notes	5,789,485	-	57,333	5,732,152	57,000
Tax increment revenue bonds	27,225,000	-	770,000	26,455,000	555,000
Less - Discounts	(208,924)	-	(13,194)	(195,730)	-
Capital lease obligations	279,320	-	209,143	70,177	70,177
Compensated absences	692,741	217,110	173,185	736,666	184,167
Total Governmen- tal Activities	<u>\$ 53,560,262</u>	<u>217,110</u>	<u>2,026,971</u>	<u>51,750,401</u>	<u>1,741,344</u>
Business-type Activities					
Revenue bonds payable	\$ 13,369,667	-	713,001	12,656,666	616,666
Less - Discounts	(33,381)	-	(3,486)	(29,895)	-
Plus - Premiums	155,738	-	11,537	144,201	-
Capital lease obligations	13,605	-	10,145	3,460	3,460
MSD note payable	14,764,507	756,692	491,598	15,029,601	513,180
Notes payable	174,700	-	113,100	61,600	61,600
Total Business- type Activities	<u>\$ 28,444,836</u>	<u>756,692</u>	<u>1,335,895</u>	<u>27,865,633</u>	<u>1,194,906</u>
Component Unit					
Sales tax revenue bonds	<u>\$ 19,120,000</u>	<u>-</u>	<u>680,000</u>	<u>18,440,000</u>	<u>890,000</u>

Compensated absences are generally liquidated by the General Fund and the Recreation Center Fund. Certificates of participations are generally liquidated by the General Fund and the Recreation Center Fund. Revenue bonds are generally liquidated by the Sewer Fund and the Golf Fund. Tax increment revenue notes and bonds are generally liquidated by the Special Allocation Fund. Capital lease obligations are generally liquidated by the General Fund and the Storm Water Fund. Notes payable are generally liquidated by the Sewer Fund.

Governmental Activities

Certificates of Participation

In October 2010 the City issued \$7,140,000 in certificates of participation (Series 2010). These bonds were used to finance various road improvements and to refund the Series 2007B revenue bonds. The bonds bear interest ranging from 2% to 4% and are due November 1, 2027.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

In June 2012, the City issued \$12,965,000 of Certificates of Participation (Series 2012) to refund the Series 2003 Certificates of Participation. The Series 2012 bonds bear interest ranging from 2% to 3.5% and are due August 15, 2031.

Certificates of participation debt service requirements to maturity are as follows:

For The Years Ended August 31	Governmental Activities		
	Principal	Interest	Total
2014	\$ 875,000	594,164	1,469,164
2015	905,000	574,864	1,479,864
2016	935,000	574,564	1,509,564
2017	960,000	525,039	1,485,039
2018	990,000	496,014	1,486,014
2019 - 2023	5,375,000	2,035,864	7,410,864
2024 - 2028	6,320,000	1,091,165	7,411,165
2029 - 2031	2,585,000	182,875	2,767,875
Total	<u>\$ 18,945,000</u>	<u>6,074,549</u>	<u>25,019,549</u>

Tax Increment Revenue Bonds and Notes

The City has tax increment revenue bonds and 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 and incremental increases in economic activity taxes from the project areas. The bonds and notes do not constitute a general obligation of the City. Bonds and notes outstanding at August 31, 2013 are as follows:

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Date Of Annual Principal Payment</u>	<u>Original Amount</u>	<u>Balance August 31 2013</u>
Triangle Redevelopment	07-10-2009	05-1-2028	May 1	\$28,485,000	\$26,455,000
Arnold Crossroads (Series B)	10-15-2009	07-6-2028	November 1	3,319,555	3,319,555
Arnold Crossroads (Series A)	05-20-2011	07-6-2028	May 1	3,000,000	2,412,597

Capital Lease Obligations

During 2009 and 2010, the City entered into various lease agreements as lessee for financing the acquisition of equipment and vehicles.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u> <u>August 31</u> <u>2013</u>
Automotive equipment	\$811,068
Machinery and equipment	<u>36,000</u>
	847,068
Less - Accumulated depreciation	<u>706,526</u>
Net Book Value	<u>\$140,542</u>

The future minimum capital lease obligations and the net present value of these minimum lease payments as of August 31, 2013 were as follows:

<u>For The Year</u> <u>Ended August 31</u>	<u>Governmental Activities</u>
2014	\$70,684
Less - Amount representing interest	<u>507</u>
Present Value Of Minimum Lease Payments	<u>\$70,177</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:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance August 31</u> <u>2013</u>
Sewerage system - Series 1993	3.40 - 5.400	\$ 1,135,000	73,333
Sewerage system - Series 2005	3.25 - 5.250	6,125,000	4,500,833
Sewerage system - Series 2006	3.60 - 5.250	2,875,000	1,967,500
Golf course - Series 2007	3.90 - 4.375	4,290,000	4,075,000
Sewerage system - Series 2007A	3.70 - 5.000	<u>2,475,000</u>	<u>2,040,000</u>
Total		<u>\$16,900,000</u>	<u>12,656,666</u>

NOTE D - LONG-TERM DEBT (Continued)

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.

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:

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

For The Years Ended August 31	Business-type Activities		
	Principal	Interest	Total
2014	\$ 616,666	576,961	1,193,627
2015	630,000	547,575	1,177,575
2016	685,000	520,015	1,205,015
2017	715,000	492,077	1,207,077
2018	745,000	460,671	1,205,671
2019 - 2023	4,225,000	1,729,620	5,954,620
2024 - 2028	3,875,000	671,199	4,546,199
2029 - 2032	1,165,000	104,452	1,269,452
Total	<u>\$ 12,656,666</u>	<u>5,102,570</u>	<u>17,759,236</u>

Capital Lease Obligations

During 2010 the City entered into a lease agreement as lessee for financing the acquisition of a vehicle.

The assets acquired through capital leases are as follows:

	Business-type Activities August 31 2013
Automotive equipment	\$ 40,607
Less - Accumulated depreciation	<u>28,425</u>
Net Book Value	<u>\$ 12,182</u>

The future minimum capital lease obligations and the net present value of these minimum lease payments as of August 31, 2013 were as follows:

For The Year Ended August 31	Business-type Activities
2014	\$ 3,485
Less - Amount representing interest	<u>25</u>
Present Value Of Minimum Lease Payments	<u>\$ 3,460</u>

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

MSD Note Payable

The City has notes payable to the Metropolitan St. Louis Sewer District for Lower Meramec River System Improvements. These notes are due in quarterly payments with interest ranging from 3.52% to 4.35%, maturing in 2032. Debt service requirements to maturity are as follows:

For The Years Ended August 31	Business-type Activities		
	Principal	Interest	Total
2014	\$ 513,180	641,516	1,154,696
2015	535,714	618,982	1,154,696
2016	559,237	595,459	1,154,696
2017	583,795	570,901	1,154,696
2018	609,433	545,263	1,154,696
2019 - 2023	3,472,968	2,300,512	5,773,480
2024 - 2028	4,305,850	1,467,630	5,773,480
2029 - 2033	4,449,424	444,482	4,893,906
Total	<u>\$ 15,029,601</u>	<u>7,184,745</u>	<u>22,214,346</u>

Notes Payable

	August 31 2013
SRF - 1993, no interest	<u>\$61,600</u>

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.

NOTE D - LONG-TERM DEBT (Continued)

Component Unit

Sales Tax Revenue Bonds

The District issued \$20,025,000 of sales tax revenue bonds on April 1, 2010 for the purpose of providing funds to finance additional costs of the Transportation Project Fund, the Debt Service Reserve Fund for the Series 2010 bonds, pay the costs of issuance of the Series 2010 bonds, and to advance refund the 2008A and 2009 sales tax revenue notes. The sales tax revenue bonds bear interest ranging from 5.7% to 6.65%.

The bonds and the interest, which are special limited obligations of the District, are payable solely from the pledged revenues appropriated by the District and held by the Trustee under the indenture. The bonds and interest do not constitute a debt of the District, the City, the Arnold Triangle Transportation Development District, the Missouri Highways and Transportation Commission, the State, or any political subdivision thereof.

NOTE E - 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, 2013, which is the date of the latest actuarial valuation available, was \$2,118,338 and the City's total payroll was \$6,634,657.

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.

NOTE E - 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 2013</u>
Retirees and beneficiaries currently receiving benefits	1
Vested terminated employees and active employees	52

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 - Entry Age Actuarial Cost Method

The City uses the aggregate actuarial cost method for determining contributions. This actuarial method does not directly calculate the actuarial accrued liability. The purpose of presenting the actuarial accrued liability using the entry age method is to provide information that serves as a surrogate for the funded status and funding progress of the City. The following schedule of funding progress is presented using the entry age actual cost method:

<u>Pension Plan</u>			
<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Excess Assets (Liabilities)</u>
2013	\$8,827,569	\$8,640,783	\$ 186,786
2012	7,630,898	7,824,249	(193,351)
2011	6,480,543	6,928,857	(448,314)
2010	5,886,921	6,732,765	(845,844)
2009	6,354,541	7,841,718	(1,487,177)
2008	5,536,488	6,842,480	(1,305,992)
2007	5,508,469	6,767,281	(1,258,812)

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Pension Plan			
Valuation For The Actuarial Years Ended August 31	Funded Ratio	Covered Payroll	Excess Assets (Liabilities) As A Percentage Of Covered Payroll
2013	102.2%	\$2,118,338	8.8%
2012	97.5	2,137,664	(9.0)
2011	93.5	2,095,229	(21.4)
2010	87.4	2,166,741	(39.0)
2009	81.0	2,133,648	(69.7)
2008	80.9	2,024,539	(64.5)
2007	81.4	2,154,441	(58.4)

Schedule Of Employer Contributions			
For The Years Ended August 31	Annual Required Contribution (ARC)	Actual Contribution	Percentage Contributed
2013	\$358,484	\$302,110	84.3%
2012	376,207	436,396	116.0
2011	387,774	497,394	128.3
2010	426,095	503,087	118.1
2009	391,668	579,665	148.0
2008	398,846	421,152	105.6
2007	425,810	457,273	107.4

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

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	6.5%
Pre-retirement	6.5%
Post-retirement	6.5%
Projected salary increases	4.5%
Inflation rate	2% - 3%

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Annual Pension Cost (APC)

Current year APC for the Plan are shown below. ARC were made by the Plan. The Plan does not have a net pension obligation (NPO).

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.

Pension Plan			
Valuation For The Actuarial Years Ended August 31	APC	Percentage Contributed	Net Pension Asset End Of Year
2013	\$311,005	97.1%	\$721,551
2012	335,299	130.2	730,446
2011	356,053	139.7	629,349
2010	395,649	127.2	488,008
2009	377,403	153.6	380,570
2008	387,290	108.7	178,308
2007	417,441	109.5	144,446
Valuation For The Actuarial Years Ended August 31	Net Pension Asset Beginning Of Year	Interest On Net Pension Asset	ARC
2013	\$730,446	\$47,479	\$358,484
2012	629,349	40,908	376,207
2011	488,008	31,721	387,774
2010	380,570	30,446	426,095
2009	178,308	14,265	391,668
2008	144,446	11,556	398,846
2007	104,614	8,369	425,810

Note: Adjustment to ARC is zero.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Pension Plan			
Valuation For The Actuarial Years Ended August 31	Actual Contribution	Increase (Decrease) In Net Pension Asset	Net Pension Asset End Of Year
2013	\$302,110	\$(8,895)	\$721,551
2012	436,396	101,097	730,446
2011	497,394	141,341	629,349
2010	503,087	107,438	488,008
2009	579,665	202,262	380,570
2008	421,152	33,862	178,308
2007	457,273	39,832	144,446

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.

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 18.6% (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.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Annual Pension Cost (APC)

The City's APC and NPO for the current year were as follows:

ARC	\$577,243
Interest on NPO	2,907
Adjustment to ARC	<u>(3,069)</u>
APC	577,081
Actual contributions	<u>576,666</u>
Increase in NPO	415
NPO beginning of year	<u>40,096</u>
NPO End Of Year	\$ <u>40,511</u>

The ARC was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; b) projected salary increases of 3.5% 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 75% of the RP-2000 Combined Healthy table set back zero years for men and zero years for women; and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero 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 an open basis. The amortization period as of February 28, 2010 was 30 years for the General division. The amortization period as of February 28, 2011 was 30 years for the General division.

Trend Information

Three-year Trend Information

For The Plan Years Ended <u>June 30</u>	<u>APC</u>	<u>Percentage Of APC Contributed</u>	<u>NPO</u>
2013	\$577,081	99.9%	\$40,511
2012	567,432	98.3	40,096
2011	525,951	94.2	30,505

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Schedule of Funding Progress

For The Valuation Years Ended February 28/29	Actuarial Value Of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)
2013	\$6,756,086	\$9,148,966	\$2,392,880
2012	5,542,150	8,401,683	2,859,533
2011	4,796,208	7,969,549	3,173,341

For The Valuation Years Ended February 28/29	Funded Ratio	Annual Covered Payroll	UAL As A Percentage Of Covered Payroll
2013	74%	\$3,061,668	78%
2012	66	3,130,901	91
2011	60	2,934,116	108

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, 2011 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 F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City provides healthcare benefits to employees hired prior to March 4, 2010 who have attained 10 years of service and are eligible to receive retirement benefits. Non-uniformed employees who are eligible to retire once they have attained age 55 plus 5 years of service or age 60 and police who are eligible to retire once they have attained age 50 plus 5 years of service or age 55. The City pays the monthly group health insurance premium for the individual. Retirees must contribute the cost-sharing premium (\$497.43 per month) to retain coverage. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 (GASB 45). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The City sponsors and administers a single-employer OPEB plan that does not issue a separate stand-alone financial report. The OPEB obligation is generally liquidated by the General Fund. The City's annual OPEB cost for the most recent actuarial valuation and the related information are as follows:

	For The Year Ended August 31 <u>2013</u>
Amortization of past service cost	\$ 33,600
Normal cost	35,200
Interest to end of fiscal year	-
ARC	<u>68,800</u>
Interest on net OPEB obligation	6,500
Adjustment to ARC	<u>(10,100)</u>
Annual OPEB Cost	65,200
Contributions made	<u>(22,700)</u>
Increase In Net OPEB Obligation	42,500
Net OPEB obligation - Beginning of Year	<u>172,900</u>
Net OPEB Obligation - End of Year	<u>\$215,400</u>

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

Fiscal year 2009 was the year of implementation of GASB 45 and the City has elected to have actuarial valuations performed bi-annually.

Required Supplemental Information

Schedule Of Funding Progress

Actuarial Valuation Date <u>August 31</u>	Actuarial Value Of Assets <u>(1)</u>	AAL <u>(2)</u>	UAAL <u>(1)-(2)</u>	Funded Ratio <u>(1)/(2)</u>	Covered Payroll <u>(3)</u>	UAAL As A Percentage Of Covered Payroll <u>(1-2)/(3)</u>
2013	\$ -	\$573,300	(\$573,300)	- %	\$6,342,192	9.0%
2011	-	508,300	(508,300)	-	6,438,860	7.9
2009	-	430,300	(430,300)	-	6,302,815	6.8

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Schedule Of OPEB Costs And Employer Contributions						
For The	Contribution	OPEB Cost		ARC		OPEB
Year Ended		Made	Amount	Percent	Amount	
August 31			Contributed		Contributed	Liability
2013	\$22,700	\$65,200	33%	\$68,800	33%	\$215,400
2012	19,800	61,400	31	63,800	31	172,900
2011	13,500	62,300	21	63,800	21	131,300
2010	19,200	62,700	31	62,700	31	82,500
2009	23,700	62,700	38	62,700	38	39,000

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit cost method
Latest valuation date	August 31, 2013
Investment return	3.75% per annum
Amortization period	30 years for initial UAAL, open
Payroll increases	4% per annum
Mortality	RP2000 Mortality Table (employee and healthy annuitant tables)
Medical inflation rate	7.4% initial rate; 4.5% ultimate rate

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</u>
		<u>2013</u>
General Fund - Major Fund	Recreation Center Fund - Major Fund	\$1,787,843
General Fund - Major Fund	Sewer Fund - Major Fund	61,771
General Fund - Major Fund	Golf Fund - Major Fund	1,307,502
General Fund - Major Fund	Storm Water Fund - Major Fund	45,755
General Fund - Major Fund	Special Allocation Fund - Major Fund	150,000
Special Allocation Fund - Major Fund	Recreation Center Fund - Major Fund	38,869
Special Allocation Fund - Major Fund	General Fund - Major Fund	217,227
Sewer Fund - Major Fund	General Fund - Major Fund	1,000
Sewer Fund - Major Fund	Storm Water Fund - Major Fund	134
Storm Water Fund - Major Fund	Sewer Fund - Major fund	<u>17</u>
Total		<u>\$3,610,118</u>

NOTE G - INTERFUND ASSETS/LIABILITIES (Continued)

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, 2014.

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 2013</u>
Golf Fund - Major Fund	Tourism Fund - Nonmajor Fund	<u>\$10,000</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 statewide 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, 2014.

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 \$508,423 for MIRMA's fiscal year ended June 30, 2014. 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 and the Storm Water Fund paid \$138,000 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 most of these matters will not have material adverse effect on the financial condition of the City.

At August 31, 2013, the City had construction commitments for sewer projects and storm water projects in the amount of \$61,974 and \$33,842, respectively.

NOTE M - CONDUIT DEBT

In December 2012, the City authorized to issue \$85,000,000, industrial revenue bonds, to provide funds for the purpose of carrying out industrial development projects by the City providing a loan to a private corporation pursuant to a loan agreement between the City and the private corporation. The loan agreement calls for the private corporation to repay the loans in the principal amount of the bonds plus any interest thereon. Upon repayment of the bonds, ownership of the acquired facilities transfers to the corporation. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. At August 31, 2013 the principal amount payable was \$85,000,000.

NOTE N - RESTRICTED NET ASSETS

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

NOTE O - 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 and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved areas. 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 and notes per Note D is payable through July 2028. For the current year, principal and interest paid and total incremental tax revenues were \$2,955,207 and \$3,565,446, respectively.

NOTE P - DEFICIT BALANCES

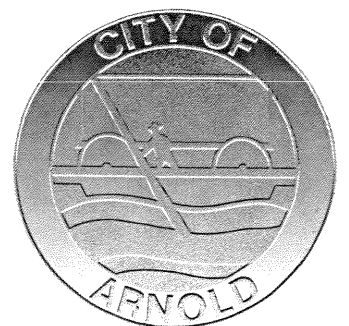
The Recreation Center Fund and Golf Fund had deficits in fund balances/net assets of \$1,386,983 and \$1,536,327, respectively. These deficits will be offset by future revenues.

NOTE Q - PRIOR PERIOD ADJUSTMENT AND RETROACTIVE RESTATEMENT OF NET POSITION

The previously stated net position has been adjusted as follows:

	Governmental Activities	Business-type Activities	Sewer Fund	Golf Fund
Net position, August 31, 2012 as previously reported	\$ 44,112,916	17,890,495	18,185,279	(1,149,350)
Restatement for:				
Prepaid interest revised schedule	-	160,975	160,975	-
Infrastructure	(3,141,409)	-	-	-
Accumulated depreciation - infrastructure	450,136	-	-	-
Implementation of GASB 65:				
Bond issue costs	(1,185,078)	(295,583)	(179,602)	(115,981)
Accumulated amortization	60,585	43,788	11,894	31,894
	<u>\$ 40,297,150</u>	<u>17,799,675</u>	<u>18,178,546</u>	<u>(1,233,437)</u>
Net Position, August 31, 2012, As Restated	<u>\$ 40,297,150</u>	<u>17,799,675</u>	<u>18,178,546</u>	<u>(1,233,437)</u>

REQUIRED SUPPLEMENTAL
INFORMATION



CITY OF ARNOLD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Taxes				
Property	\$ 1,076,275	1,047,567	1,047,994	427
Sales	6,487,176	6,757,635	6,638,845	(118,790)
Public utility gross receipts	3,085,000	2,950,000	3,075,765	125,765
Motor fuel	550,000	530,000	525,885	(4,115)
Other	203,100	227,627	227,628	1
Total Taxes	<u>11,401,551</u>	<u>11,512,829</u>	<u>11,516,117</u>	<u>3,288</u>
Special Assessments	<u>100,000</u>	<u>56,000</u>	<u>208,907</u>	<u>152,907</u>
Licenses and Permits	<u>616,100</u>	<u>620,200</u>	<u>730,422</u>	<u>110,222</u>
Fines and Court Costs	<u>980,000</u>	<u>985,000</u>	<u>1,039,805</u>	<u>54,805</u>
Intergovernmental	<u>3,163,767</u>	<u>2,332,869</u>	<u>2,494,985</u>	<u>162,116</u>
Charges for Services	<u>124,840</u>	<u>107,820</u>	<u>90,374</u>	<u>(17,446)</u>
Investment Income	<u>29,000</u>	<u>41,000</u>	<u>46,742</u>	<u>5,742</u>
Miscellaneous				
Administration	174,000	181,500	181,500	-
Other	70,500	76,075	134,545	58,470
Total Miscellaneous	<u>244,500</u>	<u>257,575</u>	<u>316,045</u>	<u>58,470</u>
Total Revenues	<u>16,659,758</u>	<u>15,913,293</u>	<u>16,443,397</u>	<u>530,104</u>
EXPENDITURES				
General Government				
General and administrative	1,201,315	1,256,847	1,134,956	(121,891)
Mayor and council	124,799	123,974	118,719	(5,255)
Municipal court	195,258	190,679	182,587	(8,092)
Administrator	243,642	196,135	205,403	9,268
Treasurer	53,419	52,761	52,249	(512)
Finance	321,197	313,748	313,497	(251)
Collector of revenue	197,195	195,911	195,595	(316)
Attorney	199,000	219,000	212,804	(6,196)
Elections	10,250	9,688	9,653	(35)
Planning commission	235,124	217,990	196,785	(21,205)
Total General Government	<u>2,781,199</u>	<u>2,776,733</u>	<u>2,622,248</u>	<u>(154,485)</u>

(Continued)

CITY OF ARNOLD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety				
Police	4,648,593	4,764,135	4,626,504	(137,631)
Police board	500	500	408	(92)
Dispatching	498,086	491,103	514,836	23,733
Building commission	376,335	360,828	340,541	(20,287)
Total Public Safety	<u>5,523,514</u>	<u>5,616,566</u>	<u>5,482,289</u>	<u>(134,277)</u>
Public Works	<u>564,303</u>	<u>592,024</u>	<u>556,904</u>	<u>(35,120)</u>
Highways and Streets	<u>1,529,262</u>	<u>1,433,148</u>	<u>1,377,329</u>	<u>(55,819)</u>
Parks and Recreation	<u>668,586</u>	<u>664,364</u>	<u>551,623</u>	<u>(112,741)</u>
Health and Sanitation				
Health department	77,881	76,004	67,077	(8,927)
Rabies control	138,630	143,245	136,650	(6,595)
Vector control	14,420	9,958	9,380	(578)
Solid waste	992,553	991,267	991,267	-
Total Health And Sanitation	<u>1,223,484</u>	<u>1,220,474</u>	<u>1,204,374</u>	<u>(16,100)</u>
Capital Outlay	<u>4,690,467</u>	<u>5,561,041</u>	<u>5,711,866</u>	<u>150,825</u>
Debt Service	<u>780,476</u>	<u>780,476</u>	<u>783,973</u>	<u>3,497</u>
Total Expenditures	<u>17,761,291</u>	<u>18,644,826</u>	<u>18,290,606</u>	<u>(354,220)</u>
REVENUES UNDER EXPENDITURES	<u>(1,101,533)</u>	<u>(2,731,533)</u>	<u>(1,847,209)</u>	<u>884,324</u>
OTHER FINANCING SOURCES				
Sale of capital assets	<u>107,000</u>	<u>317,000</u>	<u>315,725</u>	<u>(1,275)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (994,533)</u>	<u>(2,414,533)</u>	<u>(1,531,484)</u>	<u>883,049</u>
FUND BALANCE, SEPTEMBER 1			<u>11,502,267</u>	
FUND BALANCE, AUGUST 31			<u>\$ 9,970,783</u>	

CITY OF ARNOLD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL - RECREATION CENTER FUND
FOR THE YEAR ENDED AUGUST 31, 2013

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 1,205,000	1,205,000	1,200,381	(4,619)
Charges for services	1,346,000	1,323,000	1,224,761	(98,239)
Investment income	20,000	900	1,103	203
Miscellaneous	12,550	35,422	33,685	(1,737)
Total Revenues	2,583,550	2,564,322	2,459,930	(104,392)
EXPENDITURES				
Recreation center	1,794,583	1,787,140	1,699,110	(88,030)
Debt service	880,888	886,288	886,226	(62)
Total Expenditures	2,675,471	2,673,428	2,585,336	(88,092)
NET CHANGE IN FUND BALANCE	\$ (91,921)	(109,106)	(125,406)	(16,300)
FUND BALANCE (DEFICIT), SEPTEMBER 1			(1,261,577)	
FUND BALANCE (DEFICIT), AUGUST 31			\$ (1,386,983)	

CITY OF ARNOLD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL ALLOCATION FUND
FOR THE YEAR ENDED AUGUST 31, 2013

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 805,000	1,002,365	1,089,113	86,748
Sales	1,382,000	1,427,000	2,476,333	1,049,333
Investment income	200	200	357	157
Total Revenues	2,187,200	2,429,565	3,565,803	1,136,238
EXPENDITURES				
General government	-	34,500	7,500	(27,000)
Economic development	20,000	88,812	132,250	43,438
Debt service	2,300,000	2,784,243	2,955,207	170,964
Total Expenditures	2,320,000	2,907,555	3,094,957	187,402
NET CHANGE IN FUND BALANCE	\$ (132,800)	(477,990)	470,846	948,836
FUND BALANCE, SEPTEMBER 1			4,405,607	
FUND BALANCE, AUGUST 31			\$ 4,876,453	

CITY OF ARNOLD, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2013

Budgetary Data

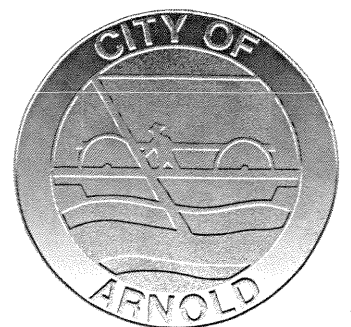
The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 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 all funds.
- 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 accounting principles generally accepted in the United States of America except that budgets do not include economic development and debt proceeds related to the tax increment financing projects and refunding of long-term debt. 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 includes budget amendments.
- g. Appropriations lapse at year-end.

For the year ended August 31, 2013, General Fund expenditures exceeded appropriations for the Administration department by \$9,268, the Dispatching department by \$23,733, capital outlay \$150,825, and debt service expense by \$3,497. The Special Allocation Fund expenditures exceeded appropriations by \$187,402. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future years revenues.

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OTHER SUPPLEMENTAL
INFORMATION



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

	2013	2012
ASSETS		
Cash and investments	\$ 7,819,423	9,749,675
Receivables (net of allowances for uncollectibles):		
Taxes	2,675,161	2,103,174
Special assessments	1,195,625	1,376,704
Intergovernmental	58,751	859,246
Court	129,851	179,284
Miscellaneous	101,542	78,625
Due from other funds	3,608,967	3,104,346
Prepaid items	470,321	484,234
Restricted assets:		
Cash and investments	3,659,956	3,672,651
Capital improvements sales tax receivable	248,606	801,306
Total Assets	\$ 19,968,203	22,409,245
 LIABILITIES		
Accounts payable	\$ 2,105,534	2,752,775
Accrued liabilities	238,265	242,162
Due to other funds	2,194,939	1,953,704
Unearned revenue	334,048	430,951
Total Liabilities	4,872,786	5,379,592
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue:		
Special Assessments	1,195,625	1,376,712
Court Fines	129,349	179,168
Taxes	248,606	801,306
Total Deferred Inflows Of Resources	1,573,580	2,357,186
 FUND BALANCES		
Nonspendable	470,321	484,234
Restricted	6,060,398	5,567,055
Committed	1,557,117	4,410,590
Assigned	530,792	994,533
Unassigned	4,903,209	3,216,055
Total Fund Balances	13,521,837	14,672,467
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 19,968,203	22,409,245

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

	2013	2012
REVENUES		
Taxes	\$ 16,422,424	14,738,118
Special assessments	208,907	55,981
Licenses and permits	730,422	637,167
Fines and court costs	1,039,805	902,336
Intergovernmental	2,503,248	1,557,334
Charges for services	1,363,277	1,455,029
Investment income	48,212	74,002
Miscellaneous	349,730	324,627
Total Revenues	22,666,025	19,744,594
 EXPENDITURES		
Current:		
General government	2,767,426	2,938,282
Public safety	5,489,942	5,438,986
Public works	556,904	460,444
Highways and streets	1,377,329	1,318,793
Parks and recreation	2,250,733	2,241,380
Health and sanitation	1,204,374	1,198,127
Economic development	132,250	84,948
Capital outlay	5,718,016	1,734,019
Debt service:		
Principal	1,866,476	1,009,055
Interest	2,758,930	2,686,033
Bond issuance costs	-	218,681
Payments to escrow agent	-	1,843,000
Total Expenditures	24,122,380	21,171,748
 REVENUES UNDER EXPENDITURES	(1,456,355)	(1,427,154)
 OTHER FINANCING SOURCES (USES)		
Issuance of long-term debt	-	12,965,000
Premium (discount) on issuance of long-term debt	-	(12,936)
Refunding of long-term debt	-	(12,733,383)
Proceeds from insurance premium	-	110,000
Sale of capital assets	315,725	57,673
Transfers out	(10,000)	(10,000)
Total Other Financing Sources (Uses)	305,725	376,354
 NET CHANGES IN FUND BALANCES	(1,150,630)	(1,050,800)
 FUND BALANCES, SEPTEMBER 1	14,672,467	15,723,267
 FUND BALANCES, AUGUST 31	\$ 13,521,837	14,672,467

CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

	<u>Special Revenue Funds</u>		
	<u>Tourism</u>	<u>Drug Forfeiture</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 20,799	19,557	40,356
Receivables:			
Taxes	21,814	-	21,814
Prepaid items	14,061	-	14,061
	<u>14,061</u>	<u>-</u>	<u>14,061</u>
Total Assets	<u>\$ 56,674</u>	<u>19,557</u>	<u>76,231</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,612	-	7,612
Accrued liabilities	840	-	840
Unearned revenue	6,195	-	6,195
Total Liabilities	<u>14,647</u>	<u>-</u>	<u>14,647</u>
 Fund Balances			
Nonspendable:			
Prepaid items	14,061	-	14,061
Restricted for:			
Public safety	-	19,557	19,557
Tourism	27,966	-	27,966
Total Fund Balances	<u>42,027</u>	<u>19,557</u>	<u>61,584</u>
Total Liabilities And Fund Balances	<u>\$ 56,674</u>	<u>19,557</u>	<u>76,231</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, 2013

	Special Revenue Funds		
	Tourism	Drug Forfeiture	Totals
REVENUES			
Taxes	\$ 140,480	-	140,480
Intergovernmental	-	8,263	8,263
Charges for services	48,142	-	48,142
Investment income	-	10	10
Total Revenues	188,622	8,273	196,895
EXPENDITURES			
Current:			
General government	137,678	-	137,678
Public safety	-	7,653	7,653
Capital outlay	-	6,150	6,150
Total Expenditures	137,678	13,803	151,481
REVENUES OVER (UNDER) EXPENDITURES	50,944	(5,530)	45,414
OTHER FINANCING USES			
Transfers out	(10,000)	-	(10,000)
NET CHANGES IN FUND BALANCES	40,944	(5,530)	35,414
FUND BALANCES, SEPTEMBER 1	1,083	25,087	26,170
FUND BALANCES, AUGUST 31	\$ 42,027	19,557	61,584

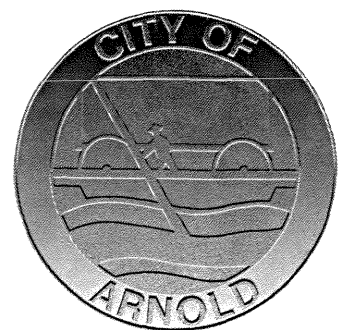
CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - TOURISM FUND
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Taxes:				
Sales	\$ 108,000	135,359	140,480	5,121
Charges for services	52,000	41,895	48,142	6,247
Total Revenues	<u>160,000</u>	<u>177,254</u>	<u>188,622</u>	<u>11,368</u>
 EXPENDITURES				
General government	<u>159,910</u>	<u>147,140</u>	<u>137,678</u>	<u>(9,462)</u>
 REVENUES OVER EXPENDITURES	90	30,114	50,944	20,830
 OTHER FINANCING USES				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	<u>\$ (9,910)</u>	<u>20,114</u>	40,944	<u>20,830</u>
 FUND BALANCE, SEPTEMBER 1			<u>1,083</u>	
 FUND BALANCE, AUGUST 31			<u>\$ 42,027</u>	

CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - DRUG FORFEITURE FUND
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Intergovernmental	\$ 12,000	8,263	8,263	-
Investment income	-	10	10	-
Total Revenues	<u>12,000</u>	<u>8,273</u>	<u>8,273</u>	<u>-</u>
 EXPENDITURES				
Public safety	22,450	13,725	7,653	(6,072)
Capital outlay	7,000	6,150	6,150	-
Total Expenditures	<u>29,450</u>	<u>19,875</u>	<u>13,803</u>	<u>(6,072)</u>
 NET CHANGE IN FUND BALANCE	<u>\$ (17,450)</u>	<u>(11,602)</u>	(5,530)	<u>6,072</u>
 FUND BALANCE, SEPTEMBER 1			<u>25,087</u>	
 FUND BALANCE, AUGUST 31			<u>\$ 19,557</u>	

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.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	69 - 73
Revenue Capacity These schedules contain information to help the reader assess the City’s local revenue sources.	74 - 81
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	82 - 85
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	86 - 87
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	88 - 90

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Net investment in capital assets	\$ 62,495,954	58,747,273	60,189,604	61,515,001	60,433,335	60,816,793	64,429,584	61,737,432	60,501,363	43,980,742
Restricted	5,750,389	5,795,745	6,511,773	6,468,111	6,129,354	2,524,622	1,250,000	1,389,706	2,059,448	2,422,228
Unrestricted	<u>(25,777,303)</u>	<u>(24,245,868)</u>	<u>(22,961,899)</u>	<u>(20,707,866)</u>	<u>(18,506,005)</u>	<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>
Total Governmental Activities Net Position	<u>\$ 42,469,040</u>	<u>40,297,150</u>	<u>43,739,478</u>	<u>47,275,246</u>	<u>48,056,684</u>	<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>
Business-type Activities										
Net investment in capital assets	\$ 13,383,043	13,366,162	12,568,136	11,847,340	10,925,826	11,615,431	13,812,089	12,963,653	11,501,918	11,258,683
Restricted	588,203	701,303	804,880	906,603	1,001,303	7,146,872	5,064,591	842,007	804,700	1,299,950
Unrestricted	<u>3,624,652</u>	<u>3,732,210</u>	<u>4,347,127</u>	<u>4,873,833</u>	<u>4,777,204</u>	<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>
Total Business-type Activities Net Position	<u>\$ 17,595,898</u>	<u>17,799,675</u>	<u>17,720,143</u>	<u>17,627,776</u>	<u>16,704,333</u>	<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>
Primary Government										
Net investment in capital assets	\$ 75,878,997	72,113,435	72,757,740	73,362,341	71,359,161	72,432,224	78,241,673	74,701,085	72,003,281	55,239,425
Restricted	6,338,592	6,497,048	7,316,653	7,374,714	7,130,657	9,671,494	6,314,591	2,231,713	2,864,148	3,722,178
Unrestricted	<u>(22,152,651)</u>	<u>(20,513,658)</u>	<u>(18,614,772)</u>	<u>(15,834,033)</u>	<u>(13,728,801)</u>	<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>
Total Primary Government Net Position	<u>\$ 60,064,938</u>	<u>58,096,825</u>	<u>61,459,621</u>	<u>64,903,022</u>	<u>64,761,017</u>	<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>

Source: Basic financial statements

GASB 63 and 65 were implemented in 2013.

CITY OF ARNOLD, MISSOURI
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	For The Years Ended August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
EXPENSES										
Governmental Activities										
General government	\$ 3,437,488	3,560,571	3,631,193	3,486,489	3,597,393	3,606,327	2,026,103	2,646,655	1,935,204	2,092,831
Public safety	5,699,347	5,557,136	5,513,045	5,498,118	5,383,461	5,037,988	5,162,582	5,141,027	4,824,236	4,448,556
Public works	652,774	471,241	449,991	396,500	372,884	1,544,873	3,648,054	2,025,478	1,049,519	837,772
Highways and streets	3,180,611	3,247,948	3,056,308	2,882,196	2,660,880	3,217,725	445,648	1,405,773	2,275,559	845,437
Parks and recreation	2,286,290	2,311,042	2,172,650	2,205,143	2,130,516	2,166,365	1,990,090	1,889,036	761,557	585,666
Health and sanitation	1,209,726	1,199,147	1,147,650	1,054,674	1,157,513	927,232	884,918	826,303	883,772	985,793
Economic development	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699	16,554,301	-	-	-
Interest on long-term debt	3,161,479	3,182,550	3,310,085	3,366,950	2,948,229	2,752,694	1,584,135	656,208	749,147	779,696
Total Governmental Activities Expenses	19,759,965	19,614,583	22,392,049	22,303,670	18,586,333	23,698,903	32,295,831	14,590,480	12,478,994	10,575,751
Business-type Activities										
Sewer system	4,138,224	3,604,074	3,866,989	3,678,042	3,658,824	4,036,658	2,139,774	1,869,840	1,480,804	1,526,476
Storm water	608,027	638,757	559,128	622,227	388,188	256,127	127,061	37,899	-	-
Golf	759,006	783,657	747,928	712,700	670,794	670,153	427,304	-	-	-
Total Business-type Activities Expenses	5,505,257	5,026,488	5,174,045	5,012,969	4,717,806	4,962,938	2,694,139	1,907,739	1,480,804	1,526,476
Total Primary Government Expenses	25,265,222	24,641,071	27,566,094	27,316,639	23,304,139	28,661,841	34,989,970	16,498,219	13,959,798	12,102,227
PROGRAM REVENUES										
Governmental Activities										
Charges for services:										
General government	473,810	467,566	449,918	627,522	610,250	560,900	526,293	346,148	378,591	332,215
Public safety	1,335,540	1,227,070	1,344,111	1,552,797	1,474,468	1,481,357	1,694,748	1,379,817	1,223,932	963,583
Parks and recreation	1,284,012	1,378,811	1,308,168	1,307,476	1,142,149	1,148,889	1,187,075	920,846	108,730	177,910
Health and sanitation	27,951	29,407	224,383	569,093	32,845	35,505	19,568	14,888	15,144	16,057
Operating grants and contributions	1,086,620	1,085,599	1,050,800	1,122,352	1,089,981	1,134,789	1,144,088	1,138,664	1,004,539	1,002,252
Capital grants and contributions	2,375,066	1,408,288	66,116	2,625,844	255,553	956,755	1,331,064	781,372	4,928,205	928,132
Total Governmental Activities Program Revenues	6,582,999	5,596,741	4,443,496	7,805,084	4,605,246	5,318,195	5,902,836	4,581,735	7,659,141	3,420,149
Business-type Activities										
Charges for services:										
Sewer system	3,997,660	3,795,399	3,951,341	3,816,409	3,383,075	2,969,723	2,685,117	2,492,669	1,153,188	1,207,243
Storm water	589,987	575,621	574,991	570,520	579,425	557,094	513,150	61,267	-	-
Golf	434,990	561,806	454,091	407,735	480,578	473,022	401,008	-	-	-
Operating grants and contributions	-	-	-	29,382	21,011	-	-	-	-	-
Capital grants and contributions	16,000	1,150	2,432	806,725	60,407	-	-	-	-	-
Total Business-type Activities Program Revenues	5,038,637	4,933,976	4,982,855	5,630,771	4,524,496	3,999,839	3,599,275	2,553,936	1,153,188	1,207,243
Total Primary Government Program Revenues	11,621,636	10,530,717	9,426,351	13,435,855	9,129,742	9,318,034	9,502,111	7,135,671	8,812,329	4,627,392
NET REVENUES (EXPENSES)										
Governmental activities	(13,176,966)	(14,017,842)	(17,948,553)	(14,498,586)	(13,981,087)	(18,380,708)	(26,392,995)	(10,008,745)	(4,819,853)	(7,155,602)
Business-type activities	(466,620)	(92,512)	(191,190)	617,802	(193,310)	(963,099)	905,136	646,197	(327,616)	(319,233)
Total Primary Government Net Revenues (Expenses)	(13,643,586)	(14,110,354)	(18,139,743)	(13,880,784)	(14,174,397)	(19,343,807)	(25,487,859)	(9,362,548)	(5,147,469)	(7,474,835)

(Continued)

CITY OF ARNOLD, MISSOURI
CHANGE IN NET POSITION (Continued)
LAST TEN FISCAL YEARS

	For The Years Ended August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
GENERAL REVENUES AND OTHER CHANGE IN NET POSITION										
Governmental Activities										
Taxes:										
Property	2,137,107	1,856,713	1,956,378	1,767,838	1,448,479	1,125,304	992,520	949,500	863,007	838,929
Sales	9,676,868	9,266,574	8,934,269	8,492,485	7,619,458	7,018,675	6,860,615	6,771,832	6,745,540	7,368,939
Gross receipts	3,264,019	3,014,815	3,239,828	3,389,556	2,726,791	3,498,852	2,046,144	2,044,454	1,837,302	1,781,808
Miscellaneous	43,139	38,972	33,694	31,616	33,541	34,224	35,611	27,475	27,638	25,835
Investment income	48,212	74,002	86,446	83,444	131,284	290,449	364,016	242,701	387,852	276,247
Gain on sale of assets	66,936	57,673	28,128	20,085	-	800	504,457	143,126	18,312	-
Miscellaneous	122,575	92,531	144,042	22,812	42,447	2,091,921	1,294,524	221,895	110,114	118,141
Transfers	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(44,500)	(144,683)	(349,562)	(105,134)	(192,105)
Total Governmental Activities General Revenues And Other Change In Net Position	<u>15,348,856</u>	<u>14,391,280</u>	<u>14,412,785</u>	<u>13,797,836</u>	<u>11,992,000</u>	<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>
Business-type Activities										
Investment income	240,758	252,864	273,557	295,641	380,619	554,719	585,981	344,263	102,858	77,204
Gain on sale of assets	8,801	-	-	-	-	-	-	-	-	-
Miscellaneous	3,284	-	-	-	-	-	-	-	-	-
Transfers	10,000	10,000	10,000	10,000	10,000	44,500	144,683	349,562	105,134	192,105
Total Business-type Activities General Revenues And Other Change In Net Position	<u>262,843</u>	<u>262,864</u>	<u>283,557</u>	<u>305,641</u>	<u>390,619</u>	<u>599,219</u>	<u>730,664</u>	<u>693,825</u>	<u>207,992</u>	<u>269,309</u>
Total Primary Government General Revenues And Other Change In Net Position	<u>15,611,699</u>	<u>14,654,144</u>	<u>14,696,342</u>	<u>14,103,477</u>	<u>12,382,619</u>	<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>
CHANGE IN NET POSITION										
Governmental activities	2,171,890	373,438	(3,535,768)	(700,750)	(1,989,087)	(4,364,983)	(14,439,791)	42,676	5,064,778	3,062,192
Business-type activities	(203,777)	170,352	92,367	924,443	197,309	(363,880)	1,635,800	1,340,022	(119,624)	(49,924)
Total Primary Government	<u>\$ 1,968,113</u>	<u>543,790</u>	<u>(3,443,401)</u>	<u>222,693</u>	<u>(1,791,778)</u>	<u>(4,728,863)</u>	<u>(12,803,991)</u>	<u>1,382,698</u>	<u>4,945,154</u>	<u>3,012,268</u>

Source: Basic financial statements

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

	August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	-	-	2,176,044	2,139,403	2,584,017	6,271,895	1,608,446	1,261,317	13,331,864
Unreserved	-	-	-	8,318,041	6,844,666	7,105,178	(1,713,188)	2,410,889	3,531,012	4,876,738
Nonspendable	441,169	455,108	511,169	-	-	-	-	-	-	-
Restricted	1,136,421	1,136,361	563,726	-	-	-	-	-	-	-
Committed	1,557,117	4,410,590	1,395,119	-	-	-	-	-	-	-
Assigned	530,792	994,533	-	-	-	-	-	-	-	-
Unassigned	6,305,284	4,505,675	9,213,575	-	-	-	-	-	-	-
Total General Fund	<u>\$ 9,970,783</u>	<u>11,502,267</u>	<u>11,683,589</u>	<u>10,494,085</u>	<u>8,984,069</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	-	-	5,358,284	4,998,863	1,702,485	1,305,838	1,250,000	1,250,000	-
Unreserved, reported in:										
Special Revenue Funds	-	-	-	(1,074,478)	(828,954)	(479,601)	(44,678)	139,706	450,632	-
Nonspendable	29,152	29,126	10,285	-	-	-	-	-	-	-
Restricted	4,923,977	4,430,694	5,347,559	-	-	-	-	-	-	-
Unassigned	(1,402,075)	(1,289,620)	(1,318,166)	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,551,054</u>	<u>3,170,200</u>	<u>4,039,678</u>	<u>4,283,806</u>	<u>4,169,909</u>	<u>1,222,884</u>	<u>1,261,160</u>	<u>1,389,706</u>	<u>1,700,632</u>	<u>-</u>

Source: Basic financial statements

For fiscal year 2011 GASB 54 was implemented.

Note: No other governmental funds prior to 2005.

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

	For The Years Ended August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
REVENUES										
Taxes	\$16,422,424	14,738,118	14,939,098	14,551,361	12,279,968	12,209,618	10,866,182	10,753,278	10,439,176	10,969,016
Special assessments	208,907	55,981	111,477	95,886	161,495	551,076	306,798	428,599	319,133	440,386
Licenses and permits	730,422	637,167	555,788	522,881	615,026	590,067	648,771	501,547	554,273	515,179
Fines and court costs	1,039,805	902,336	1,105,288	1,216,172	1,131,240	1,122,605	1,177,581	1,060,849	797,176	631,699
Intergovernmental	2,503,248	1,557,334	263,517	458,470	138,593	2,592,876	1,910,417	337,205	3,389,943	711,340
Charges for services	1,363,277	1,455,029	1,549,582	2,132,339	1,375,957	1,395,577	1,326,128	937,009	203,181	156,760
Investment income	48,212	74,002	86,446	83,444	131,284	290,449	364,016	242,701	387,852	276,247
Miscellaneous	349,730	324,627	308,653	325,600	356,143	421,244	394,194	420,189	281,881	310,048
Total Revenues	<u>22,666,025</u>	<u>19,744,594</u>	<u>18,919,849</u>	<u>19,386,153</u>	<u>16,189,706</u>	<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>
EXPENDITURES										
General government	2,767,426	2,938,282	2,939,835	2,904,369	2,836,320	2,774,026	2,657,615	2,246,139	1,794,740	1,976,501
Public safety	5,489,942	5,438,986	5,452,098	5,513,458	5,530,890	5,087,615	5,124,954	4,790,213	4,446,103	4,045,557
Public works	556,904	460,444	542,848	505,578	424,779	414,040	3,583,152	1,997,244	5,848,333	2,770,280
Highways and streets	1,377,329	1,318,793	1,211,431	1,210,324	994,971	1,363,420	1,093,891	1,046,910	850,141	787,401
Parks and recreation	2,250,733	2,241,380	2,133,731	2,096,335	2,110,396	2,149,106	1,944,788	1,895,233	735,511	666,321
Health and sanitation	1,204,374	1,198,127	1,147,456	1,054,900	1,157,017	923,881	882,010	823,634	880,191	975,528
Economic development	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699	16,554,301	-	-	-
Capital outlay	5,718,016	1,734,019	294,258	1,100,240	934,502	6,662,933	818,386	1,802,811	12,115,857	5,449,754
Debt service:										
Principal	1,866,476	1,009,055	1,554,964	1,261,679	820,284	612,946	547,723	858,743	1,374,896	1,111,207
Interest	2,758,930	2,686,033	2,762,969	2,603,519	2,041,283	924,959	721,577	927,996	756,741	787,372
Bond issue costs	-	218,681	155,551	125,000	796,889	244,699	-	-	-	-
Payments to escrow agent	-	1,843,000	414,390	-	-	-	-	-	-	-
Total Expenditures	<u>24,122,380</u>	<u>21,171,748</u>	<u>21,720,658</u>	<u>21,789,002</u>	<u>17,982,788</u>	<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>
REVENUES UNDER EXPENDITURES	<u>(1,456,355)</u>	<u>(1,427,154)</u>	<u>(2,800,809)</u>	<u>(2,402,849)</u>	<u>(1,793,082)</u>	<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>
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	-	12,965,000	10,140,000	3,319,555	28,485,000	11,555,699	16,554,301	-	-	-
Premium/discount on issuance	-	(12,936)	8,564	-	(235,250)	(34,475)	-	-	-	-
Refunding of long-term debt	-	(12,733,383)	(6,420,507)	-	(24,236,569)	-	-	-	-	-
Issuance of capital lease	-	-	-	777,810	31,800	-	286,378	600,000	400,000	-
Proceeds from insurance premium	-	110,000	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	315,725	57,673	28,128	20,085	-	800	504,457	23,626	314,257	-
Transfers in	-	-	-	25,000	-	20,000	166,567	-	1,596,205	-
Transfers out	(10,000)	(10,000)	(10,000)	(35,000)	(10,000)	(20,000)	(166,567)	-	(1,596,205)	-
Total Other Financing Sources (Uses)	<u>305,725</u>	<u>376,354</u>	<u>3,746,185</u>	<u>4,107,450</u>	<u>4,034,981</u>	<u>11,522,024</u>	<u>17,345,136</u>	<u>623,626</u>	<u>714,257</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (1,150,630)</u>	<u>(1,050,800)</u>	<u>945,376</u>	<u>1,704,601</u>	<u>2,241,899</u>	<u>5,092,212</u>	<u>410,826</u>	<u>(1,083,920)</u>	<u>(11,715,641)</u>	<u>(4,559,246)</u>
Debt service as a percentage of noncapital expenditures	25.3 %	19.0	20.3	18.8	16.9	7.6	4.3	12.9	17.8	16.8

Source: Basic financial statements

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

FUNCTIONS/PROGRAMS	Program Revenues									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
General government	\$ 501,560	467,566	453,075	787,472	695,250	565,148	526,313	442,738	695,161	496,567
Public safety	1,472,757	1,362,136	1,435,487	1,731,838	1,555,561	1,541,132	1,746,508	1,455,527	1,262,782	1,058,680
Public works	1,661,672	453,885	-	156,522	73,840	584,512	204,576	475,087	640,969	265,539
Highways and streets	1,614,989	1,873,416	999,630	3,243,512	1,094,219	1,418,309	2,142,388	1,272,649	4,936,355	1,405,396
Parks and recreation	1,285,333	1,396,181	1,314,691	1,315,837	1,152,846	1,172,677	1,262,728	920,846	108,730	177,910
Health and sanitation	46,688	43,557	240,613	569,903	33,530	36,417	20,323	14,888	15,144	16,057
Total Governmen- tal Activities	<u>6,582,999</u>	<u>5,596,741</u>	<u>4,443,496</u>	<u>7,805,084</u>	<u>4,605,246</u>	<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>
Business-type Activities										
Sewer system	4,013,660	3,796,549	3,951,341	4,623,134	3,443,482	2,969,723	2,685,117	2,492,669	1,153,188	1,207,243
Storm water	589,987	575,621	577,423	599,902	600,436	557,094	513,150	61,267	-	-
Golf	434,990	561,806	454,091	407,735	480,578	473,022	401,008	-	-	-
Total Business- type Activities	<u>5,038,637</u>	<u>4,933,976</u>	<u>4,982,855</u>	<u>5,630,771</u>	<u>4,524,496</u>	<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>
Total Primary Government	<u>\$11,621,636</u>	<u>10,530,717</u>	<u>9,426,351</u>	<u>13,435,855</u>	<u>9,129,742</u>	<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>

Source: Basic financial statements

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

Fiscal Year	Property Taxes	Sales Taxes	Public Utility Gross Receipts Taxes	Motor Fuel Taxes	Other Taxes	Total
2013	\$ 2,137,107	\$ 10,456,039	\$ 3,075,765	\$ 525,885	\$ 227,628	\$ 16,422,424
2012	1,856,713	9,283,841	2,850,729	533,081	213,754	14,738,118
2011	1,956,378	9,115,555	3,107,237	553,861	206,067	14,939,098
2010	1,767,838	8,738,803	3,274,363	561,099	209,258	14,551,361
2009	1,448,479	7,510,784	2,565,201	552,562	202,942	12,279,968
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

Source: Required supplemental information and basic financial statements

CITY OF ARNOLD, MISSOURI
SALES TAX REVENUE - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

Fiscal Year	General Sales Tax (1%)	Recreation Center Sales Tax (0.25%)	Jefferson County Shared Capital Improvement Sales Tax	Shared Vehicle Sales Tax	Hotel/Motel Sales Tax (5%)	Jurisdictional Sales Tax	Total Sales Tax
2013	\$ 5,374,666	\$ 1,302,300	\$ 1,452,885	\$ 218,971	\$ 242,573	\$ 1,864,644	\$ 10,456,039
2012	5,202,166	1,258,532	680,650	211,150	225,810	1,705,533	9,283,841
2011	5,016,503	1,211,533	835,050	210,437	199,675	1,642,357	9,115,555
2010	4,835,105	1,171,721	905,185	195,399	152,768	1,478,625	8,738,803
2009	4,682,730	1,134,223	567,880	190,543	145,115	790,293	7,510,784
2008	4,537,417	1,097,889	620,634	210,498	151,090	289,171	6,906,699
2007	4,262,286	1,030,252	1,416,770	277,683	151,306	-	7,138,297
2006	4,413,425	1,066,625	1,142,674	255,104	149,108	-	7,026,936
2005	4,204,968	1,020,746	1,363,528	249,474	156,298	-	6,995,014

Source: Required supplemental information and basic financial statements

Note: Information prior to 2005 is not available.

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

Fiscal Year	Calendar Year	Real Property	Railroads And Utilities	Total		Total Direct Tax Rate	Ratio Of
				Assessed Value	Estimated Actual Value		Total Assessed Value To Total Estimated Actual Value
2013	2012	\$ 277,940,900	\$ 6,893,679	\$ 284,834,579	\$ 1,227,103,131	0.397	23.2 %
2012	2011	277,026,900	7,018,823	284,045,723	1,221,808,487	0.397	23.2
2011	2010	274,310,100	6,370,930	280,681,030	1,188,269,463	0.397	23.6
2010	2009	267,251,900	6,042,845	273,294,745	1,180,555,245	0.397	23.1
2009	2008	257,603,500	5,639,930	263,243,430	1,144,071,678	0.425	23.0
2008	2007	244,660,300	5,698,063	250,358,363	1,096,031,833	0.420	22.8
2007	2006	221,014,200	5,640,294	226,654,494	990,383,737	0.420	22.9
2006	2005	211,786,300	5,511,854	217,298,154	943,764,731	0.440	23.0
2005	2004	188,897,200	5,223,038	194,120,238	835,396,989	0.440	23.2
2004	2003	184,774,900	5,254,233	190,029,133	814,846,655	0.450	23.3

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
ASSESSED VALUES FOR TAX INCREMENT FINANCING DISTRICTS
LAST SIX FISCAL YEARS

Tax Year	Triangle TIF			Crossroads TIF			Crossroads Sub Area #1 TIF		
	Assessed Value	Base Assessed Value	Abated Assessed	Assessed Value	Base Assessed Value	Abated Assessed	Assessed Value	Base Assessed Value	Abated Assessed
2012	\$ 14,201,400	\$ 1,700,400	\$ 12,501,000	\$ 4,231,500	\$ 3,124,400	\$ 1,107,100	\$ 3,058,500	\$ 1,124,400	\$ 1,934,100
2011	14,137,200	1,700,400	12,436,800	3,998,400	3,124,400	874,000	3,058,500	1,124,400	1,934,100
2010	12,397,400	1,700,400	10,697,000	3,188,500	3,124,400	64,100	1,227,500	1,124,400	103,100
2009	12,397,400	1,700,400	10,697,000	3,188,500	3,124,400	64,100	1,227,500	1,124,400	103,100
2008	7,187,300	1,700,400	5,486,900	3,044,600	3,101,600	(57,000)	1,312,800	1,147,200	165,600
2007	2,936,100	1,855,300	1,080,800	3,325,100	3,197,100	128,000	1,312,800	1,147,200	165,600

Source: Jefferson County Assessor

Note: Information prior to 2007 is unavailable.

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

	For The Years Ended August 31									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
City of Arnold:										
General Fund	0.397	0.397	0.397	0.397	0.425	0.420	0.420	0.440	0.440	0.450
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	0.533	0.505	0.505	0.499	0.496	0.530	0.530	0.510	0.500	0.520
Consolidated School No. 6 of Jefferson County	4.617	4.604	4.587	4.563	4.530	4.530	4.520	4.460	4.460	4.600
Rock Community Fire Protection District	0.707	0.712	0.716	0.715	0.707	0.710	0.710	0.940	0.940	0.970
Rock Township Ambulance District	0.210	0.132	0.136	0.127	0.123	0.120	0.120	0.130	0.150	0.230
The Junior College District of Jefferson County	0.339	0.336	0.336	0.336	0.334	0.330	0.330	0.350	0.350	0.350
The Jefferson County Library District	0.175	0.189	0.189	0.188	0.186	0.190	0.190	0.180	0.180	0.190
Surtax-Commercial Only	0.240	0.240	0.240	0.240	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 SEVEN YEARS AGO

Taxpayer	2013			2006		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
Wal-Mart Real Estate Business Trust 55	\$ 4,730,400	1	1.66 %	\$ -	-	- %
Metal Container Corporation	3,835,600	2	1.35	3,618,300	4	1.67
THF Arnold Triangle Development, LLC	3,700,400	3	1.30	-	-	-
Schnucks	2,964,500	4	1.04	2,732,900	6	1.26
Water Tower, LLC	2,638,300	5	0.93	3,847,000	3	1.77
The Home Depot	2,542,600	6	0.89	2,542,600	8	1.17
Target	2,496,000	7	0.88	2,496,000	9	1.15
Dierberg's Market	2,453,300	8	0.86	-	-	-
Convergy's Corporation	2,375,900	9	0.83	2,103,300	10	0.97
Suellentrop Family Partnership, LP	2,080,000	10	0.73	2,697,400	7	1.24
Ameren	-	-	-	4,569,211	1	2.10
Southwestern Bell Telephone	-	-	-	3,990,064	2	1.84
Greater Missouri Builders	-	-	-	2,851,300	5	1.31
Total	\$ 29,817,000		10.47 %	\$ 31,448,075		14.48 %

Note: Amounts prior to 2006 are not available.

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 (2)</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>
2013	2012	\$ 1,042,510	\$ 1,025,466	98.4 %	\$ -	\$ 1,025,466	98.4 %	\$ 17,044	1.7 %
2012	2011	1,040,059	987,178	94.9	37,767	1,024,945	98.5	52,881	5.2
2011	2010	1,028,100	1,003,690	97.6	23,720	1,027,410	99.9	24,410	2.4
2010	2009	1,023,806	1,003,897	98.1	20,150	1,024,047	100.0	19,909	1.9
2009	2008	1,072,745	1,042,501	97.2	30,284	1,072,785	100.0	30,244	2.8
2008	2007	1,032,992	982,678	95.1	50,307	1,032,985	100.0	50,314	4.9
2007	2006	992,520	951,674	95.9	15,896	967,570	97.5	40,846	4.1
2006	2005	944,339	897,486	95.0	15,376	912,862	96.7	57,677	6.1
2005	2004	859,110	802,501	93.4	8,376	810,877	94.4	23,218	2.7
2004	2003	834,414	809,603	97.0	11,612	821,215	98.4	24,812	3.0

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

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

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 And Bonds	Revenue Bonds	Capital Lease Obligations	Notes Payable			
2013	\$ 70,177	\$ 18,952,136	\$ -	\$ -	\$ 31,991,422	\$ 12,770,972	\$ 3,460	\$ 15,091,201	\$ 78,879,368	10.43 %	\$ 3,754
2012	279,320	19,775,000	-	-	33,014,485	13,369,667	13,605	14,939,207	81,391,284	11.26	3,906
2011	512,557	7,140,000	13,690,000	-	33,460,303	14,169,250	23,404	15,490,557	84,486,071	11.71	4,060
2010	768,269	-	14,090,000	6,670,000	31,359,555	14,750,416	47,135	16,120,537	83,805,912	12.28	4,066
2009	217,138	-	14,455,000	6,895,000	28,485,000	15,363,416	47,502	16,521,497	81,984,553	11.97	3,979
2008	455,622	-	14,790,000	7,110,000	21,000,000	15,941,166	79,603	22,780,378	82,156,769	11.64	3,990
2007	763,568	-	15,095,000	-	16,554,301	13,949,166	-	4,732,255	51,094,290	7.63	2,460
2006	749,910	-	15,370,000	-	-	10,120,833	-	842,007	27,082,750	4.31	1,327
2005	328,654	440,000	15,610,000	-	-	1,285,775	-	804,700	18,469,129	3.08	905
2004	48,550	650,000	16,655,000	-	-	1,410,275	-	875,700	19,639,525	3.48	975

(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, 2013

<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	\$ 15,960,040	11.83 %	\$ 1,888,073
Consolidated School No. 6 of Jefferson County	<u>73,520,440</u>	40.74	<u>29,952,227</u>
	89,480,480		31,840,300
City direct debt	<u>78,879,368</u>	100.00 %	<u>78,879,368</u>
Total Direct And Overlapping Debt	<u><u>\$ 168,359,848</u></u>		<u><u>\$ 110,719,668</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

	Fiscal Years									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 36,029,611	\$36,369,775	36,055,771	35,520,119	34,691,869	33,081,629	30,513,314	28,247,720	25,534,112	25,363,969
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 36,029,611</u>	<u>\$36,369,775</u>	<u>36,055,771</u>	<u>35,520,119</u>	<u>34,691,869</u>	<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>
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
REVENUE BOND COVERAGE - SEWER FUND
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Operating Expenses</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2013	\$ 4,238,096	\$ 2,024,727	\$ 2,213,369	\$ 568,800	\$ 428,010	\$ 996,810	2.22 %
2012	4,047,108	1,647,755	2,399,353	694,583	459,280	1,153,863	2.08
2011	4,224,198	1,856,052	2,368,146	581,166	493,791	1,074,957	2.20
2010	4,111,457	1,619,273	2,492,184	613,000	514,379	1,127,379	2.21
2009	3,759,692	1,582,342	2,177,350	577,750	598,187	1,175,937	1.85
2008	3,500,245	1,647,077	1,853,168	483,000	532,153	1,015,153	1.83
2007	3,252,639	1,091,186	2,161,453	461,667	485,881	947,548	2.28
2006	2,836,932	1,004,157	1,832,775	164,942	317,806	482,748	3.80
2005	1,256,046	865,901	390,145	124,500	85,290	209,790	1.86
2004	1,284,447	932,011	352,436	266,500	99,837	366,337	0.96

Source: Basic financial statements

Note: Operating expenses do not include interest, depreciation, or amortization expenses.

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

Fiscal Year	Population (1)	Median Age (2)	Personal Income (1)	Per Capita Income (2)	School Enrollment	Unemployment Rate (3)
2013	21,013	38.6	\$ 756,404,961	\$ 35,997	11,564	6.8 %
2012	20,837	42.1	722,647,997	34,681	11,614	7.2
2011	20,808	39.9	721,642,248	34,681	11,690	8.8
2010	20,609	40.1	682,446,426	33,114	11,767	9.3
2009	20,603	40.1	684,699,499	33,233	11,646	9.5
2008	20,589	34.9	705,873,276	34,284	11,535	6.4
2007	20,566	36.7	699,537,372	34,014	11,459	5.3
2006	20,413	36.7	628,393,792	30,784	11,459	4.8
2005	20,413	36.7	598,713,290	29,330	11,554	4.3
2004	20,146	34.9	563,604,496	27,976	11,019	3.1

(1) Source: U.S. Census Bureau

(2) Source: Department of Commerce Bureau of Economic Analysis

(3) Source: Missouri Department of Labor

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

<u>Employer</u>	<u>2013</u>			<u>2006</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 %	1,100	1	5.47 %
Fox School District	785	2	3.91	-	-	-
Wal-Mart	387	3	1.93	328	3	1.63
Metal Container Corporation	225	4	1.12	188	6	0.94
Target	225	5	1.12	-	-	-
Schnucks	154	6	0.77	230	4	1.14
LMC Industries	150	7	0.75	350	2	1.74
Texas Roadhouse	150	8	0.75	136	8	0.68
Sinclair & Rush	148	9	0.74	205	5	1.02
Dierberg's	144	10	0.72	-	-	-
Home Depot	-	-	-	150	7	0.75
Shop 'n Save	-	-	-	127	8	0.63
Kohl's Department Store	-	-	-	106	9	0.53
Total	<u>3,468</u>		<u>17.28 %</u>	<u>2,920</u>		<u>14.53 %</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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government:										
Legislative services	1	1	1	1	1	1	1	1	1	1
Administrative services	6	6	7	7	8	8	8	7	6	5
Maintenance of municipal property	2	-	-	-	-	1	1	1	1	1
Municipal court	2	2	2	2	2	2	2	2	1	1
Finance	4	4	4	4	4	4	4	4	3	3
Police:										
Officers	47	47	45	47	49	48	48	48	47	46
Administrative services	3	3	3	3	3	4	4	4	3	4
Dispatch	8	8	8	8	8	8	8	7	8	8
Public works:										
Administration	3	3	3	3	3	3	3	2	2	2
Street maintenance	9	8	9	8	8	8	8	8	8	8
Fleet	2	2	2	2	2	2	2	2	2	2
Building department:										
Administration	5	5	5	4	4	4	4	4	4	3
Inspectors	2	2	1	1	2	2	2	2	3	3
Engineers	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Administration	6	4	3	1	3	3	3	3	3	2
Maintenance	10	6	6	6	6	6	6	4	4	4
Supervisors	1	1	1	1	1	2	2	2	2	-
Sewer:										
Maintenance	7	7	7	8	7	6	5	5	5	5
Storm water:										
Maintenance	5	5	5	4	4	2	2	-	-	-
Health department:										
Administration	1	1	1	1	1	1	1	1	1	1
Rabies controller	2	2	2	2	2	1	1	2	2	2
Golf course:										
Administration	3	2	2	2	2	2	2	-	-	-
Maintenance	5	1	1	1	1	1	1	-	-	-

Source: City payroll department records

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

FUNCTIONS/PROGRAMS	Fiscal Years									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police - patrol:										
Arrests	1,943	2,455	2,110	2,173	1,748	1,561	1,932	2,183	2,393	2,120
Traffic citations	8,075	10,451	9,345	9,263	13,740	7,178	9,657	8,039	12,028	9,764
Crime reports	12,230	14,552	13,996	14,417	14,970	15,598	15,741	15,072	15,999	15,519
Accident reports	603	730	798	776	912	1,048	964	1,009	1,095	1,020
Warrants	4,650	3,026	3,274	2,955	2,497	2,145	2,132	2,427	3,128	N/A
Public works:										
Road repair - tons of mix	4,500	1,252	806	2,248	1,684	511	816	N/A	N/A	N/A
Traffic control signs serviced	300	13	10	8	8	30	26	19	45	N/A
Weed violations issued - HW	186	164	238	181	159	117	172	140	138	102
Acres mowed and maintained	10	25	25	25	25	25	25	25	25	25
Planning and building:										
Site development/concept plans	23	21	22	21	23	25	43	67	43	67
Rezoning applications	2	3	3	4	1	6	6	5	4	3
Text amendments	2	4	3	1	4	5	8	3	-	1
Building permits issued	595	503	539	480	427	499	633	622	799	736
Building inspections completed	2,899	2,952	2,661	2,520	2,448	2,756	3,200	N/A	N/A	N/A
Finance and administration:										
Merchant licenses issued (1)	655	90	91	68	80	83	86	83	92	89
Payroll checks issued	5,081	4,977	4,842	4,995	4,799	4,677	4,548	4,151	3,209	3,065
Accounts payable processed	4,919	4,686	4,444	4,788	5,011	5,472	4,926	4,419	4,010	3,975
Requests for public records	53	35	71	34	25	44	49	34	8	8

Source: City records - various departments listed

(1) Note: Prior to 2013 merchant licenses only included merchants headquartered in the City. Starting in 2013 all merchants are included.

Note: House Bill No. 103 amending RSMo Section 302.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and court costs for traffic violations. The City was not required to and did not account for the fines and court costs for traffic violations separately from the total fines and court costs prior to August 28, 2013. Therefore, the City cannot provide the percent related specifically to traffic violations for the entire fiscal year ending August 31, 2013. Total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$1,039,805. “Annual general operating revenue of the City” is not defined in the amended statute and may or may not include various sources of the City’s revenues. However, the City’s general revenue fund tax revenue alone totaled \$11,516,117. Using general fund tax revenue and total fines and court costs as the “annual general operating revenue”, the City’s total fines and court costs revenues are only 9.029% of this total “annual general operating revenue”, which is substantially below the 30% threshold requirement of the amended statute. This clearly demonstrates at a minimum that the City in no way exceeded the percentage requirement regardless of how “annual general operating revenue” is calculated.

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

FUNCTIONS/PROGRAMS	Fiscal Years									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	31	31	31	31	29	29	29	29	29	29
Motorcycles	2	2	2	2	2	2	2	2	2	2
Public works:										
Miles of streets	80	80	80	80	80	80	81	81	77	77
Traffic lights and signals	6	6	6	6	6	6	3	3	3	3
Miles of sanitary sewers	112.1	112.1	112.1	112.1	112.1	107.6	98.5	98.5	96.3	96.3
Miles of storm sewers	8.0	7.5	7.5	7.5	7.5	7.5	7.4	7.4	7.4	7.4
Number of pumping stations	6	6	6	6	6	5	9	9	9	9
Parks and recreation:										
Number of parks	5	5	5	5	5	5	5	5	5	5
Acres of parks	488	485	485	485	485	485	485	485	485	485
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	2	2	2	2	2	3	3	3	3	1
Golf course	1	1	1	1	1	1	1	-	-	-

Source: City finance department records