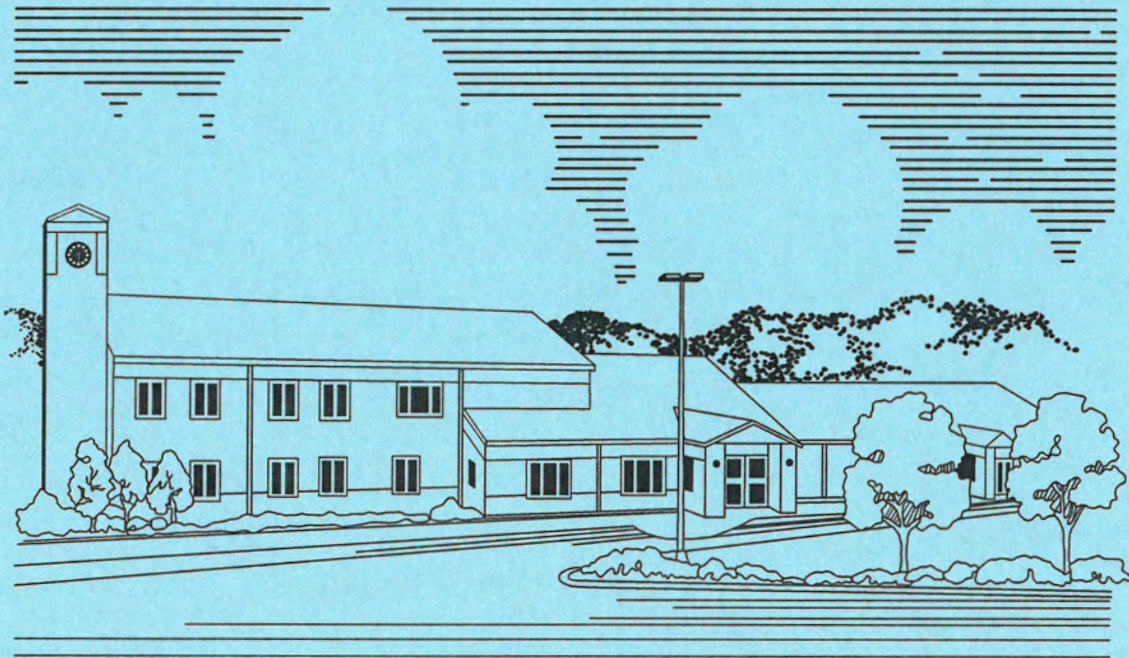


**CITY OF ARNOLD, MISSOURI**  
Comprehensive Annual Financial Report  
For The Fiscal Year Ended August 31, 2016



# **CITY OF ARNOLD, MISSOURI**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended August 31, 2016

Prepared by the  
Finance Department



**CITY OF ARNOLD, MISSOURI**  
**FINANCIAL REPORT**

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	<b>Page</b>
<b>SECTION I - INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
Principal Officials	viii
Organization Chart	ix
<b>SECTION II - FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Statement of Fiduciary Net Position - Pension Trust Fund	26
Statement of Changes in Fiduciary Net Position - Pension Trust Fund	27
Notes to Financial Statements	28
Required Supplemental Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	55
Recreation Center Fund	57
Special Allocation Fund	58
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	59
Schedule of Changes in Net Pension Asset and related Ratios - Police Pension Plan	60
Schedule of Pension Contributions - Police Pension Plan - Last Ten Fiscal Years	61
Schedule of Changes in Net Pension Asset and Related Ratios - LAGERS	62
Schedule of Pension Contributions - LAGERS - Last Ten Fiscal Years	63
Other Supplemental Information:	
Governmental Funds - Comparative Balance Sheets	64
Governmental Funds - Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances	65

**CITY OF ARNOLD, MISSOURI**  
**FINANCIAL REPORT**

---

	<b>Page</b>
<b>SECTION II - FINANCIAL SECTION (Continued)</b>	
Other Supplemental Information (Continued):	
Combining Balance Sheet - Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Tourism Fund	68
Drug Forfeiture Fund	69
<b>SECTION III - STATISTICAL SECTION</b>	
Net Position by Component - Last Ten Fiscal Years	71
Change in Net Position - Last Ten Fiscal Years	72
Fund Balances of Governmental Funds - Last Ten Fiscal Years	74
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	75
Program Revenues by Functions/Programs - Last Ten Fiscal Years	76
Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years	77
Sales Tax Revenue - Governmental Funds - Last Ten Fiscal Years	78
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	79
Assessed Values for Tax Increment Financing Districts - Last Eight Fiscal Years	80
Property Tax Rates - Direct and All Overlapping Governments - Last Ten Fiscal Years	81
Principal Taxpayers - Current Year and Nine Years Ago	82
Property Tax Levies and Collections - Last Ten Fiscal Years	83
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	84
Direct and Overlapping Governmental Activities Debt	85
Legal Debt Margin Information - Last Ten Fiscal Years	86
Demographic and Economic Statistics - Last Ten Fiscal Years	87
Principal Employers - Current Year and Nine Years Ago	88
Full-time Equivalent City Government Employees by Functions/Programs - Last Ten Fiscal Years	89
Operating Indicators by Functions/Programs - Last Ten Fiscal Years	90
Capital Assets Statistics by Functions/Programs - Last Ten Fiscal Years	91
Triangle TIF Fund Deposited - Last Nine Fiscal Years	92
Historic Collections of PILOTS and Economic Tax Revenues - Last Nine Fiscal Years	93
General Fund Revenue Sources	94

## INTRODUCTION





February 17, 2017

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, 2016, 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, 2016, 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, 2016, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the 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. Policymaking 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**

Arnold, the largest city in Jefferson County serves a population of 20,808 residents in 8,090 households based on the 2010 Census and occupies an area of approximately 11.2 square miles. Residents are ideally located to commute to employment within the City, County 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, St. Louis and St. Charles counties along with the Metro-East (Illinois).

The economic condition and outlook of the City of Arnold continues to remain stable. The City believes it is in a favorable situation for the future given the continued increase in the number of retail sales and services establishments and the growth in manufacturing jobs within the city.

In December 2016, the Federal Reserve Bank of St. Louis reported that as of August 2016, the seasonally-unadjusted unemployment rate for Jefferson County is at 4.9% up 0.5% from 4.4% in August 2015. By comparison, as of August 2016, the unemployment rate for the State of Missouri was 5.4% while August 2015 was 4.9%. The St. Louis metropolitan statistical area which includes some Illinois counties was

5.2% as of August 2016 and 4.9% for the same period last year. The adjacent counties of St. Louis, Franklin, and Washington were reported at 5.1%, 4.9%, and 7.2% in August 2016, respectively. From a high of 10.6% in January 2010, the August 2016 United States civilian unemployment rate of 5.0% has almost rebounded to its pre-recession level (August 2007; 4.6%).

The residential real estate tax base for fiscal year 2016 showed a slight increase of approximately 0.28% over last year's levels. The City's residential stock, geographic location and variety of services have kept real estate marketable. The appraised value of commercial real estate within the City increased 4.2% during the same period. While the potential for further retail and industrial development remains favorable, the number of existing commercial vacancies and corresponding days dormant has increased in older developments.

The City's revenue structure relies primarily on sales taxes and gross receipts utility taxes. Utility tax receipts from the electric, gas, and cable companies continue to increase at a modest rate. A continued dip in telecommunications gross receipts tax has been attributed to changes in telecom marketing strategies and a shift by consumers to mobile services over landline services. City general sales tax receipts for fiscal year 2016 remained strong, up 2.4% from 2015. 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 2.1% over the net tax for the prior fiscal year. We have projected a 3.3% increase in gross sales tax for fiscal year 2017 and will re-evaluate as the fiscal year progresses.

Due to the state of the local economy and its financial policies and practices, the City of Arnold received a credit rating of A+/Stable from Standard & Poor's in 2010. This rating was reviewed and reaffirmed in 2015.

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

The annual budget serves as the foundation for the City's financial planning and control. The City bases its revenue and expenditure assumptions on historical data and trends, with future costs derived from basic inflationary cost assumptions and known costs. Throughout the fiscal year, the city administrator meets to monitor trends in monthly revenue and expenditure activity, prioritize capital needs, review financial policies and work with mayor and council to develop fees for services. Actual revenue results for the past five years are analyzed for any developing trends and to aid in forecasting funding for the new budget year. All departments of the City are required to submit requests for appropriations to the city administrator and finance director. These requests are used as a starting point for developing a proposed expenditure budget based on the anticipated revenues forecasted.

Initial draft budget documents are refined through a series of reviews attended by the mayor, staff, and interested councilpersons. Based on discussion during these meetings and according to City policy, the city 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).

During the year, the city administrator has the authority to make transfers of appropriations between line items within individual departments. Transfers of appropriations between departments, however, require approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the financial statements for the governmental funds.

### **Major Budget and other Initiatives**

The City desires to plan for its success 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 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 Triangle and Arnold Crossroads TIFs and other future developments. ACC-TDD project funds were used to help with the construction of road improvements at Astra Way and Missouri State Roads and Lone Star Drive in past years. 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 December 2015, the City issued additional Chapter 100 Industrial Bonds in support of a second expansion of the Metal Container Corporation facility with a maximum principal amount of \$150 million adding another 24,000 sq. ft. to their complex. In addition to the Chapter 100 Industrial Bonds, the state has offered economic incentives to support this project. This expansion will provide an estimated 70 new manufacturing jobs and insure Metal Container Corporation's presence in the City well into the future. During October 2016, SSM Health opened primary medical and urgent care operations in the new Ridgecrest Crossing development.

Following the Comprehensive Plan's blueprint or guideline, the City utilized federal surface transportation improvement funds along with City funds for the reconstruction of Michigan Avenue completed in September 2015. Work continued on the Tenbrook Road sidewalk project with the acquisition of temporary construction easements. A portion of the funds needed for the construction of these sidewalks is provided by a grant from the Save Routes to School program. The City received notice of a federal congestion mitigation air quality grant award in October 2015 for improvements to the Jeffco-Tenbrook intersection and has completed design work. This project will be constructed in tandem with the Tenbrook sidewalks project.

In keeping with the City's focus on enhancing the leisure life provided residents, the City expanded the Dog Park and added additional permanent structures at the Arnold Farmers Market in Arnold City Park, introduced foot or soccer golf events at Pomme Creek Golf Course and approved the development of a new park devoted to

archery. The City was happy to receive notice in January 2016 that the Missouri Department of Conservation had awarded the City \$130,000 in support of the Archery Park project.

In 2014, council approved the establishment of a small business development program. Corridor55 opened in September 2014 providing co-working office space and support for fledgling local entrepreneurs. The Arnold Chamber of Commerce has relocated to Corridor55. While space is still available in the common areas for use, all designated offices are occupied.

The City sold the sewer system to Missouri American Water for \$12.5 million in May 2015. At that time, a portion of the sale proceeds were used to pay off the Sewage System Series 2005, 2006 and 2007A revenue bonds. In addition, \$14 million in notes payable to the Metropolitan St. Louis Sewer District for improvements to the Lower Meramec River Waste Water System were assumed by Missouri American Water. In December 2015, the City used approximately \$4 million in Sewer Sale proceeds to defease the Series 2007 Leasehold Revenues Bonds issued for Pomme Creek saving an estimated \$1 million in future interest costs.

In January 2016, city council established a five-year street and road improvement plan and earmarked \$2.5 million in sewer system sale proceeds as funding.

In February 2016, dispatching duties were transitioned to Jefferson County 911 Dispatch. Monies realized by this change were used to hire two additional police officers.

The City will continue to seek alternative funding sources, such as grants, and analyzing City operations for areas of efficiency and cost effectiveness. The City will also seek to developing programs to enhance the services it offers to residents and to attract and support local business.

On December 30, 2015, with the Meramec River cresting anticipated to be higher than that of the record 1993 flood, Mayor Ron Counts declared a level 2 state of emergency paving the way for the governor to activate the National Guard. An emergency response command center was opened in city hall and staff worked around the clock to provide relief and property assessment services to residents impacted by the rising waters. The Arnold Recreation Center provided emergency shelter and distributed cleaning supplies to victims. FEMA authorized residential disaster assistance shortly thereafter.

### **Relevant Financial Policies**

The City of Arnold has an established set of financial policies under which it operates. The most recently adopted is its Fund Balance Policy. Due to the General Fund's reliance on sales tax revenue, the City's Fund Balance Policy anticipates a target unassigned fund balance of not less than 34% or four months of annual operating revenues for the fiscal year and requires a plan of action to restore the balance if it falls below this level. For fiscal 2016, the General Fund unassigned fund balance of \$8,583,974 is approximately 56% of total revenues.


## 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, 2015. This is the 27<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City'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, 2015**

Executive Director/CEO

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

---

Ron Counts

Mayor

**Council**

EJ Fleischmann  
Jason Fulbright  
David Owens  
Brian McArthur  
Phil Amato  
Vern Sullivan  
Butch Cooley  
Gary Plunk

Ward One  
Ward One  
Ward Two  
Ward Two  
Ward Three  
Ward Three  
Ward Four  
Ward Four

Dan Kroupa

Treasurer

Todd Hamby

Judge

Robert Sweeney

City Attorney

Bryan Richison

City Administrator

Tammi Casey

City Clerk

Deborah Lewis

Finance Director

Robert Shockey

Chief of Police

Mary Holden

Community Development Director

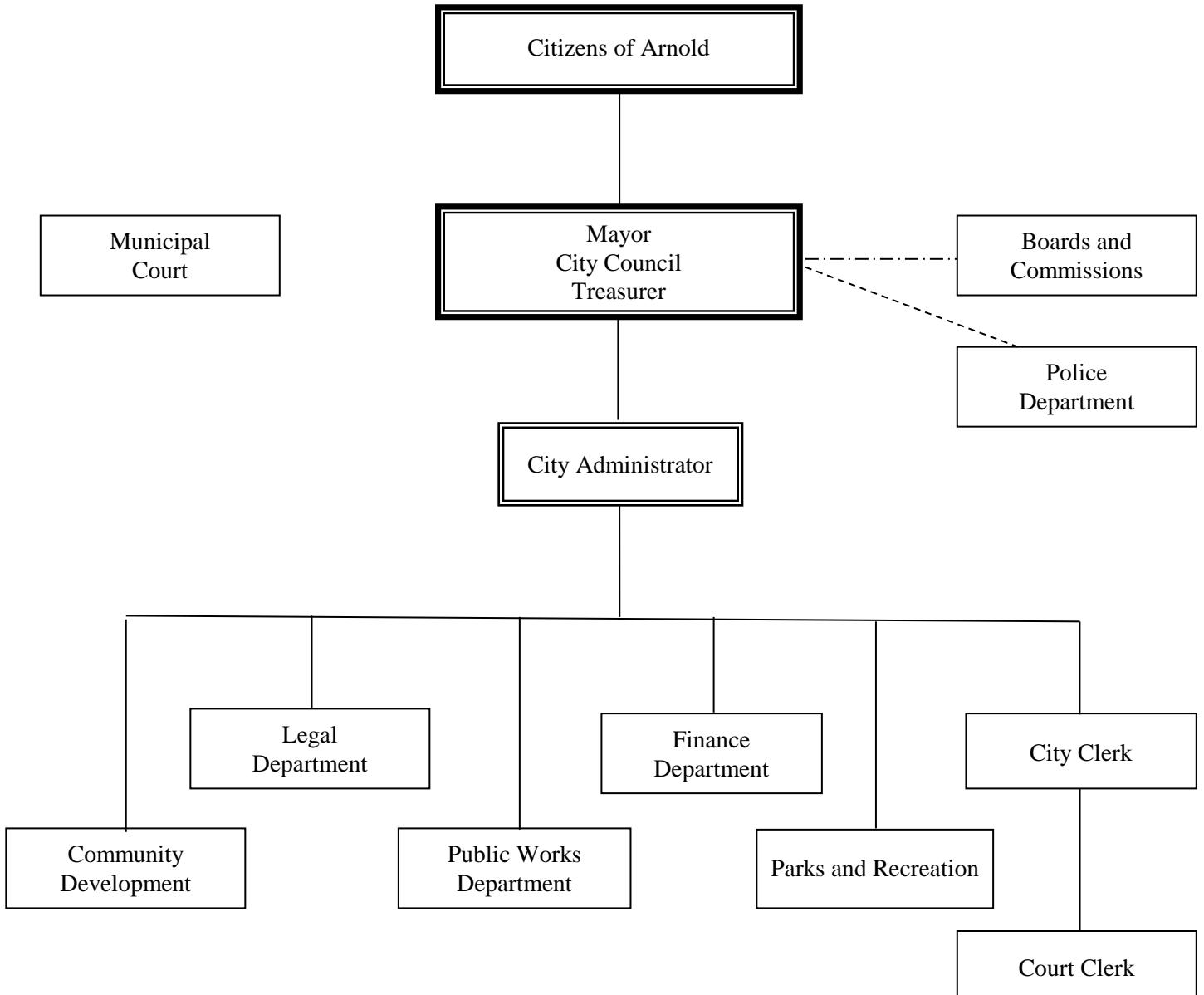
Ed Blattner

Public Works Director

Susie Boone

Parks and Recreation Director

# City of Arnold Organization Chart



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**FINANCIAL**







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

## **INDEPENDENT AUDITOR'S REPORT**

February 17, 2017

Honorable Mayor and Members of the 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, 2016, 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.

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, 2016, 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.

## **Other Matters**

### *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.

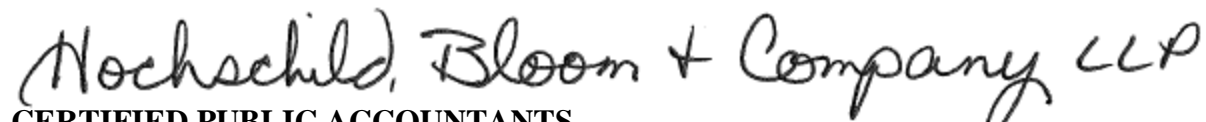
The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

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 statements 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 17, 2017, 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, 2016

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, 2016. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$57,715,054 (*net position*). The City has a deficit unrestricted net position of \$15,804,471 due to \$28,063,502 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 \$52,867,003 and \$4,848,051, respectively, at fiscal year-end.
- The City's total net position increased by \$2,250,917 during the fiscal year. The combined governmental activities decreasing by \$1,633,601 while the combined business-type activities increased by \$3,884,521.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$21,213,836, a decrease of \$3,139,429 in comparison with the prior year. Approximately 43% of this amount or \$9,083,974 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 \$13,520,591, or approximately 94% of total General Fund expenditures.
- The City's total outstanding long-term debt, including compensated absences, decreased by \$6,686,242 during the current fiscal year to a total of \$44,903,193. The Series 2007 Leasehold Revenue Bonds were defeased in December 2015. No new bonds were issued in the fiscal year.

## 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 financial statements, **Statement of Net Position** and **Statement of Activities**, report the City's net position and how it has changed. In the government-wide financial 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.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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.

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, health and sanitation, tourism, parks and recreation (including the Recreation Center), economic development as well as interest and fiscal charges. The business-type activities include the golf course and the 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.

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

	<b>Fund Statements</b>			
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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 and storm water system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City 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

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**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 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 governmental 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.

**Proprietary funds.** Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long- and short-term financial information, only with more detail. With the disposal of the sewer system, the City maintains two *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 storm water utility system 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.

**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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

**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 and pension information. Other supplemental information contains comparative governmental funds statements and combining and individual statements for the nonmajor governmental funds.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

**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 and deferred inflows of resources by \$57,715,054 at the close of the most recent fiscal year. This represents an increase in net position of 4.1% or \$2,250,917 higher than fiscal 2015. (Table A-2)

At the end of the current fiscal year, the City had positive balances in seven 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; restricted for tourism; and restricted for recreation) however, its unrestricted net position had a deficit balance of \$15,804,471.

**Table A-2  
City of Arnold's Net Position as of August 31, 2015 and 2016  
(In thousands of dollars)**

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Total</i>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Current and other assets	\$ 30,343	26,190	690	514	31,033	26,704
Capital assets	<u>77,165</u>	<u>76,478</u>	<u>4,219</u>	<u>4,466</u>	<u>81,384</u>	<u>80,944</u>
<b>Total Assets</b>	<u>107,508</u>	<u>102,668</u>	<u>4,909</u>	<u>4,980</u>	<u>112,417</u>	<u>107,648</u>
<b>Total Deferred Outflows Of Resources</b>	<u>2,089</u>	<u>3,305</u>	<u>77</u>	<u>214</u>	<u>2,166</u>	<u>3,519</u>
Long-term debt outstanding	48,073	46,800	3,815	174	51,888	46,974
Other liabilities	<u>6,432</u>	<u>5,864</u>	<u>194</u>	<u>163</u>	<u>6,626</u>	<u>6,027</u>
<b>Total Liabilities</b>	<u>54,505</u>	<u>52,664</u>	<u>4,009</u>	<u>337</u>	<u>58,514</u>	<u>53,001</u>
<b>Total Deferred Inflows Of Resources</b>	<u>592</u>	<u>442</u>	<u>13</u>	<u>9</u>	<u>605</u>	<u>451</u>
Net Investment in capital assets	61,358	61,601	404	4,466	61,762	66,067
Restricted for capital improvements	687	815	-	-	687	815
Restricted for debt service	3,052	3,050	326	-	3,378	3,050
Restricted for public safety	54	80	-	-	54	80
Restricted for tax increment financing	2,993	3,002	-	-	2,993	3,002
Restricted for tourism	234	221	-	-	234	221
Restricted for recreation	218	284	-	-	218	284
Unrestricted	<u>(14,096)</u>	<u>(16,186)</u>	<u>234</u>	<u>382</u>	<u>(13,862)</u>	<u>(15,804)</u>
<b>Total Net Position</b>	<u>\$ 54,500</u>	<u>52,867</u>	<u>964</u>	<u>4,848</u>	<u>55,464</u>	<u>57,715</u>

The largest portion of the City's net position, \$66,067,500 in 2016 (an increase of approximately 6.9% from 2015, due in part to the defeasance of the Series 2007 Bonds), 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

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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, \$7,452,025 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$6,051,646 or over 81% is restricted by debt covenants while use of the remaining, \$1,400,379, is restricted by other governmental entities.

The remaining category of the City's net position represents a deficit balance of *unrestricted net position* totaling \$15,804,471 in 2016. This represents a decrease in the prior year's net position of \$1,942,160 or slightly below 14% due to the use of sewer system proceeds.

**Table A-3  
Change in City's Net Positions for the Years Ended August 31, 2015 and 2016  
(In thousands of dollars)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percentage Change</u>
	2015	2016	2015	2016	2015	2016	2015 - 2016
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 3,683	3,465	3,782	958	7,465	4,423	(40.75) %
Operating grants	1,183	1,492	-	42	1,183	1,534	29.67
Capital grants	1,573	1,608	88	137	1,661	1,745	5.06
General revenues							
Taxes	16,515	16,994	-	-	16,515	16,994	2.90
Investment income	29	27	77	-	106	27	(74.53)
Miscellaneous	124	153	7	-	131	153	16.79
<b>Total Revenues</b>	<u>23,107</u>	<u>23,739</u>	<u>3,954</u>	<u>1,137</u>	<u>27,061</u>	<u>24,876</u>	(8.07)
<b>Expenses</b>							
General government	3,507	3,771	-	-	3,507	3,771	7.53
Public safety	6,120	5,706	-	-	6,120	5,706	(6.76)
Public works	518	1,120	-	-	518	1,120	116.22
Highways and streets	3,022	3,578	-	-	3,022	3,578	18.40
Parks and recreation	2,371	2,599	-	-	2,371	2,599	9.62
Health and sanitation	1,233	1,345	-	-	1,233	1,345	9.08
Economic Development	131	162	-	-	131	162	23.66
Sewer system	-	-	2,883	-	2,883	-	(100.00)
Storm water system	-	-	526	545	526	545	3.61
Golf Course	-	-	649	863	649	863	32.97
Interest on long-term debt	3,040	2,936	-	-	3,040	2,936	(3.42)
<b>Total Expenses</b>	<u>19,942</u>	<u>21,217</u>	<u>4,058</u>	<u>1,408</u>	<u>24,000</u>	<u>22,625</u>	(5.73)
Excess (deficiency) before special items and transfers							
special items and transfers	3,165	2,522	(104)	(271)	3,061	2,251	(26.46)
Special item	-	-	(8,248)	-	(8,248)	-	(100.00)
Transfers	9,737	(4,155)	(9,737)	4,155	-	-	-
<b>Increase (Decrease) In Net Position</b>	<u>12,902</u>	<u>(1,633)</u>	<u>(18,089)</u>	<u>3,884</u>	<u>(5,187)</u>	<u>2,251</u>	37.95
Net position - September 1	40,515	54,500	18,985	964	59,500	55,464	(6.78)
Restatement - Pension	1,083	-	68	-	1,151	-	(100.00)
Net Position - September 1 As Restated	<u>41,598</u>	<u>54,500</u>	<u>19,053</u>	<u>964</u>	<u>60,651</u>	<u>55,464</u>	(8.55)
Net position - August 31	<u>\$54,500</u>	<u>52,867</u>	<u>964</u>	<u>4,848</u>	<u>55,464</u>	<u>57,715</u>	4.06 %



**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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**Governmental activities.** Governmental activities decreased the City's net position by \$1,633,604. Key elements of this net decrease are as follows:

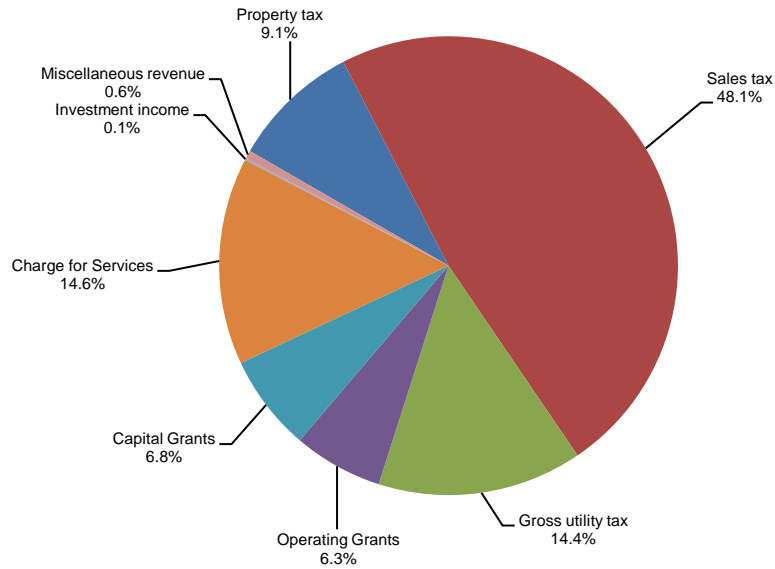
- Proceeds from the 2015 sale of the sewer system \$3,854,812 were transferred from the General Fund to the Golf Course Fund to advance refund the Series 2007 Bonds and for the purchase of a greens roller. Additionally, \$167,074 in sewer sale proceeds was transferred to the Storm Water Fund for the Farmcrest project. The City transferred \$133,380 from the General Fund to subsidize operations at the Golf Course.
- Real property assessed valuations increased \$3,608,703 or 1.3%. Residential property values increased \$3,725,003 or 2.3% while commercial values decreased 1.1%. In compliance with the Hancock Amendment, the City reduced its property tax levy from .4012 cents/\$100 in assessed valuation to .4011 cents for fiscal year 2016. Although General Fund revenues were up slightly, overall property tax revenues dipped approximately 5.3% or \$119,562 due to receipt of disputed taxes on property within the Triangle TIF District included in last year's revenue.
- Sales tax revenues were \$585,831 or 5.4% higher than last year. Increased utilization of the Jefferson County shared tax for street improvements account for \$272,507 of this change. General Fund sales tax net of the TIF Districts capture grew 2.1% or \$118,566. Sales tax within the TIF Districts increased \$143,360 or 5.6%.
- Overall gross receipts tax revenues increased slightly, approximately 0.5% for the year. Gross receipts tax on waste water treatment provided \$175,759 in revenue this first full year of collection. While electric utility tax revenues show an increase of \$46,949 or 2.3%, gas utility tax revenues fell \$98,056 or 20.7% below last year. Variance swings in electric and gas revenues occur each year based on the weather that the area experiences. Telephone utility tax revenues fell \$65,617 or just over 11.0% as telecom companies change pricing strategies and consumers continue to eliminate residential landlines in favor of cellular service only. This year's cable TV fees were \$12,364 or 5.3% lower than last year.
- While overall charges for services were lower than 2015 by \$218,799 or 5.9%, parks and recreation revenue increased approximately 9.7% or \$131,584 due in part to an increase in recreation center memberships of \$106,637 or 23.5%. A new program for district-wide membership of Fox C-6 employees accounts for \$60,000 of this revenue. Higher fees for solid waste removal account for the bulk of the increase Health and Sanitation revenues of 8.7% or \$71,489. Court fines and costs experienced a drop of approximately 12.8% or \$91,138 as phases of the recent municipal court reform were implemented. Prior year building permit revenues were above current year by 60.9% or \$129,638 as the large Metal Container Corporation permits were issued in fiscal 2015.
- Capital Grants and Contributions were \$36,022 or 2.3% higher this fiscal year due to the five year street improvement program implemented by Council. Operating grants and contributions shows an increase of \$308,848 or 26.1% over last year. This increase is attributable to assistance from FEMA and SEMA for the December flood event.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

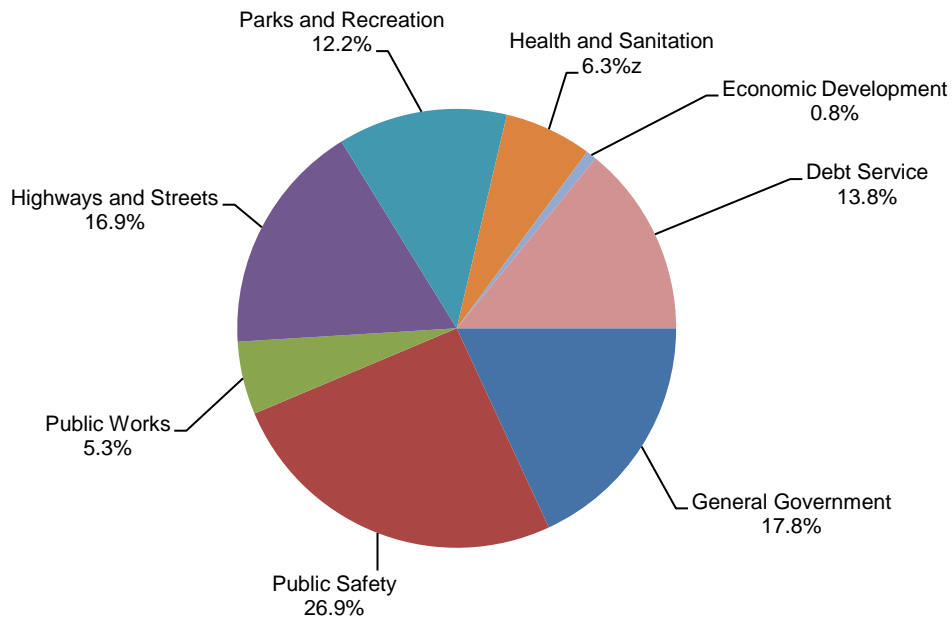
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**Figure A-1  
Sources of Revenue - Governmental Activities**



**Figure A-2  
Expenses by Function - Governmental Activities**



**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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 \$21,217,758.
- However, the amount that our taxpayers paid for these activities through City taxes was \$14.6 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.

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

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2015	2016	Change 2015 - 2016	2015	2016	Change 2015 - 2016
General government	\$ 3,507	3,771	7.53 %	\$ 2,994	3,363	12.32 %
Public safety	6,120	5,706	(6.76)	4,852	4,450	(8.29)
Public works	518	1,120	116.22	495	1,102	122.63
Highways and streets	3,022	3,578	18.40	472	988	109.32
Parks and recreation	2,371	2,599	9.62	1,109	1,201	8.30
Health and sanitation	1,233	1,345	9.08	410	451	10.00
Economic development	131	162	23.66	131	162	23.66
Interest on long-term debt	3,040	2,936	(3.42)	3,040	2,936	(3.42)
<b>Total</b>	<b>\$ 19,942</b>	<b>21,217</b>	<b>6.39 %</b>	<b>\$ 13,503</b>	<b>14,653</b>	<b>8.52 %</b>

**Business-type activities.** Business-type activities increased the City's net position by \$3,884,521. The key element of this increase (\$3,840,817) was a transfer from General Fund to defease the Series 2007 Bonds for Pomme Creek Golf Course previously mentioned. Other components are as follows:

- Storm water rates remain the same with charges for services decreasing \$3,920 or approximately 0.68% while cost of services increased \$19,099 or approximately 3.6% during the current year. No major in-house projects were begun this year however; funds (\$167,074) from General Fund were transferred to storm water for the Farmcrest project.
- Charges for services increased \$57,209 or almost 17.7% at the City's public golf course this year over last as the course recovered quickly from winter flooding. Operating expenses increased \$213,422 or approximately 32.9% of this amount, \$162,136 was related to debt advance refunding. Personnel costs were approximately 10% or \$23,038 over last year. An additional \$18,950 or 36% was expended for supplies over last year. These increases are attributed to flood clean-up and being open for a full season.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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- Investment income for all business-type activities decreased due to the loss of bond funds upon sale of the sewer system last year.

### **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 discussed previously, this year the City transferred funds totaling \$4,155,266 amounts from General Fund to business activities to advance refund Series 2007 Pomme Creek Golf Course Bonds, purchase equipment, provide for a storm water project and eliminate the negative cash position in the Gold Fund. These transfers account for the decrease in the City's General Fund of \$3,225,934 as compared with the prior year, leaving the General Fund with an ending fund balance of \$15,140,825. Of this amount \$483,636 represents prepaid items and is nonspendable. Additional amounts of \$572,853 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) \$191,236 for services and street improvements, 2) \$883,724 for sewer sub-district projects, 3) \$113,165 for greenway beautification, 4) \$403,654 for economic development, 5) \$9,066 for the pride in our City program, 6) \$57,751 in continued support of a city bus route, and 7) \$2,016,619 for the five year residential street improvement project. Assigned for use in the future budget is \$761,402 for the Jeffco Tenbrook sidewalk and intersection projects. The remaining unassigned fund balance is \$9,083,974.

The Recreation Center Fund is strictly dedicated to the center's revenues and expenses. Revenues are generated through a ¼ cent general sales tax and user fees. The Recreation Center Fund reported an ending fund balance of \$283,640. Of this balance, prepaid items totaling \$44,165 are reported as nonspendable while the remaining \$239,475 is reported as restricted. 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 \$5,487,901 or an increase of \$7,141 or 0.1% above last year. Of this amount, 100% is restricted for debt service. In July 2009, bonds in the amount of \$28,485,000 were issued for the Arnold Commons TIF project. As of August 2016, \$23,275,000 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 2016, \$2,585,858 remains outstanding on the Arnold Crossroads and \$2,202,644 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 unrestricted net position for the Storm Water Fund is \$389,322, an increase of \$73,215 from prior year. The Golf Fund ended the year with an unrestricted net position of (\$7,797), up \$74,775 from prior year.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Results for the General Fund this year were higher than anticipated by \$1,525,746. Actual total revenues were \$601,376 above final budget while actual total expenditures were \$628,269 below budget. Transfers to/from other funds totaling \$296,101 account for the remaining variance to budget.

Total tax revenue was over final estimated budget by \$215,704 or 1.8%. Sales tax revenues were \$11,779 or 0.17% lower than final budget. Gross receipts tax was \$157,614 or 5.2% higher than final budget. Electrical consumption was

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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over budget by \$118,781 or 5.9%. This was due in part to higher consumer usage in the summer months than anticipated. Telephone tax exceeded budget expectations by \$48,271 or approximately 10.1%. Motor fuel tax was \$69,872 over that budgeted as the price per gallon remained favorable to the \$2.75/gallon used for budget estimate therefore not curtailing consumption.

Permits and licenses ended the fiscal year higher than budget by approximately 4.7% or \$28,610. The budget was adjusted based on the reduced number of permits issued in the first half of the year but construction season picked up and building, mechanical and existing structure permits exceeded estimates by \$18,762 or 15.3%. Animal licenses exceeded budget by \$1,545 or 7.7%. Both of these increases are attributed to positive changes in the economy. Consumers have increase discretionary income to support home improvements and animals. Mechanical and other license revenues account for \$7,073 or 17.5% of this variance to budget.

Fines and court costs were over budget estimate by \$113,518 or 20.5% as the impact of recent court operation changes have not been implemented as fast as anticipated.

Intergovernmental revenues were \$162,662 or 31.2% over budget as the amount of federal flood assistance \$157,329 was not learned until after fiscal year end.

Charges for service revenues were over budget estimate by \$72,962 or approximately 8.2%. This is due in part to the reinstated solid waste fees and penalties generating \$46,964 more revenue than anticipated. Park programs and rentals gained popularity and account for an additional \$17,443 of this variance.

General government actual expenditures were lower than final budget by just under 5.9% or \$169,994. This was driven in part by lower than anticipated general and administrative expenses below estimate by \$102,874. This includes utility costs at \$21,762 or 32% below budget since the change to energy efficient lights throughout City Hall. The delay in the planned update to the telephone system resulted in telephones being lower than projected by 41% or \$35,576. A vacancy in the Municipal Court accounts for the \$2,739 favorable budget variance while a \$2,834 unfavorable variance in Administrator budget resulted from a benefit correction. A vacancy resulting from a transfer to another department created the favorable variance of \$11,588 or approximately 6.5% in Collector of revenue budget. Delays in various IT projects provided the \$29,969 variance to budget.

Public safety actual expenditures were under budget \$31,924 or 0.6%. Of this variance, \$40,063 occurs in the Police budget due to lower than projected costs for fuel (\$14,111), supplies (\$6,428), expendable equipment (\$14,639) and data processing services (\$6,428). Dispatch exceeded budget by \$20,606 or 4.8% due to accrued leave payouts due to unanticipated retirements. The Building Commission budget experienced a lower than projected need for property intervention activities providing for a favorable variance of \$12,467 or approximately 4.0%.

The public works budget shows a favorable variance of \$20,258 or 3.2% due to delay in engineering work for the Melody project and reduced electrical costs.

Highway and street expenditures were lower than estimated by \$179,589 or 11.1% due to the decision to launch a five year out-sourced street improvement program provided lower than anticipated asphalt and concrete expenditures. This was accompanied by lower than projected fuel costs.

Parks and recreation wages were lower than final budget by \$11,405 or 24.9% of the variance with the balance in park programs, grass mowing services, utilities, supplies, and fuel accounts. These variances were due in part to flooding and adverse weather conditions.

Capital outlays budget anticipated the start of construction on Jeffco-Tenbrook Intersection project but this was delayed to coincide with the Safe Routes to School sidewalk project.

#### **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, 2016, amounted to \$80,944,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, and bridges. The decrease in the

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

City's investment in capital assets for the current fiscal year was 0.5% (governmental activities decreased 0.9% and a 5.9% increase for business-type activities). (See table A-5)

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

- Increases in General Fund CWIP include continued work on Melody Lane (\$775), Jeffco-Tenbrook Intersection and Sidewalks project (\$58,189) and remodeling of the Health Department (\$4,221).
- The Michigan Avenue project was completed and capitalized at \$2,007,214.
- As part of the annual police vehicle replacement program, six police cars were purchased (\$261,351) and six police vehicles were retired (\$133,357). The police department acquired a used truck for DWI Enforcement with enhancements (\$13,296). Public works (\$23,841) and parks (\$23,043) each purchased a Ford Fusion Hybrid vehicle.
- Highway and streets purchased a snow plow attachment (\$12,540) and walk behind saw (\$5,546). Asset Forfeiture funds were used to acquire two new K9 officers (\$18,700), voice stress analyzer system (\$8,495) and telephone forensic equipment (\$9,995).
- The Golf Course purchased a greens roller (\$13,995).
- The Storm Water Fund accepted the storm water improvements for the Strawberry Ridge (\$123,066) and Sterling Pine (\$14,150) subdivisions and the Farmcrest project (\$196,384).

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

**Table A-5  
City's Capital Assets as of August 31, 2015 and 2016  
(Net of depreciation)**

	Governmental Activities		Business-type Activities		Total Capital Assets	
	2015	2016	2015	2016	2015	2016
Land	\$ 27,816,002	27,820,883	3,363,160	3,363,160	31,179,162	31,184,043
Buildings	11,654,067	11,164,964	383,508	362,726	12,037,575	11,527,690
Machinery and equipment	301,746	308,330	85,295	68,952	387,041	377,282
Automobiles and trucks	901,809	950,008	-	-	901,809	950,008
Infrastructure	34,537,532	35,857,560	-	-	34,537,532	35,857,560
Storm water lines	-	-	351,038	671,688	351,038	671,688
Construction in progress	1,954,100	375,729	36,266	-	1,990,366	375,729
<b>Total</b>	<b>\$ 77,165,256</b>	<b>76,477,474</b>	<b>4,219,267</b>	<b>4,466,526</b>	<b>81,384,523</b>	<b>80,944,000</b>

**Long-term debt.** At year-end the City had \$44,142,978 in bonds and notes outstanding - a decrease of 13.09% from last year - as shown in Table A-6. No new debt was issued in fiscal year 2016.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2016**

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

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 \$36,126,514. The City currently has no general obligation debt outstanding.

**Table A-6  
City's Outstanding Debt as of August 31, 2015 and 2016  
(In thousands of dollars)**

	Governmental Activities		Business-type Activities		Total		Percentage Change	
	2015	2016	2015	2016	2015	2016	2015 - 2016	
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 46,977	44,143	3,815	-	50,792	44,143	(13.09)	%

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

- The unemployment rate, not seasonally adjusted, for Jefferson County for August 2016 was 4.9%, which is an increase from a rate of 4.4% a year ago. This is lower than the national and state's average unemployment rate of 5.0% and 5.4% respectively, all rates not seasonally adjusted.
- The Consumer Price Index (Table 10. Consumer Price Index for All Urban Consumers) indicates that nationwide inflation has increased 1.1% over the August 2015 rate. Inflationary trends for the Midwest region (0.6%) compare favorably to the Northeast (1.1%), South (1.0%) and West (1.6%) regions indices.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

The property tax rate set to support the 2017 fiscal year budget is \$0.4003 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.

Storm water fees remain at \$3 per month per equivalent residential unit.

Newly incorporated into the budget for fiscal year 2017 is the City's first bargaining agreement with the Fraternal Order of Police. This three-year agreement provides for annual wage increases and other changes for commissioned and other personnel.

In December 2016, subsequent to the adoption of the 2017 budget, the City refunded the Series 2009 Triangle TIF bonds which will result in lower interest rates. The fiscal year 2017 will be modified to reflect the refunding.

**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 City of Arnold Finance Office, 2101 Jeffco Blvd., Arnold, MO, 63010.

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Transportation Development District
<b>ASSETS</b>				
Cash and investments	\$ 15,456,035	378,346	15,834,381	3,731,582
Receivables (net of allowances for uncollectibles):				
Taxes	3,258,898	-	3,258,898	-
Special assessments	1,032,279	-	1,032,279	-
Service fees	487,843	118,689	606,532	-
Intergovernmental	184,561	33,608	218,169	-
Miscellaneous	194,441	-	194,441	-
Internal balances	19,210	(19,210)	-	-
Prepaid items	564,451	2,404	566,855	-
Restricted assets:				
Cash and investments	3,644,537	-	3,644,537	-
Capital improvements sales tax receivable	815,269	-	815,269	-
Net pension asset	533,443	-	533,443	-
Capital assets:				
Land and construction in progress	28,196,612	3,363,160	31,559,772	-
Other capital assets, net of accumulated depreciation	48,280,862	1,103,366	49,384,228	-
Total Assets	102,668,441	4,980,363	107,648,804	3,731,582
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	776,176	-	776,176	-
Deferred amounts related to pensions	2,528,372	214,095	2,742,467	-
Total Deferred Outflows Of Resources	3,304,548	214,095	3,518,643	-
<b>LIABILITIES</b>				
Accounts payable	2,056,802	61,554	2,118,356	-
Accrued liabilities	76,409	53,642	130,051	-
Accrued interest payable	3,349,855	-	3,349,855	-
Unearned revenue	380,791	47,630	428,421	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	2,740,054	-	2,740,054	1,195,000
Due in more than one year:				
Long-term debt	42,163,139	-	42,163,139	14,390,000
Net OPEB obligation	331,800	-	331,800	-
Net pension liability	1,565,122	174,388	1,739,510	-
Total Liabilities	52,663,972	337,214	53,001,186	15,585,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	442,014	9,193	451,207	-
<b>NET POSITION</b>				
Net investment in capital assets	61,600,974	4,466,526	66,067,500	-
Restricted for capital improvements	815,269	-	815,269	-
Restricted for debt service	3,049,589	-	3,049,589	1,878,954
Restricted for public safety	80,373	-	80,373	-
Restricted for tax increment financing	3,002,057	-	3,002,057	-
Restricted for tourism	221,097	-	221,097	-
Restricted for recreation	283,640	-	283,640	-
Restricted for transportation development	-	-	-	1,852,628
Unrestricted net position	(16,185,996)	381,525	(15,804,471)	(15,585,000)
Total Net Position	\$ 52,867,003	4,848,051	57,715,054	(11,853,418)



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	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	
<b>FUNCTIONS/PROGRAMS</b>								
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 3,771,398	352,912	50,000	5,501	(3,362,985)	-	(3,362,985)	-
Public safety	5,705,617	823,464	427,279	4,638	(4,450,236)	-	(4,450,236)	-
Public works	1,120,005	-	-	18,534	(1,101,471)	-	(1,101,471)	-
Highways and streets	3,578,202	-	1,010,182	1,579,865	(988,155)	-	(988,155)	-
Parks and recreation	2,599,236	1,393,972	4,370	-	(1,200,894)	-	(1,200,894)	-
Health and sanitation	1,345,275	894,289	5	-	(450,981)	-	(450,981)	-
Economic development	161,981	-	-	-	(161,981)	-	(161,981)	-
Interest on long-term debt	2,936,044	-	-	-	(2,936,044)	-	(2,936,044)	-
Total Governmental Activities	<u>21,217,758</u>	<u>3,464,637</u>	<u>1,491,836</u>	<u>1,608,538</u>	<u>(14,652,747)</u>	<u>-</u>	<u>(14,652,747)</u>	<u>-</u>
<b>Business-type Activities</b>								
Storm water	544,671	576,378	-	137,216	-	168,923	168,923	-
Golf	862,906	381,704	41,513	-	-	(439,689)	(439,689)	-
Total Business-type Activities	<u>1,407,577</u>	<u>958,082</u>	<u>41,513</u>	<u>137,216</u>	<u>-</u>	<u>(270,766)</u>	<u>(270,766)</u>	<u>-</u>
Total Primary Government	<u>\$ 22,625,335</u>	<u>4,422,719</u>	<u>1,533,349</u>	<u>1,745,754</u>	<u>(14,652,747)</u>	<u>(270,766)</u>	<u>(14,923,513)</u>	<u>-</u>
<b>Component Unit</b>								
Transportation development district	<u>\$ 1,269,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,269,550)</u>
<b>General Revenues</b>								
Taxes:								
Property					2,151,266	-	2,151,266	-
Sales					11,386,525	-	11,386,525	2,389,630
Gross receipts					3,418,667	-	3,418,667	-
Miscellaneous					37,719	-	37,719	-
Investment income					27,489	21	27,510	367
Miscellaneous					139,300	-	139,300	-
Gain on sale of capital assets					13,443	-	13,443	-
<b>Transfers</b>					<u>(4,155,266)</u>	<u>4,155,266</u>	<u>-</u>	<u>-</u>
Total General Revenues And Transfers					<u>13,019,143</u>	<u>4,155,287</u>	<u>17,174,430</u>	<u>2,389,997</u>
<b>CHANGE IN NET POSITION</b>					(1,633,604)	3,884,521	2,250,917	1,120,447
NET POSITION, SEPTEMBER 1, AS RESTATED					<u>54,500,607</u>	<u>963,530</u>	<u>55,464,137</u>	<u>(12,973,865)</u>
<b>NET POSITION, AUGUST 31</b>					<u>\$ 52,867,003</u>	<u>4,848,051</u>	<u>57,715,054</u>	<u>(11,853,418)</u>

**CITY OF ARNOLD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2016**

	<b>General</b>	<b>Recreation Center</b>	<b>Special Allocation</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 12,871,155	593,328	1,739,705	251,847	15,456,035
Receivables (net of allowances for uncollectibles):					
Taxes	1,696,651	283,529	1,251,176	27,542	3,258,898
Special assessments	1,032,279	-	-	-	1,032,279
Service fees	487,843	-	-	-	487,843
Intergovernmental	184,561	-	-	-	184,561
Court	84,058	-	-	-	84,058
Miscellaneous	63,493	46,890	-	-	110,383
Due from other funds	317,761	-	161,176	5,300	484,237
Prepaid items	483,636	44,165	-	36,650	564,451
Restricted assets:					
Cash and investments	1,158,693	-	2,485,844	-	3,644,537
Capital improvements sales tax receivable	815,269	-	-	-	815,269
Total Assets	<u>\$ 19,195,399</u>	<u>967,912</u>	<u>5,637,901</u>	<u>321,339</u>	<u>26,122,551</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,788,465	263,338	-	4,999	2,056,802
Accrued liabilities	73,696	2,713	-	-	76,409
Due to other funds	128,941	186,086	150,000	-	465,027
Unearned revenue	133,786	232,135	-	14,870	380,791
Total Liabilities	<u>2,124,888</u>	<u>684,272</u>	<u>150,000</u>	<u>19,869</u>	<u>2,979,029</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Special assessments	1,032,279	-	-	-	1,032,279
Court fines	82,138	-	-	-	82,138
Taxes	815,269	-	-	-	815,269
Total Deferred Inflows Of Resources	<u>1,929,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,929,686</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	483,636	44,165	-	36,650	564,451
Restricted for:					
Capital projects	572,853	-	-	-	572,853
Debt service	563,745	-	2,485,844	-	3,049,589
Recreation Center	-	239,475	-	-	239,475
Public safety	-	-	-	80,373	80,373
Tax increment financing	-	-	3,002,057	-	3,002,057
Tourism	-	-	-	184,447	184,447
Committed for:					
Purchase of services and street improvements	191,236	-	-	-	191,236
Sewer sub district projects	883,724	-	-	-	883,724
Greenway beautification	113,165	-	-	-	113,165
Economic development	403,654	-	-	-	403,654
Pride in our City	9,066	-	-	-	9,066
City bus route	57,751	-	-	-	57,751
Street improvements	2,016,619	-	-	-	2,016,619
Assigned for:					
Subsequent year's budget	761,402	-	-	-	761,402
Unassigned	9,083,974	-	-	-	9,083,974
Total Fund Balances	<u>15,140,825</u>	<u>283,640</u>	<u>5,487,901</u>	<u>301,470</u>	<u>21,213,836</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 19,195,399</u>	<u>967,912</u>	<u>5,637,901</u>	<u>321,339</u>	<u>26,122,551</u>

**CITY OF ARNOLD, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2016**

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Total Fund Balances - Governmental Funds \$ 21,213,836

Amounts reported for governmental activities in the statement of net position 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 \$130,089,665 and the accumulated depreciation is \$53,612,191. 76,477,474

Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds.

Net pension asset	533,443
Net pension liability	(1,565,122)
Deferred outflows related to pensions	2,528,372
Deferred inflows related to pensions	(442,014)
Net OPEB obligation	(331,800)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 1,929,686

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	(3,349,855)
Accrued compensated absences	(760,215)
Certificates of participation outstanding	(16,230,000)
Tax increment revenue bonds outstanding	(23,275,000)
Tax increment revenue notes outstanding	(4,788,502)
Unamortized bond premium	(5,624)
Unamortized bond deferred charges	776,176
Unamortized bond discount	156,148

Total Net Position Of Governmental Activities \$ 52,867,003

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<b>General</b>	<b>Recreation Center</b>	<b>Special Allocation</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 12,161,808	1,380,546	3,965,720	154,724	17,662,798
Special assessments	12,563	-	-	-	12,563
Licenses and permits	642,360	-	-	-	642,360
Fines and court costs	668,018	-	-	-	668,018
Intergovernmental	684,515	-	-	10,323	694,838
Charges for services	947,678	1,344,421	-	55,659	2,347,758
Investment income	25,037	2	2,450	-	27,489
Miscellaneous	211,519	3,885	-	113,824	329,228
Total Revenues	<u>15,353,498</u>	<u>2,728,854</u>	<u>3,968,170</u>	<u>334,530</u>	<u>22,385,052</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,739,711	-	7,500	275,500	3,022,711
Public safety	5,652,953	-	-	35,738	5,688,691
Public works	607,211	-	-	-	607,211
Highways and streets	1,440,050	-	-	-	1,440,050
Parks and recreation	673,093	1,837,076	-	-	2,510,169
Health and sanitation	1,330,789	-	-	-	1,330,789
Economic development	-	-	161,981	-	161,981
Capital outlay	1,325,272	4,330	-	9,995	1,339,597
Debt service:					
Principal	360,000	575,000	1,911,292	-	2,846,292
Interest	201,913	353,617	1,880,256	-	2,435,786
Total Expenditures	<u>14,330,992</u>	<u>2,770,023</u>	<u>3,961,029</u>	<u>321,233</u>	<u>21,383,277</u>
<b>REVENUES OVER (UNDER) EXPEN- DITURES</b>	<u>1,022,506</u>	<u>(41,169)</u>	<u>7,141</u>	<u>13,297</u>	<u>1,001,775</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	14,062	-	-	-	14,062
Transfers in	-	107,236	-	-	107,236
Transfers out	(4,262,502)	-	-	-	(4,262,502)
Total Other Financing Sources (Uses)	<u>(4,248,440)</u>	<u>107,236</u>	<u>-</u>	<u>-</u>	<u>(4,141,204)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(3,225,934)	66,067	7,141	13,297	(3,139,429)
FUND BALANCES, SEPTEMBER 1	<u>18,366,759</u>	<u>217,573</u>	<u>5,480,760</u>	<u>288,173</u>	<u>24,353,265</u>
<b>FUND BALANCES, AUGUST 31</b>	<u><u>\$ 15,140,825</u></u>	<u><u>283,640</u></u>	<u><u>5,487,901</u></u>	<u><u>301,470</u></u>	<u><u>21,213,836</u></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, 2016**

Net Change In Fund Balances - Governmental Funds \$ (3,139,429)

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 depreciation (\$2,879,930) exceeded capital outlays over the capitalization threshold (\$914,101) in the current period. (1,965,829)

The net effect of various transactions involving capital assets:

Disposal of capital assets	(619)
Donated capital assets	1,278,666

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 69,759

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:

Certificates of participation	935,000	
Tax increment revenue bonds	1,365,000	
Tax increment revenue notes	546,292	
Amortization	(83,070)	
Net Adjustment	2,763,222	2,763,222

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	(417,188)	
Net OPEB obligation	(33,200)	
Accrued compensated absences	37,390	
Pension expense	(226,376)	(639,374)

Change In Net Position Of Governmental Activities \$ (1,633,604)

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**AUGUST 31, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 377,796	550	378,346
Receivables:			
Service fees	118,689	-	118,689
Intergovernmental	-	33,608	33,608
Prepaid items	207	2,197	2,404
Total Current Assets	<u>496,692</u>	<u>36,355</u>	<u>533,047</u>
<b>Noncurrent Assets</b>			
Capital assets:			
Land and construction in progress	2,554	3,360,606	3,363,160
Other capital assets, net of accumulated depreciation	<u>966,550</u>	<u>136,816</u>	<u>1,103,366</u>
Total Capital Assets	<u>969,104</u>	<u>3,497,422</u>	<u>4,466,526</u>
Total Assets	<u>1,465,796</u>	<u>3,533,777</u>	<u>4,999,573</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>150,351</u>	<u>63,744</u>	<u>214,095</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	37,864	23,690	61,554
Accrued liabilities	25,153	28,489	53,642
Due to other funds	18,152	1,058	19,210
Unearned revenue	47,630	-	47,630
Total Current Liabilities	<u>128,799</u>	<u>53,237</u>	<u>182,036</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	<u>122,466</u>	<u>51,922</u>	<u>174,388</u>
Total Liabilities	<u>251,265</u>	<u>105,159</u>	<u>356,424</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>6,456</u>	<u>2,737</u>	<u>9,193</u>
<b>NET POSITION</b>			
Net investment in capital assets	969,104	3,497,422	4,466,526
Unrestricted	<u>389,322</u>	<u>(7,797)</u>	<u>381,525</u>
Total Net Position	<u>\$ 1,358,426</u>	<u>3,489,625</u>	<u>4,848,051</u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 576,378	381,704	958,082
<b>OPERATING EXPENSES</b>			
Cost of services	474,123	502,321	976,444
Administration	36,000	-	36,000
Depreciation	34,548	29,524	64,072
Total Operating Expenses	<u>544,671</u>	<u>531,845</u>	<u>1,076,516</u>
<b>OPERATING INCOME (LOSS)</b>	<u>31,707</u>	<u>(150,141)</u>	<u>(118,434)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	5	16	21
Intergovernmental revenue	-	41,513	41,513
Interest expense	-	(331,061)	(331,061)
Total Nonoperating Revenues (Expenses)	<u>5</u>	<u>(289,532)</u>	<u>(289,527)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	31,712	(439,673)	(407,961)
CAPITAL CONTRIBUTIONS	137,216	-	137,216
TRANSFER IN	<u>167,074</u>	<u>3,988,192</u>	<u>4,155,266</u>
<b>CHANGE IN NET POSITION</b>	336,002	3,548,519	3,884,521
NET POSITION, SEPTEMBER 1	<u>1,022,424</u>	<u>(58,894)</u>	<u>963,530</u>
<b>NET POSITION, AUGUST 31</b>	<u><u>\$ 1,358,426</u></u>	<u><u>3,489,625</u></u>	<u><u>4,848,051</u></u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 558,463	380,704	939,167
Payments to suppliers	(66,823)	(255,079)	(321,902)
Payments to employees	(394,741)	(245,281)	(640,022)
Net Cash Provided By (Used In) Operating Activities	96,899	(119,656)	(22,757)
<b>Cash flows from noncapital financing activities:</b>			
Intergovernmental revenue	-	7,905	7,905
Due to other funds	(8,310)	1,058	(7,252)
Transfer from other funds	167,074	3,988,192	4,155,266
Net Cash Provided By Noncapital Financing Activities	158,764	3,997,155	4,155,919
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(160,119)	(13,996)	(174,115)
Principal payments on bonds	-	(3,840,000)	(3,840,000)
Interest expense	-	(349,497)	(349,497)
Net Cash Used In Capital And Related Financing Activities	(160,119)	(4,203,493)	(4,363,612)
<b>Cash flows from investing activities:</b>			
Investment income	5	16	21
Proceeds from sale of investments	-	325,978	325,978
Net Cash Provided By Investing Activities	5	325,994	325,999
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	95,549	-	95,549
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1</b>	282,247	550	282,797
<b>CASH AND CASH EQUIVALENTS, AUGUST 31</b>	\$ 377,796	550	378,346



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 31,707	(150,141)	(118,434)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	34,548	29,524	64,072
(Increase) decrease in:			
Receivables	(18,484)	-	(18,484)
Deferred outflows - pension related	(92,705)	(43,809)	(136,514)
Prepaid items	(57)	(2,197)	(2,254)
Increase (decrease) in:			
Accounts payable	23,329	(5,750)	17,579
Accrued liabilities	(6,354)	640	(5,714)
Unearned revenues	569	(1,000)	(431)
Net pension liability	127,572	53,688	181,260
Deferred inflows - pension related	(3,226)	(611)	(3,837)
Total Adjustments	65,192	30,485	95,677
Net Cash Provided By (Used In) Operating Activities	\$ 96,899	(119,656)	(22,757)
 Noncash operating, financing, and investing activities:			
Contributions of capital assets from developer	\$ 137,216	-	137,216

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**PENSION TRUST FUND**  
**AUGUST 31, 2016**

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**ASSETS**

Mutual funds	<u>\$ 11,256,652</u>
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**NET POSITION**

Restricted for pensions	<u>\$ 11,256,652</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, 2016**

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**ADDITIONS**

Contributions:

Employer contributions	\$ 343,409
Employee contributions	241,540
Total Contributions	584,949

Investment income:

Net appreciation in fair value of investments, interest, and dividends	550,354
Less - Investment expense	(60,929)
Net Investment Income	489,425
Total Additions	1,074,374

**DEDUCTIONS**

Retirement benefits	101,215
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**CHANGE IN NET POSITION**

973,159

NET POSITION - RESTRICTED FOR PENSIONS,  
SEPTEMBER 1

10,283,493

**NET POSITION - RESTRICTED FOR PENSIONS,  
AUGUST 31**

**\$ 11,256,652**

**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 revenues in the year for which they are levied.

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

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

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  $\frac{1}{4}\%$  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:

**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:

	<u>August 31</u> <u>2016</u>
General Fund	<u>\$ 15,736</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 their estimated acquisition 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:

<b>Assets</b>	<b>Years</b>
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 financial 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 City currently has deferred outflows of resources related to the pension and deferred charge on refunding reported on the statement of financial position.

In addition to liabilities, the statement of financial 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 City currently has deferred inflows of resources for unavailable revenues from various sources reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the statement of net position.

**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.

**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.

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

**14. Fund Balance Policies (Continued)**

**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. In other governmental funds other than the general fund; if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that 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 \$191,236 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 A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**17. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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, 2016, 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.

As of August 31, 2016, the discretely presented component units' bank balances were entirely insured or collateralized with securities by the discretely presented component units or by their agents in the discretely presented component units' name.

**2. Investments**

As of August 31, 2016, the City had the following investments:

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

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

**2. Investments (Continued)**

<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>	
<b>Primary Government</b>					
Money market funds	\$ 5,217,697	5,217,697	-	-	Not rated
<b>Component Unit</b>					
Money market funds	3,731,382	3,731,382	-	-	Not rated
<b>Fiduciary Fund</b>					
Mutual funds	<u>11,192,493</u>	<u>11,192,493</u>	<u>-</u>	<u>-</u>	N/A
Grand Total Investments	<u>\$ 20,141,572</u>	<u>20,141,572</u>	<u>-</u>	<u>-</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.

**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 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.

**3. Fair Value Measurements**

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted

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

**3. Fair Value Measurements (Continued)**

prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of August 31, 2016:

Primary Government:

- Money market funds of \$5,217,697 are valued using quoted market prices (Level 1 inputs)

Component Unit:

- Money market funds of \$3,731,382 are valued using quoted market prices (Level 1 inputs)

Fiduciary Fund:

- Mutual funds of \$11,192,493 are valued using quoted market prices (Level 1 inputs)

**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, 2016**

	<u>Balance August 31 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31 2016</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land and right-of-way	\$ 27,816,002	5,500	619	27,820,883
Construction in progress	1,954,100	692,574	2,270,945	375,729
Total Capital Assets Not Being Depreciated	<u>29,770,102</u>	<u>698,074</u>	<u>2,271,564</u>	<u>28,196,612</u>
Capital assets being depreciated:				
Buildings and other improvements	19,108,238	126,682	-	19,234,920
Automotive equipment	2,338,762	297,215	133,357	2,502,620
Machinery and equipment	2,240,492	64,276	-	2,304,768
Infrastructure	74,573,280	3,277,465	-	77,850,745
Total Capital Assets Being Depreciated	<u>98,260,772</u>	<u>3,765,638</u>	<u>133,357</u>	<u>101,893,053</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	7,454,171	615,785	-	8,069,956
Automotive equipment	1,436,953	249,016	133,357	1,552,612
Machinery and equipment	1,938,746	57,692	-	1,996,438
Infrastructure	40,035,748	1,957,437	-	41,993,185
Total Accumulated Depreciation	<u>50,865,618</u>	<u>2,879,930</u>	<u>133,357</u>	<u>53,612,191</u>
Total Capital Assets Being Depreciated, Net	<u>47,395,154</u>	<u>885,708</u>	<u>-</u>	<u>48,280,862</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,165,256</u>	<u>1,583,782</u>	<u>2,271,564</u>	<u>76,477,474</u>

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

	<u>For The Year Ended August 31 2016</u>
<b>Governmental Activities</b>	
General government	\$ 596,643
Public safety	117,430
Public works	32,781
Highways and streets	2,084,265
Parks and recreation	48,811
Total	<u>\$ 2,879,930</u>

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

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

**For The Year Ended August 31, 2016**

	<u>Balance August 31 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31 2016</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land and right-of-way	\$ 3,363,160	-	-	3,363,160
Construction in progress	36,266	160,118	196,384	-
Total Capital Assets Not Being Depreciated	<u>3,399,426</u>	<u>160,118</u>	<u>196,384</u>	<u>3,363,160</u>
Capital assets being depreciated:				
Buildings	467,912	-	-	467,912
Machinery and equipment	529,820	13,996	-	543,816
Storm water lines	384,111	333,601	-	717,712
Total Capital Assets Being Depreciated	<u>1,381,843</u>	<u>347,597</u>	<u>-</u>	<u>1,729,440</u>
Less - Accumulated depreciation for:				
Buildings	84,404	20,782	-	105,186
Machinery and equipment	444,525	30,339	-	474,864
Storm water lines	33,073	12,951	-	46,024
Total Accumulated Depreciation	<u>562,002</u>	<u>64,072</u>	<u>-</u>	<u>626,074</u>
Total Capital Assets Being Depreciated, Net	<u>819,841</u>	<u>283,525</u>	<u>-</u>	<u>1,103,366</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,219,267</u>	<u>443,643</u>	<u>196,384</u>	<u>4,466,526</u>

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

	<b>For The Year Ended August 31 2016</b>
<b>Business-type Activities</b>	
Storm water	\$ 34,548
Golf	<u>29,524</u>
Total	<u>\$ 64,072</u>

**NOTE D - LONG-TERM DEBT**

Long-term debt activity was as follows:

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

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

	For The Year Ended August 31, 2016			Balance August 31 2016	Amounts Due Within One Year
	Balance August 31 2015	Additions	Reductions		
<b>Governmental Activities</b>					
Certificates of participation	\$ 17,165,000	-	935,000	16,230,000	960,000
Plus - Premium	6,128	-	504	5,624	-
Tax increment revenue notes	5,334,794	-	546,292	4,788,502	745,000
Tax increment revenue bonds	24,640,000	-	1,365,000	23,275,000	845,000
Less - Discounts	(169,342)	-	(13,194)	(156,148)	-
Compensated absences	797,605	162,011	199,401	760,215	190,054
	<u>\$ 47,774,185</u>	<u>162,011</u>	<u>3,033,003</u>	<u>44,903,193</u>	<u>2,740,054</u>
<b>Business-type Activities</b>					
Revenue bonds payable	\$ 3,840,000	-	3,840,000	-	-
Less - Discounts	(24,750)	-	(24,750)	-	-
	<u>\$ 3,815,250</u>	<u>-</u>	<u>3,815,250</u>	<u>-</u>	<u>-</u>
<b>Component Unit</b>					
Sales tax revenue bonds	\$ 16,685,000	-	1,100,000	15,585,000	1,195,000

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 Golf Fund. Tax increment revenue notes and bonds are generally liquidated by the Special Allocation 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.

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:



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

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

<b>For The Years Ending August 31</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 960,000	525,039	1,485,039
2018	990,000	496,014	1,486,014
2019	1,015,000	470,664	1,485,664
2020	1,045,000	440,064	1,485,064
2021	1,070,000	409,626	1,479,626
2022 - 2026	5,905,000	1,501,746	7,406,746
2027 - 2031	5,245,000	487,805	5,732,805
Total	<u>\$ 16,230,000</u>	<u>4,330,958</u>	<u>20,560,958</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, 2016 are as follows:

	<b><u>Date Issued</u></b>	<b><u>Date Of Maturity</u></b>	<b><u>Date Of Annual Principal Payment</u></b>	<b><u>Original Amount</u></b>	<b><u>Balance August 31 2016</u></b>
Triangle Redevelopment	07-10-2009	05-1-2028	May 1	\$28,485,000	\$23,275,000
Arnold Crossroads (Series B)	10-15-2009	07-6-2028	November 1	3,319,555	2,585,858
Arnold Crossroads (Series A)	05-20-2011	07-6-2028	May 1	3,000,000	2,202,644

**Business-type Activities**

***Revenue Bonds Payable***

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. On December 29, 2015 the entire amount of these bonds was defeased.

**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***

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 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.

***Benefits Provided***

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.

***Employees Covered by Benefit Terms***

At August 31, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	10
Active employees	48

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

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

*Contributions*

The City contributes to the Plan based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. City Ordinance requires each member to contribute 8½% of gross salary. For the year ended August 31, 2016, the City's contribution to the Plan was 15.6% of annual covered payroll.

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as August 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.5%, average, including inflation
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Tables with no further assumed improvements for mortality.

The actuarial assumptions used in the August 31, 2016 valuation were based upon an annual review of actual experience compared to previous assumptions used, and a perspective on future expectations.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**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)**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Fixed income	49.0%	2.1%
Equity securities	43.9	7.5 - 8.4
Debt securities	7.1	3.8

***Discount Rate***

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<b>Balances at August 31, 2015</b>	\$ 9,715,272	10,283,493	(568,221)
<b>Changes for the year</b>			
Service cost	175,917	-	175,917
Interest	630,585	-	630,585
Difference between expected and actual experience	122,039	-	122,039
Contributions - employer	-	343,409	(343,409)
Contributions - employee	241,540	241,540	-
Net investment income	-	550,354	(550,354)
Benefit payments and expenses	(162,144)	(162,144)	-
Net Changes	<u>1,007,937</u>	<u>973,159</u>	<u>34,778</u>
<b>Balances at August 31, 2016</b>	<u>\$ 10,723,209</u>	<u>11,256,652</u>	<u>(533,443)</u>

**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)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net pension liability (asset)	\$1,023,620	(533,443)	(1,825,589)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended August 31, 2016, the employer recognized pension expense of \$181,068. At August 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences between expected and actual experience	\$ 606,876	(359,508)	247,368

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Years Ending August 31</b>			
	2017	\$	59,331
	2018		59,332
	2019		147,231
	2020		13,075
	2021		(11,283)
	Thereafter		(20,318)
Total		\$	247,368

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

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

*Plan Description*

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://www.molagers.org).

*Benefits Provided*

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	<u><b>2016 Valuation</b></u>
Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	- %

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees Covered by Benefit Terms*

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>69</u>
Total	<u><u>172</u></u>

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

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

*Contributions*

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 17% of annual covered payroll.

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

*Actuarial Assumptions*

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The new assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.0%	5.00%
Fixed income	26.0	3.00
Real assets	21.0	3.25
Strategic Assets	10.0	5.60

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<b>Balances at June 30, 2015</b>	\$ 17,116,272	17,185,685	(69,413)
<b>Changes for the year</b>			
Service Cost	388,891	-	388,891
Interest	1,222,060	-	1,222,060
Difference between expected and actual experience	87,035	-	87,035
Changes of assumptions	556,016	-	556,016
Contributions - employer	-	532,194	(532,194)
Net investment income	-	(55,034)	55,034
Benefit payments, including refunds	(918,710)	(918,710)	-
Administrative expense	-	(13,709)	13,709
Other	-	(18,372)	18,372
Net changes	<u>1,335,292</u>	<u>(473,631)</u>	<u>1,808,923</u>
<b>Balances at June 30, 2016</b>	<u>\$ 18,451,564</u>	<u>16,712,054</u>	<u>1,739,510</u>



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

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

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

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$4,374,998	1,739,510	(421,748)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended August 31, 2016, the City recognized pension expense of \$960,084. The reported deferred outflows and inflows of resources are related to the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 65,878	(91,699)	(25,821)
Excess (deficit) investment returns	1,552,302	-	1,552,302
Assumption changes	420,857	-	420,857
Contributions subsequent to the measurement date*	96,554	-	96,554
Total	\$ 2,135,591	(91,699)	2,043,892

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**For The  
Years Ending  
August 31**

2017		\$ 644,660
2018		548,106
2019		576,123
2020		275,003
Total		\$ 2,043,892

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

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

**Payable to the Pension Plan**

At August 31, 2016 the City reported a payable of \$57,825 for the outstanding amount of contributions to the pension plan required for the year ended August 31, 2016.

**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 annual required contribution (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.

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:

	<b>For The Year Ended August 31 2016</b>
Amortization of past service cost	\$ 27,200
Normal cost	28,600
Interest to end of fiscal year	-
ARC	55,800
Interest on net OPEB obligation	11,200
Adjustment to ARC	(18,900)
Annual OPEB Cost	48,100
Contributions made	(14,900)
Increase In Net OPEB Obligation	33,200
Net OPEB obligation - Beginning of Year	298,600
Net OPEB Obligation - End of Year	\$ 331,800

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

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

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 <u>(1-2)/(3)</u>
2015	\$ -	\$442,300	(\$442,300)	- %	\$6,769,428	6.5%
2013	-	573,300	(573,300)	-	6,342,192	9.0
2011	-	508,300	(508,300)	-	6,438,860	7.9

**Schedule Of OPEB Costs And Employer Contributions**

For The Year Ended <u>August 31</u>	Contribution Made	OPEB Cost		ARC		OPEB Liability
		Amount	Percent Contributed	Amount	Percent Contributed	
2016	\$14,900	\$48,100	31%	\$55,800	27%	\$331,800
2015	8,000	49,600	16	55,800	14	298,600
2014	22,400	64,000	35	68,800	33	257,000
2013	22,700	65,200	35	68,800	33	215,400
2012	19,800	61,400	32	63,800	31	172,900
2011	13,500	62,300	22	63,800	21	131,300

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit cost method
Latest valuation date	August 31, 2015
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

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

**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 2016</u>
General Fund - Major Fund	Storm Water Fund - Major Fund	\$ 18,152
General Fund - Major Fund	Special Allocation Fund - Major Fund	150,000
General Fund - Major Fund	Recreation Center Fund - Major Fund	148,551
General Fund - Major Fund	Golf Course Fund - Major Fund	1,058
Special Allocation Fund - Major Fund	General Fund - Major Fund	128,941
Special Allocation Fund - Major Fund	Recreation Center Fund - Major Fund	32,235
Tourism Fund - Nonmajor Fund	Recreation Center Fund - Major Fund	<u>5,300</u>
Total		<u>\$ 484,237</u>

The outstanding balances between funds result mainly from the time lag between dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending August 31, 2017.

**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, 2016</u>
Storm Water Fund	General Fund	\$ 3,988,192
Golf Course Fund	General Fund	167,074
Recreation Center Fund	General Fund	<u>107,236</u>
Total		<u>\$ 4,262,502</u>

Interfund transfers were used to: 1) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization or 2) move revenues from the fund that ordinance or budget.

**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.

**NOTE I - PROPERTY TAXES (Continued)**

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 October 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 multi-line 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. The policy is for replacement cost and expires June 30, 2017.

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 \$536,301 for MIRMA's fiscal year ended June 30, 2016. 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 Storm Water Fund paid \$36,000 to the General Fund for administrative costs incurred by the General Fund relating to the various operations of the Fund. 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.

**NOTE M - CONDUIT DEBT**

In December 2012 and December 2015, the City authorized to issue \$88,000,000 and \$150,000,000, respectively, of 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, 2016 the principal amount payable for the 2012 and 2015 issues were \$87,912,091 and \$84,611,309, respectively.

**NOTE N - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$7,452,025 of restricted net position, of which \$3,587,167 is 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 \$3,791,548 and \$3,965,720, respectively.

**NOTE P - RESTATEMENT OF NET POSITION**

The previously stated net position has been restated as follows:

	<b><u>Governmental Activities</u></b>
Net position, August 31, 2015, as previously reported	\$ 54,118,557
Restatement for GASB 68 correction	<u>382,050</u>
Net Position, August 31, As Restated	<u>\$ 54,500,607</u>

**NOTE Q - SUBSEQUENT EVENTS**

In December 2016, the City approved the refunding of the triangle redevelopment tax increment revenue bonds.

**REQUIRED SUPPLEMENTAL  
INFORMATION**



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ 1,100,000	1,081,946	1,081,943	(3)
Sales	6,886,357	7,118,019	7,106,240	(11,779)
Public utility gross receipts	2,765,000	3,040,000	3,197,614	157,614
Motor fuel	480,000	480,000	549,872	69,872
Other	232,000	226,139	226,139	-
Total Taxes	<u>11,463,357</u>	<u>11,946,104</u>	<u>12,161,808</u>	<u>215,704</u>
<b>Special Assessments</b>	<u>35,000</u>	<u>15,000</u>	<u>12,563</u>	<u>(2,437)</u>
<b>Licenses and Permits</b>	<u>729,450</u>	<u>613,750</u>	<u>642,360</u>	<u>28,610</u>
<b>Fines and Court Costs</b>	<u>780,000</u>	<u>554,500</u>	<u>668,018</u>	<u>113,518</u>
<b>Intergovernmental</b>	<u>644,660</u>	<u>521,853</u>	<u>684,515</u>	<u>162,662</u>
<b>Charges for Services</b>	<u>901,950</u>	<u>874,716</u>	<u>947,678</u>	<u>72,962</u>
<b>Investment Income</b>	<u>16,000</u>	<u>23,384</u>	<u>25,037</u>	<u>1,653</u>
<b>Miscellaneous</b>				
Administration	43,500	43,500	43,500	-
Other	92,963	159,315	168,019	8,704
Total Miscellaneous	<u>136,463</u>	<u>202,815</u>	<u>211,519</u>	<u>8,704</u>
Total Revenues	<u>14,706,880</u>	<u>14,752,122</u>	<u>15,353,498</u>	<u>601,376</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
General and administrative	1,046,152	1,041,952	939,078	(102,874)
Mayor and council	130,650	131,846	127,859	(3,987)
Municipal court	183,684	178,106	175,367	(2,739)
Administrator	196,602	200,094	202,928	2,834
Treasurer	52,613	52,883	52,959	76
Finance	462,315	329,372	330,144	772
Collector of revenue	180,059	178,865	167,277	(11,588)
Attorney	199,000	179,000	157,295	(21,705)
Elections	67,550	50,142	50,156	14
Planning commission	265,307	260,410	259,582	(828)
IT Support	308,882	307,035	277,066	(29,969)
Total General Government	<u>3,092,814</u>	<u>2,909,705</u>	<u>2,739,711</u>	<u>(169,994)</u>

(Continued)



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Public Safety</b>				
Police	4,840,626	4,944,412	4,904,349	(40,063)
Dispatching	521,624	425,675	446,281	20,606
Building commission	288,405	314,790	302,323	(12,467)
Total Public Safety	<u>5,650,655</u>	<u>5,684,877</u>	<u>5,652,953</u>	<u>(31,924)</u>
<b>Public Works</b>	<u>664,813</u>	<u>627,469</u>	<u>607,211</u>	<u>(20,258)</u>
<b>Highways and Streets</b>	<u>1,726,481</u>	<u>1,619,639</u>	<u>1,440,050</u>	<u>(179,589)</u>
<b>Parks and Recreation</b>	<u>788,975</u>	<u>777,566</u>	<u>673,093</u>	<u>(104,473)</u>
<b>Health and Sanitation</b>				
Health department	57,237	60,303	53,002	(7,301)
Rabies control	151,407	154,121	149,809	(4,312)
Vector control	8,560	7,111	6,722	(389)
Solid waste	1,063,404	1,141,544	1,121,256	(20,288)
Total Health And Sanitation	<u>1,280,608</u>	<u>1,363,079</u>	<u>1,330,789</u>	<u>(32,290)</u>
<b>Capital Outlay</b>	<u>2,581,312</u>	<u>1,415,513</u>	<u>1,325,272</u>	<u>(90,241)</u>
<b>Debt Service</b>	<u>559,726</u>	<u>561,413</u>	<u>561,913</u>	<u>500</u>
Total Expenditures	<u>16,345,384</u>	<u>14,959,261</u>	<u>14,330,992</u>	<u>(628,269)</u>
<b>REVENUES OVER (UNDER) EXPEN- DITURES</b>	<u>(1,638,504)</u>	<u>(207,139)</u>	<u>1,022,506</u>	<u>1,229,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	5,000	14,062	14,062	-
Transfers out	1,197,821	(4,558,603)	(4,262,502)	296,101
Total Other Financing Sources (Uses)	<u>1,202,821</u>	<u>(4,544,541)</u>	<u>(4,248,440)</u>	<u>296,101</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (435,683)</u>	<u>(4,751,680)</u>	<u>(3,225,934)</u>	<u>1,525,746</u>
<b>FUND BALANCE, SEPTEMBER 1</b>			<u>18,366,759</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u>\$ 15,140,825</u>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - RECREATION CENTER FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 1,310,357	1,417,232	1,380,546	(36,686)
Charges for services	1,202,375	1,265,775	1,344,421	78,646
Investment income	-	2	2	-
Miscellaneous	6,700	3,769	3,885	116
Total Revenues	<u>2,519,432</u>	<u>2,686,778</u>	<u>2,728,854</u>	<u>42,076</u>
<b>EXPENDITURES</b>				
Recreation center	2,055,983	2,055,281	1,837,076	(218,205)
Capital outlay	-	4,115	4,330	215
Debt service	938,400	928,617	928,617	-
Total Expenditures	<u>2,994,383</u>	<u>2,988,013</u>	<u>2,770,023</u>	<u>(217,990)</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(474,951)	(301,235)	(41,169)	260,066
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>445,271</u>	<u>107,236</u>	<u>107,236</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (29,680)</u>	<u>(193,999)</u>	66,067	<u>260,066</u>
FUND BALANCE, SEPTEMBER 1			<u>217,573</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u>\$ 283,640</u>	

**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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Property	\$ 930,000	1,069,322	1,069,323	1
Sales	2,394,500	2,409,500	2,896,397	486,897
Investment income	3,000	2,620	2,450	(170)
Total Revenues	<u>3,327,500</u>	<u>3,481,442</u>	<u>3,968,170</u>	<u>486,728</u>
<b>EXPENDITURES</b>				
General government	7,500	7,500	7,500	-
Economic development	127,000	165,205	161,981	(3,224)
Debt service	3,119,500	3,791,550	3,791,548	(2)
Total Expenditures	<u>3,254,000</u>	<u>3,964,255</u>	<u>3,961,029</u>	<u>(3,226)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 73,500</u>	<u>(482,813)</u>	7,141	<u>489,954</u>
FUND BALANCE, SEPTEMBER 1			<u>5,480,760</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u>\$ 5,487,901</u>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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**Budgetary Data**

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

- a. On or before July 8, all departments submit requests for appropriations to the City's budget committee so that a budget may be prepared.
- b. During August the operating budget is presented to the City Council for review. The operating budget includes proposed expenditures for all funds.
- c. Public 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.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -**  
**POLICE PENSION PLAN**  
**FOR THE YEARS ENDED AUGUST 31**

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service cost	\$ 175,917	176,733
Interest	630,585	578,315
Differences between expected and actual experience	122,039	(136,162)
Contributions - employee	241,540	226,449
Benefit payments and expenses	<u>(162,144)</u>	<u>(230,099)</u>
Net Change In Total Pension Liability	1,007,937	615,236
Total Pension Liability Beginning	<u>9,715,272</u>	<u>9,100,036</u>
Total Pension Liability (a)	<u>\$ 10,723,209</u>	<u>9,715,272</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employee	\$ 241,540	226,449
Contributions - employer	343,409	319,690
Return on investment	550,354	(18,629)
Benefit payments and expenses	<u>(162,144)</u>	<u>(230,099)</u>
Net Change In Plan Fiduciary Net Position	973,159	297,411
Plan Fiduciary Net Position Beginning	<u>10,283,493</u>	<u>9,986,082</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 11,256,652</u>	<u>10,283,493</u>
<b>Net Pension Liability (Asset) Ending (a-b)</b>	<u>\$ (533,443)</u>	<u>(568,221)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.0 %	105.8
Covered Employee Payroll	\$ 2,120,719	2,232,146
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(25.15) %	(25.46)

Note: Information is not available for fiscal years prior to 2015.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS**

	<b>For The Years Ended August 31</b>									
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Actuarially determined pension contribution	\$ 300,077	261,882	321,337	358,484	376,207	387,774	426,095	391,668	398,846	425,810
Contributions in relation to the actuarially determined contribution	343,409	320,444	385,966	312,110	436,396	497,394	503,087	579,665	421,152	457,273
Contribution Deficiency (Excess)	<u>\$ (43,332)</u>	<u>(58,562)</u>	<u>(64,629)</u>	<u>46,374</u>	<u>(60,189)</u>	<u>(109,620)</u>	<u>(76,992)</u>	<u>(187,997)</u>	<u>(22,306)</u>	<u>(31,463)</u>
Covered Employee Payroll	\$ 2,120,719	2,232,146	2,563,733	2,118,338	2,137,664	2,095,229	2,166,741	2,133,648	2,024,539	2,151,441
Contributions as a Percentage of Covered Employee Payroll	16.19 %	14.36	15.05	14.73	20.41	23.74	23.22	27.17	20.80	21.25

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of September 1 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 years smoothed market
Inflation	3%
Salary increases	4.5%, compounded annually
Investment rate of return	6.5%, net of investment expenses, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Tables with no further assumed improvements for mortality

Other information:

There were no benefit changes during the year.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAGERS**  
**FOR THE YEARS ENDED AUGUST 31**

	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>		
Service cost	\$ 388,891	395,808
Interest on the total pension liability	1,222,060	1,178,720
Difference between expected and actual experience	87,035	(171,511)
Changes of assumptions	556,016	-
Benefit payments, including refunds	(918,710)	(688,962)
Net Change In Total Pension Liability	1,335,292	714,055
Total Pension Liability Beginning	17,116,272	16,402,217
Total Pension Liability (a)	\$ 18,451,564	17,116,272
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 532,194	618,572
Pension plan net investment income	(55,034)	353,689
Benefit payments, including refunds	(918,710)	(688,962)
Administrative expense	(13,709)	(15,005)
Other	(18,372)	(70,688)
Net Change In Plan Fiduciary Net Position	(473,631)	197,606
Plan Fiduciary Net Position, Beginning	17,185,685	16,988,079
Plan Fiduciary Net Position, Ending (b)	\$ 16,712,054	17,185,685
 <b>Net Pension Liability (Asset) Ending (a-b)</b>	<b>\$ 1,739,510</b>	<b>(69,413)</b>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.57 %	100.41
 Covered Employee Payroll	\$ 3,012,624	3,246,681
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	57.74 %	(2.14)

Note: Information is not available for fiscal years prior to 2015.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - LAGERS**  
**LAST TEN FISCAL YEARS**

	<b>For The Years Ended August 31</b>									
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Actuarially determined pension contribution	\$ 541,736	604,504	643,932	654,442	631,978	593,553	470,727	496,495	497,382	486,584
Contributions in relation to the actuarially determined contribution	541,736	604,504	643,932	582,422	570,401	505,281	470,727	496,495	497,383	486,584
Contribution Deficiency (Excess)	\$ -	-	-	72,020	61,577	88,272	-	-	(1)	-
Covered Employee Payroll	\$ 3,186,682	3,232,643	3,285,367	3,131,304	3,240,915	3,043,863	3,017,480	2,990,934	2,826,035	2,602,053
Contributions as a Percentage of Covered Employee Payroll	17.00 %	18.70	19.60	18.60	17.60	16.60	15.60	16.60	17.60	18.70

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 29, 2016 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 13 to 18 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55%, including wage inflation
Investment rate of return	7.25% net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

There were no benefit changes during the year.



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**OTHER SUPPLEMENTAL  
INFORMATION**



**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - GOVERNMENTAL FUNDS -**  
**COMPARATIVE BALANCE SHEETS**  
**AUGUST 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and investments	\$ 15,456,035	18,988,221
Receivables (net of allowances for uncollectibles):		
Taxes	3,258,898	3,379,515
Special assessments	1,032,279	1,044,844
Service fees	487,843	561,844
Intergovernmental	184,561	611,952
Court	84,058	129,170
Miscellaneous	110,383	112,191
Due from other funds	484,237	393,736
Prepaid items	564,451	520,793
Restricted assets:		
Cash and investments	3,644,537	3,650,147
Capital improvements sales tax receivable	815,269	687,261
	<u>\$ 26,122,551</u>	<u>30,079,674</u>
Total Assets		
	<u>\$ 26,122,551</u>	<u>30,079,674</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 2,056,802	2,867,958
Accrued liabilities	76,409	276,581
Due to other funds	465,027	367,274
Unearned revenue	380,791	354,669
	<u>2,979,029</u>	<u>3,866,482</u>
Total Liabilities		
	<u>2,979,029</u>	<u>3,866,482</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue:		
Special assessments	1,032,279	1,044,841
Court fines	82,138	127,825
Taxes	815,269	687,261
	<u>1,929,686</u>	<u>1,859,927</u>
Total Deferred Inflows Of Resources		
	<u>1,929,686</u>	<u>1,859,927</u>
 <b>FUND BALANCES</b>		
Nonspendable	564,451	520,793
Restricted	7,128,794	7,092,365
Committed	3,675,215	2,067,288
Assigned	761,402	422,849
Unassigned	9,083,974	14,249,970
	<u>21,213,836</u>	<u>24,353,265</u>
Total Fund Balances		
	<u>21,213,836</u>	<u>24,353,265</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 26,122,551</u>	<u>30,079,674</u>

**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, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
Taxes	\$ 17,662,798	17,074,710
Special assessments	12,563	41,512
Licenses and permits	642,360	818,274
Fines and court costs	668,018	713,514
Intergovernmental	694,838	1,369,663
Charges for services	2,347,758	2,153,945
Investment income	27,489	29,213
Miscellaneous	329,228	318,015
Total Revenues	22,385,052	22,518,846
 <b>EXPENDITURES</b>		
Current:		
General government	3,022,711	2,896,449
Public safety	5,688,691	5,401,754
Public works	607,211	598,889
Highways and streets	1,440,050	1,004,793
Parks and recreation	2,510,169	2,333,348
Health and sanitation	1,330,789	1,233,389
Economic development	161,981	130,767
Capital outlay	1,339,597	1,611,488
Debt service:		
Principal	2,846,292	2,224,535
Interest	2,435,786	2,606,642
Total Expenditures	21,383,277	20,042,054
 <b>REVENUES OVER EXPENDITURES</b>	1,001,775	2,476,792
 <b>OTHER FINANCING SOURCES (USES)</b>		
Sale of capital assets	14,062	37,507
Transfers in	107,236	9,976,578
Transfers out	(4,262,502)	(418,220)
Total Other Financing Sources (Uses)	(4,141,204)	9,595,865
 <b>NET CHANGE IN FUND BALANCES</b>	(3,139,429)	12,072,657
 <b>FUND BALANCES, SEPTEMBER 1</b>	24,353,265	12,280,608
 <b>FUND BALANCES, AUGUST 31</b>	\$ 21,213,836	24,353,265

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2016**

	<b>Special Revenue Funds</b>		
	<b>Tourism</b>	<b>Drug Forfeiture</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 171,474	80,373	251,847
Receivables:			
Taxes	27,542	-	27,542
Due from other funds	5,300	-	5,300
Prepaid items	36,650	-	36,650
	<b>\$ 240,966</b>	<b>80,373</b>	<b>321,339</b>
Total Assets	<b>\$ 240,966</b>	<b>80,373</b>	<b>321,339</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 4,999	-	4,999
Unearned revenue	14,870	-	14,870
Total Liabilities	<b>19,869</b>	<b>-</b>	<b>19,869</b>
 <b>Fund Balances</b>			
Nonspendable:			
Prepaid items	36,650	-	36,650
Restricted for:			
Public safety	-	80,373	80,373
Tourism	184,447	-	184,447
Total Fund Balances	<b>221,097</b>	<b>80,373</b>	<b>301,470</b>
Total Liabilities And Fund Balances	<b>\$ 240,966</b>	<b>80,373</b>	<b>321,339</b>

**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, 2016**

	<u>Special Revenue Funds</u>		
	<u>Tourism</u>	<u>Drug Forfeiture</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 154,724	-	154,724
Intergovernmental	-	10,323	10,323
Charges for services	55,659	-	55,659
Miscellaneous	52,012	61,812	113,824
Total Revenues	<u>262,395</u>	<u>72,135</u>	<u>334,530</u>
<b>EXPENDITURES</b>			
Current:			
General government	275,500	-	275,500
Public safety	-	35,738	35,738
Capital outlay	-	9,995	9,995
Total Expenditures	<u>275,500</u>	<u>45,733</u>	<u>321,233</u>
<b>NET CHANGES IN FUND BALANCES</b>	(13,105)	26,402	13,297
<b>FUND BALANCES, SEPTEMBER 1</b>	<u>234,202</u>	<u>53,971</u>	<u>288,173</u>
<b>FUND BALANCES, AUGUST 31</b>	<u><u>\$ 221,097</u></u>	<u><u>80,373</u></u>	<u><u>301,470</u></u>

**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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 159,341	126,561	154,724	28,163
Charges for services	53,750	59,329	55,659	(3,670)
Miscellaneous	75,000	52,012	52,012	-
Total Revenues	288,091	237,902	262,395	24,493
<b>EXPENDITURES</b>				
General government	246,395	282,657	275,500	(7,157)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 41,696</b>	<b>(44,755)</b>	<b>(13,105)</b>	<b>31,650</b>
FUND BALANCE, SEPTEMBER 1			234,202	
FUND BALANCE, AUGUST 31			<b>\$ 221,097</b>	

**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, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$ 9,000	10,323	10,323	-
Miscellaneous	-	61,813	61,812	(1)
Total Revenues	9,000	72,136	72,135	(1)
<b>EXPENDITURES</b>				
Public safety	23,805	36,569	35,738	(831)
Capital outlay	-	9,995	9,995	-
Total Expenditures	23,805	46,564	45,733	(831)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (14,805)</b>	<b>25,572</b>	<b>26,402</b>	<b>830</b>
<b>FUND BALANCE, SEPTEMBER 1</b>			<b>53,971</b>	
<b>FUND BALANCE, AUGUST 31</b>			<b>\$ 80,373</b>	



# STATISTICS



**CITY OF ARNOLD, MISSOURI**  
**STATISTICAL SECTION**

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

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	71 - 75
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s local revenue sources.	76 - 83
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	84 - 86
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	87 - 89
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	90 - 94

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

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**CITY OF ARNOLD, MISSOURI**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	<b>August 31</b>									
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 61,600,974	61,358,328	60,954,323	62,495,954	58,747,273	60,189,604	61,515,001	60,433,335	60,816,793	64,429,584
Restricted	7,452,025	7,238,125	6,537,431	5,750,389	5,795,745	6,511,773	6,468,111	6,129,354	2,524,622	1,250,000
Unrestricted	(16,185,996)	(14,095,846)	(26,275,691)	(25,777,303)	(24,245,868)	(22,961,899)	(20,707,866)	(18,506,005)	(13,295,644)	(11,268,830)
 Total Governmental Activities Net Position	 \$ 52,867,003	 54,500,607	 41,216,063	 42,469,040	 40,297,150	 43,739,478	 47,275,246	 48,056,684	 50,045,771	 54,410,754
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 4,466,526	404,017	13,866,892	13,383,043	13,366,162	12,568,136	11,847,340	10,925,826	11,615,431	13,812,089
Restricted	-	325,978	526,603	588,203	701,303	804,880	906,603	1,001,303	7,146,872	5,064,591
Unrestricted	381,525	233,535	4,659,261	3,624,652	3,732,210	4,347,127	4,873,833	4,777,204	(2,255,279)	(2,005,776)
 Total Business-type Activities Net Position	 \$ 4,848,051	 963,530	 19,052,756	 17,595,898	 17,799,675	 17,720,143	 17,627,776	 16,704,333	 16,507,024	 16,870,904
<b>Primary Government</b>										
Net investment in capital assets	\$ 66,067,500	61,762,345	74,821,215	75,878,997	72,113,435	72,757,740	73,362,341	71,359,161	72,432,224	78,241,673
Restricted	7,452,025	7,564,103	7,064,034	6,338,592	6,497,048	7,316,653	7,374,714	7,130,657	9,671,494	6,314,591
Unrestricted	(15,804,471)	(13,862,311)	(21,616,430)	(22,152,651)	(20,513,658)	(18,614,772)	(15,834,033)	(13,728,801)	(15,550,923)	(13,274,606)
 Total Primary Government Net Position	 \$ 57,715,054	 55,464,137	 60,268,819	 60,064,938	 58,096,825	 61,459,621	 64,903,022	 64,761,017	 66,552,795	 71,281,658

Source: Basic financial statements

GASB 63 and 65 were implemented in 2013.

The City implemented GASB Statement No. 68 in fiscal year 2015.

**CITY OF ARNOLD, MISSOURI**

**CHANGE IN NET POSITION**

**LAST TEN FISCAL YEARS**

**For The Years Ended August 31**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
General government	\$ 3,771,398	3,507,185	3,521,130	3,437,488	3,560,571	3,631,193	3,486,489	3,597,393	3,606,327	2,026,103
Public safety	5,705,617	6,120,075	5,564,406	5,699,347	5,557,136	5,513,045	5,498,118	5,383,461	5,037,988	5,162,582
Public works	1,120,005	517,705	506,642	652,774	471,241	449,991	396,500	372,884	1,544,873	3,648,054
Highways and streets	3,578,202	3,022,074	3,499,006	3,180,611	3,247,948	3,056,308	2,882,196	2,660,880	3,217,725	445,648
Parks and recreation	2,599,236	2,371,529	2,430,932	2,286,290	2,311,042	2,172,650	2,205,143	2,130,516	2,166,365	1,990,090
Health and sanitation	1,345,275	1,232,741	1,202,951	1,209,726	1,199,147	1,147,650	1,054,674	1,157,513	927,232	884,918
Economic development	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699	16,554,301
Interest on long-term debt	2,936,044	3,039,906	3,105,566	3,161,479	3,182,550	3,310,085	3,366,950	2,948,229	2,752,694	1,584,135
Total Governmental Activities Expenses	<u>21,217,758</u>	<u>19,941,982</u>	<u>19,952,272</u>	<u>19,759,965</u>	<u>19,614,583</u>	<u>22,392,049</u>	<u>22,303,670</u>	<u>18,586,333</u>	<u>23,698,903</u>	<u>32,295,831</u>
<b>Business-type Activities</b>										
Sewer system	-	2,883,157	4,111,479	4,138,224	3,604,074	3,866,989	3,678,042	3,658,824	4,036,658	2,139,774
Storm water	544,671	525,572	595,741	608,027	638,757	559,128	622,227	388,188	256,127	127,061
Golf	862,906	649,484	753,705	759,006	783,657	747,928	712,700	670,794	670,153	427,304
Special item - disposal of sewer system	-	8,247,633	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	<u>1,407,577</u>	<u>12,305,846</u>	<u>5,460,925</u>	<u>5,505,257</u>	<u>5,026,488</u>	<u>5,174,045</u>	<u>5,012,969</u>	<u>4,717,806</u>	<u>4,962,938</u>	<u>2,694,139</u>
Total Primary Government Expenses	<u>22,625,335</u>	<u>32,247,828</u>	<u>25,413,197</u>	<u>25,265,222</u>	<u>24,641,071</u>	<u>27,566,094</u>	<u>27,316,639</u>	<u>23,304,139</u>	<u>28,661,841</u>	<u>34,989,970</u>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
Charges for services:										
General government	352,912	513,502	474,475	473,810	467,566	449,918	627,522	610,250	560,900	526,293
Public safety	823,464	1,084,746	1,076,383	1,335,540	1,227,070	1,344,111	1,552,797	1,474,468	1,481,357	1,694,748
Parks and recreation	1,393,972	1,262,388	1,279,638	1,284,012	1,378,811	1,308,168	1,307,476	1,142,149	1,148,889	1,187,075
Health and sanitation	894,289	822,800	31,859	27,951	29,407	224,383	569,093	32,845	35,505	19,568
Operating grants and contributions	1,491,836	1,182,988	1,151,413	1,086,620	1,085,599	1,050,800	1,122,352	1,089,981	1,134,789	1,144,088
Capital grants and contributions	1,608,538	1,572,516	148,700	2,375,066	1,408,288	66,116	2,625,844	255,553	956,755	1,331,064
Total Governmental Activities Program Revenues	<u>6,565,011</u>	<u>6,438,940</u>	<u>4,162,468</u>	<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>
<b>Business-type Activities</b>										
Charges for services:										
Sewer system	-	2,877,893	3,834,801	3,997,660	3,795,399	3,951,341	3,816,409	3,383,075	2,969,723	2,685,117
Storm water	576,378	580,298	585,636	589,987	575,621	574,991	570,520	579,425	557,094	513,150
Golf	381,704	324,046	482,520	434,990	561,806	454,091	407,735	480,578	473,022	401,008
Operating grants and contributions	41,513	-	-	-	-	-	29,382	21,011	-	-
Capital grants and contributions	137,216	87,311	89,460	16,000	1,150	2,432	806,725	60,407	-	-
Total Business-type Activities Program Revenues	<u>1,136,811</u>	<u>3,869,548</u>	<u>4,992,417</u>	<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>
Total Primary Government Program Revenues	<u>7,701,822</u>	<u>10,308,488</u>	<u>9,154,885</u>	<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>
<b>NET REVENUES (EXPENSES)</b>										
Governmental activities	(14,652,747)	(13,503,042)	(15,789,804)	(13,176,966)	(14,017,842)	(17,948,553)	(14,498,586)	(13,981,087)	(18,380,708)	(26,392,995)
Business-type activities	(270,766)	(8,436,298)	(468,508)	(466,620)	(92,512)	(191,190)	617,802	(193,310)	(963,099)	905,136
Total Primary Government Net Revenues (Expenses)	<u>(14,923,513)</u>	<u>(21,939,340)</u>	<u>(16,258,312)</u>	<u>(13,643,586)</u>	<u>(14,110,354)</u>	<u>(18,139,743)</u>	<u>(13,880,784)</u>	<u>(14,174,397)</u>	<u>(19,343,807)</u>	<u>(25,487,859)</u>

(Continued)

**CITY OF ARNOLD, MISSOURI**

CHANGE IN NET POSITION (Continued)

LAST TEN FISCAL YEARS

	For The Years Ended August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>GENERAL REVENUES AND OTHER CHANGE IN NET POSITION</b>										
<b>Governmental Activities</b>										
Taxes:										
Property	2,151,266	2,270,828	1,959,557	2,137,107	1,856,713	1,956,378	1,767,838	1,448,479	1,125,304	992,520
Sales	11,386,525	10,800,694	9,943,752	9,676,868	9,266,574	8,934,269	8,492,485	7,619,458	7,018,675	6,860,615
Gross receipts	3,418,667	3,371,996	3,375,222	3,264,019	3,014,815	3,239,828	3,389,556	2,726,791	3,498,852	2,046,144
Miscellaneous	37,719	71,954	41,950	43,139	38,972	33,694	31,616	33,541	34,224	35,611
Investment income	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284	290,449	364,016
Gain on sale of assets	13,443	86,336	14,234	66,936	57,673	28,128	20,085	-	800	504,457
Miscellaneous	139,300	37,507	115,861	122,575	92,531	144,042	22,812	42,447	2,091,921	1,294,524
Transfers	(4,155,266)	9,737,008	(1,636,767)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(44,500)	(144,683)
Total Governmental Activities General Revenues And Other Change In Net Position	13,019,143	26,405,536	13,836,177	15,348,856	14,391,280	14,412,785	13,797,836	11,992,000	14,015,725	11,953,204
<b>Business-type Activities</b>										
Investment income	21	77,044	218,439	240,758	252,864	273,557	295,641	380,619	554,719	585,981
Gain on sale of assets	-	-	700	8,801	-	-	-	-	-	-
Miscellaneous	-	7,036	1,550	3,284	-	-	-	-	-	-
Transfers	4,155,266	(9,737,008)	1,636,767	10,000	10,000	10,000	10,000	10,000	44,500	144,683
Total Business-type Activities General Revenues And Other Change In Net Position	4,155,287	(9,652,928)	1,857,456	262,843	262,864	283,557	305,641	390,619	599,219	730,664
Total Primary Government General Revenues And Other Change In Net Position	17,174,430	16,752,608	15,693,633	15,611,699	14,654,144	14,696,342	14,103,477	12,382,619	14,614,944	12,683,868
<b>CHANGE IN NET POSITION</b>										
Governmental activities	(1,633,604)	12,902,494	(1,953,627)	2,171,890	373,438	(3,535,768)	(700,750)	(1,989,087)	(4,364,983)	(14,439,791)
Business-type activities	3,884,521	(18,089,226)	1,388,948	(203,777)	170,352	92,367	923,443	197,309	(363,880)	1,635,800
Total Primary Government	\$ 2,250,917	(5,186,732)	(564,679)	1,968,113	543,790	(3,443,401)	222,693	(1,791,778)	(4,728,863)	(12,803,991)

Source: Basic financial statements

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

	August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund</b>										
Reserved	\$ -	-	-	-	-	-	2,176,044	2,139,403	2,584,017	6,271,895
Unreserved	-	-	-	-	-	-	8,318,041	6,844,666	7,105,178	(1,713,188)
Nonspendable	483,636	489,501	522,442	441,169	455,108	511,169	-	-	-	-
Restricted	1,136,598	1,137,151	1,136,477	1,136,421	1,136,361	563,726	-	-	-	-
Committed	3,675,215	2,067,288	1,513,074	1,557,117	4,410,590	1,395,119	-	-	-	-
Assigned	761,402	422,849	-	530,792	994,533	-	-	-	-	-
Unassigned	9,083,974	14,249,970	3,608,130	6,305,284	4,505,675	9,213,575	-	-	-	-
<b>Total General Fund</b>	<u>\$ 15,140,825</u>	<u>18,366,759</u>	<u>6,780,123</u>	<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>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	-	-	-	-	-	5,358,284	4,998,863	1,702,485	1,305,838
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	(1,074,478)	(828,954)	(479,601)	(44,678)
Nonspendable	80,815	31,292	21,194	29,152	29,126	10,285	-	-	-	-
Restricted	5,992,196	5,955,214	5,479,291	4,923,977	4,430,694	5,347,559	-	-	-	-
Unassigned	-	-	-	(1,402,075)	(1,289,620)	(1,318,166)	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 6,073,011</u>	<u>5,986,506</u>	<u>5,500,485</u>	<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>

Source: Basic financial statements

For fiscal year 2011 GASB 54 was implemented.

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

	For The Years Ended August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>REVENUES</b>										
Taxes	\$17,662,798	17,074,710	15,860,454	16,422,424	14,738,118	14,939,098	14,551,361	12,279,968	12,209,618	10,866,182
Special assessments	12,563	41,512	47,414	208,907	55,981	111,477	95,886	161,495	551,076	306,798
Licenses and permits	642,360	818,274	652,512	730,422	637,167	555,788	522,881	615,026	590,067	648,771
Fines and court costs	668,018	713,514	847,185	1,039,805	902,336	1,105,288	1,216,172	1,131,240	1,122,605	1,177,581
Intergovernmental	694,838	1,369,663	323,383	2,503,248	1,557,334	263,517	458,470	138,593	2,592,876	1,910,417
Charges for services	2,347,758	2,153,945	1,355,238	1,363,277	1,455,029	1,549,582	2,132,339	1,375,957	1,395,577	1,326,128
Investment income	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284	290,449	364,016
Miscellaneous	329,228	318,015	333,865	349,730	324,627	308,653	325,600	356,143	421,244	394,194
Total Revenues	<u>22,385,052</u>	<u>22,518,846</u>	<u>19,442,419</u>	<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>
<b>EXPENDITURES</b>										
General government	3,022,711	2,896,449	2,876,530	2,767,426	2,938,282	2,939,835	2,904,369	2,836,320	2,774,026	2,657,615
Public safety	5,688,691	5,401,754	5,620,891	5,489,942	5,438,986	5,452,098	5,513,458	5,530,890	5,087,615	5,124,954
Public works	607,211	598,889	618,618	556,904	460,444	542,848	505,578	424,779	414,040	3,583,152
Highways and streets	1,440,050	1,004,793	1,401,373	1,377,329	1,318,793	1,211,431	1,210,324	994,971	1,363,420	1,093,891
Parks and recreation	2,510,169	2,333,348	2,320,950	2,250,733	2,241,380	2,133,731	2,096,335	2,110,396	2,149,106	1,944,788
Health and sanitation	1,330,789	1,233,389	1,203,039	1,204,374	1,198,127	1,147,456	1,054,900	1,157,017	923,881	882,010
Economic development	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699	16,554,301
Capital outlay	1,339,597	1,611,488	348,711	5,718,016	1,734,019	294,258	1,100,240	934,502	6,662,933	818,386
Debt service:										
Principal	2,846,292	2,224,535	1,838,000	1,866,476	1,009,055	1,554,964	1,261,679	820,284	612,946	547,723
Interest	2,435,786	2,606,642	2,727,230	2,758,930	2,686,033	2,762,969	2,603,519	2,041,283	924,959	721,577
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>21,383,277</u>	<u>20,042,054</u>	<u>19,076,981</u>	<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>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,001,775</u>	<u>2,476,792</u>	<u>365,438</u>	<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>
<b>OTHER FINANCING SOURCES (USES)</b>										
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
Proceeds from insurance premium	-	-	-	-	110,000	-	-	-	-	-
Proceeds from sale of capital assets	14,062	37,507	30,100	315,725	57,673	28,128	20,085	-	800	504,457
Transfers in	107,236	9,976,578	1,859,521	-	-	-	25,000	-	20,000	166,567
Transfers out	<u>(4,262,502)</u>	<u>(418,220)</u>	<u>(3,496,288)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(35,000)</u>	<u>(10,000)</u>	<u>(20,000)</u>	<u>(166,567)</u>
Total Other Financing Sources (Uses)	<u>(4,141,204)</u>	<u>9,595,865</u>	<u>(1,606,667)</u>	<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>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$(3,139,429)</u>	<u>12,072,657</u>	<u>(1,241,229)</u>	<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>
Debt service as a percentage of noncapital expenditures	25.8 %	26.5	24.5	25.3	19.0	20.3	18.8	16.9	7.6	4.3

Source: Basic financial statements



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

FUNCTIONS/PROGRAMS	Program Revenues									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
General government	\$ 408,413	513,502	485,075	501,560	467,566	453,075	787,472	695,250	565,148	526,313
Public safety	1,255,381	1,267,963	1,260,519	1,472,757	1,362,136	1,435,487	1,731,838	1,555,561	1,541,132	1,746,508
Public works	18,534	22,131	-	1,661,672	453,885	-	156,522	73,840	584,512	204,576
Highways and streets	2,590,047	2,549,597	1,103,702	1,614,989	1,873,416	999,630	3,243,512	1,094,219	1,418,309	2,142,388
Parks and recreation	1,398,342	1,262,611	1,279,653	1,285,333	1,396,181	1,314,691	1,315,837	1,152,846	1,172,677	1,262,728
Health and sanitation	894,294	823,136	33,519	46,688	43,557	240,613	569,903	33,530	36,417	20,323
Total Governmen- tal Activities	<u>6,565,011</u>	<u>6,438,940</u>	<u>4,162,468</u>	<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>
<b>Business-type Activities</b>										
Sewer system	-	2,877,893	3,924,261	4,013,660	3,796,549	3,951,341	4,623,134	3,443,482	2,969,723	2,685,117
Storm water	713,594	667,609	585,636	589,987	575,621	577,423	599,902	600,436	557,094	513,150
Golf	423,217	324,046	482,520	434,990	561,806	454,091	407,735	480,578	473,022	401,008
Total Business- type Activities	<u>1,136,811</u>	<u>3,869,548</u>	<u>4,992,417</u>	<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>
Total Primary Government	<u>\$ 7,701,822</u>	<u>10,308,488</u>	<u>9,154,885</u>	<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>

Source: Basic financial statements

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes (1)</b>	<b>Public Utility Gross Receipts Taxes</b>	<b>Motor Fuel Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
2016	\$ 2,151,266	\$ 11,537,907	\$ 3,197,614	\$ 549,872	\$ 226,139	\$ 17,662,798
2015	2,270,828	10,850,085	3,169,822	559,752	224,223	17,074,710
2014	1,959,557	9,974,869	3,166,690	529,739	229,599	15,860,454
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

Source: Required supplemental information and basic financial statements

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

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

<b>Fiscal Year</b>	<b>General Sales Tax (1%)</b>	<b>Recreation Center Sales Tax (0.25%)</b>	<b>Jefferson County Shared Capital Improvement Sales Tax</b>	<b>Shared Vehicle Sales Tax</b>	<b>Hotel/Motel Sales Tax (5%)</b>	<b>Jurisdictional Sales Tax</b>	<b>Total Sales Tax</b>
2016	\$ 5,694,010	\$ 1,380,546	\$ 1,140,340	\$ 271,890	\$ 154,724	\$ 2,896,397	\$ 11,537,907
2015	5,575,444	1,347,848	781,784	255,947	157,724	2,731,338	10,850,085
2014	5,216,383	1,255,500	722,580	248,214	148,746	2,383,446	9,974,869
2013	4,966,989	1,200,381	1,452,885	218,971	140,480	2,476,333	10,456,039
2012	4,893,553	1,179,379	680,650	211,150	140,148	2,178,961	9,283,841
2011	4,715,004	1,136,159	835,050	210,437	124,359	1,686,544	8,707,553
2010	4,472,382	1,081,040	905,185	195,398	152,768	1,932,029	8,738,802
2009	4,464,163	1,079,581	567,880	190,543	145,115	1,063,503	7,510,785
2008	4,470,311	1,081,113	645,083	210,498	151,090	348,603	6,906,698
2007	4,262,286	1,030,252	1,416,771	277,683	151,306	-	7,138,298

Source: Required supplemental information and basic financial statements

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

<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>Real Property</b>	<b>Railroads And Utilities</b>	<b>Total</b>		<b>Total Direct Tax Rate</b>	<b>Ratio Of Total Assessed Value To Total Estimated Actual Value</b>
				<b>Assessed Value</b>	<b>Estimated Actual Value</b>		
2016	2015	\$ 283,140,826	\$ 8,227,322	\$ 291,368,148	\$ 1,262,789,107	0.400	23.1 %
2015	2014	280,800,247	7,414,869	288,215,116	1,244,969,539	0.401	23.2
2014	2013	276,950,700	7,382,457	284,333,157	1,228,943,555	0.397	23.1
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

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 NINE 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
2015	\$ 13,625,100	\$ 1,700,400	\$ 11,924,700	\$ 4,319,900	\$ 2,466,200	\$ 1,853,700	\$ 3,058,400	\$ 1,782,600	\$ 1,275,800
2014	14,099,411	1,700,400	12,399,011	4,243,318	2,466,200	1,777,118	3,058,400	1,782,600	1,275,800
2013	13,674,300	1,700,400	11,973,900	4,243,200	3,124,400	1,118,800	3,058,400	1,124,400	1,934,000
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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Arnold:										
General	0.400	0.401	0.397	0.397	0.397	0.397	0.397	0.425	0.420	0.420
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	0.526	0.531	0.532	0.533	0.505	0.505	0.499	0.496	0.530	0.530
Consolidated School No. 6 of Jefferson County	4.650	4.583	4.650	4.617	4.604	4.587	4.563	4.530	4.530	4.520
Rock Community Fire Protection District	0.763	0.803	0.931	0.707	0.712	0.716	0.715	0.707	0.710	0.710
Rock Township Ambulance District	0.209	0.210	0.210	0.210	0.132	0.136	0.127	0.123	0.120	0.120
The Junior College District of Jefferson County	0.341	0.344	0.340	0.339	0.336	0.336	0.336	0.334	0.330	0.330
The Jefferson County Library District	0.176	0.178	0.176	0.175	0.189	0.189	0.188	0.186	0.190	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 NINE YEARS AGO**

<b>Taxpayer</b>	<b>2016</b>			<b>2007</b>		
	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage Of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage Of Total City Taxable Assessed Value</b>
Wal-Mart Real Estate Business Trust 55	\$ 4,729,900	1	1.62 %	\$ -	-	- %
Metal Container Corporation	3,781,800	2	1.30	3,618,300	4	1.60
THF Arnold Triangle Development, LLC	2,809,600	3	0.96	-	-	-
Schnucks	2,656,800	4	0.91	2,732,900	6	1.21
Water Tower, LLC	2,638,200	5	0.91	3,847,000	3	1.70
Target	2,496,000	6	0.86	2,496,000	9	1.10
Convergy's Corporation	2,375,900	7	0.82	2,103,300	10	0.93
The Home Depot	2,245,700	8	0.77	2,542,600	8	1.12
Suellentrop Family Partnership, LP	2,080,000	9	0.71	2,697,400	7	1.19
Avion Ridge Apartments	2,069,300	10	0.71	-	-	-
Ameren	-	-	-	4,569,211	1	2.02
Southwestern Bell Telephone	-	-	-	3,990,064	2	1.76
Greater Missouri Builders	-	-	-	2,851,300	5	1.26
<b>Total</b>	<b><u>\$ 27,883,200</u></b>		<b><u>9.57 %</u></b>	<b><u>\$ 31,448,075</u></b>		<b><u>13.89 %</u></b>

Source: Jefferson County Assessor

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

<b>Fiscal Year</b>	<b>Tax Levy Year</b>	<b>Net Tax Levy (1)</b>	<b>Current Tax Collections</b>	<b>Percent Collected As Current</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Total Collections As Percent Of Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent Taxes As Percent Of Levy</b>
2016	2015	\$ 1,075,295	\$ 1,060,702	98.6 %	\$ -	\$ 1,060,702	98.6 %	\$ 14,593	1.4 %
2015	2014	1,064,577	1,042,115	97.9	18,042	1,060,157	99.6	4,421	0.4
2014	2013	1,040,624	1,011,172	97.2	27,691	1,038,863	99.8	1,761	0.2
2013	2012	1,042,510	1,025,466	98.4	13,225	1,038,691	99.6	3,820	0.4
2012	2011	1,040,059	987,178	94.9	45,601	1,032,779	99.3	7,280	0.7
2011	2010	1,028,100	1,003,690	97.6	23,861	1,027,551	99.9	549	0.1
2010	2009	1,023,806	1,003,897	98.1	19,909	1,023,806	100.0	-	-
2009	2008	1,072,745	1,042,501	97.2	30,244	1,072,745	100.0	-	-
2008	2007	1,032,992	982,678	95.1	50,314	1,032,992	100.0	-	-
2007	2006	992,520	951,674	95.9	15,896	967,570	97.5	24,950	2.5

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

Source: Jefferson County Collector's office



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

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage Of Personal Income (1)	Per Capita
	Capital Lease Obligations	Certificates Of Participation	Leasehold Revenue Bonds	Revenue Bonds	Tax Increment Revenue Notes And Bonds	Revenue Bonds	Capital Lease Obligations	Notes Payable			
2016	\$ -	\$ 16,225,529	\$ -	\$ -	\$ 27,917,449	\$ -	\$ -	\$ -	\$ 44,142,978	5.48 %	\$ 2,067
2015	-	17,171,128	-	-	29,805,452	3,815,250	-	-	50,791,830	6.47	2,391
2014	-	18,076,632	-	-	31,111,793	12,077,430	-	14,646,790	75,912,645	9.97	3,592
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	7.30	2,460

(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, 2016**

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<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
The Junior College District of Jefferson County	\$ 11,343,091	9.78 %	\$ 1,109,354
Consolidated School No. 6 of Jefferson County	<u>66,436,986</u>	33.77	<u>22,435,770</u>
	77,780,077		23,545,124
City direct debt	<u>44,142,978</u>	100.00 %	<u>44,142,978</u>
Total Direct And Overlapping Debt	<u><u>\$ 121,923,055</u></u>		<u><u>\$ 67,688,102</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 36,126,514	35,712,870	35,185,812	36,029,611	36,369,775	36,055,771	35,520,119	34,691,869	33,081,629	30,513,314
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 36,126,514</u>	<u>35,712,870</u>	<u>35,185,812</u>	<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>
Total Net Debt Applicable To The Limit As Percentage Of Debt Limit	-	%	-	-	-	-	-	-	-	-

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

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

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Median Age (2)</b>	<b>Personal Income (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment</b>	<b>Jefferson County Unemployment Rate (3)</b>
2016	21,357	40.1	\$ 806,013,180	\$ 37,740	11,407	4.9 %
2015	21,243	40.4	784,865,121	36,947	11,677	4.8
2014	21,134	39.1	761,119,876	36,014	11,567	6.0
2013	21,013	38.6	756,404,961	35,997	11,564	6.5
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	8.4
2010	20,609	40.1	682,446,426	33,114	11,767	9.5
2009	20,603	40.1	684,699,499	33,233	11,646	10.3
2008	20,589	34.9	705,873,276	34,284	11,535	7.4
2007	20,566	36.7	699,537,372	34,014	11,459	5.4

(1) Source: U.S. Census Bureau

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

(3) Source: Federal Reserve Economic Data

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

<u>Employer</u>	<u>2016</u>			<u>2007</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>
Fox School District	806	1	4.01 %	-	-	- %
Convergy's Corporation	743	2	3.70	1,100	1	5.47
Metal Container Corporation	250	3	1.24	185	6	0.92
LMC Industries	250	3	1.24	350	2	1.74
Wal-Mart	200	5	1.00	328	3	1.63
Sinclair & Rush	200	5	1.00	200	5	1.00
Kohl's Department Store	194	7	0.97	106	10	0.53
Schnucks	158	8	0.79	230	4	1.14
Texas Roadhouse	150	9	0.75	-	-	-
Target	148	10	0.74	139	8	0.69
Shop & Save	-	-	-	127	9	0.63
Home Depot	-	-	-	150	7	0.75
<b>Total</b>	<b><u>3,099</u></b>		<b><u>15.44 %</u></b>	<b><u>2,915</u></b>		<b><u>14.50 %</u></b>

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government:										
Legislative services	1	1	1	1	1	1	1	1	1	1
Administrative services	5	5	6	6	6	7	7	8	8	8
Maintenance of municipal property	3	3	2	2	-	-	-	-	1	1
Municipal court	2	2	2	2	2	2	2	2	2	2
Finance	4	4	4	4	4	4	4	4	4	4
Police:										
Officers	47	47	47	47	47	45	47	49	48	48
Administrative services	3	3	3	3	3	3	3	3	4	4
Dispatch	8	8	8	8	8	8	8	8	8	8
Public works:										
Administration	3	3	3	3	3	3	3	3	3	3
Street maintenance	8	9	10	9	8	9	8	8	8	8
Fleet	2	2	2	2	2	2	2	2	2	2
Building department:										
Administration	4	4	4	5	5	5	4	4	4	4
Inspectors	2	2	2	2	2	1	1	2	2	2
Engineers	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Administration	3	3	3	6	4	3	1	3	3	3
Maintenance	11	12	12	10	6	6	6	6	6	6
Supervisors	2	2	2	1	1	1	1	1	2	2
Seasonal and part-time programs	16	13	13	12	-	-	-	-	-	-
Sewer:										
Maintenance	-	-	8	7	7	7	8	7	6	5
Storm water:										
Maintenance	4	5	5	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	2	2	2	1	1
Golf course:										
Administration	1	1	1	3	2	2	2	2	2	2
Maintenance	1	2	2	5	1	1	1	1	1	1
Seasonal and part-time	4	5	5	2	-	-	-	-	-	-

Source: City payroll department records

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

FUNCTIONS/PROGRAMS	Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police - patrol:										
Arrests	1,930	2,014	2,186	1,943	2,455	2,110	2,173	1,748	1,561	1,932
Traffic citations	7,555	7,687	8,105	8,075	10,451	9,345	9,263	13,740	7,178	9,657
Crime reports	15,028	14,408	14,074	12,230	14,552	13,996	14,417	14,970	15,598	15,741
Accident reports	830	775	712	603	730	798	776	912	1,048	964
Warrants	1,921	2,999	4,751	4,650	3,026	3,274	2,955	2,497	2,145	2,132
Public works:										
Road repair - tons of mix	416	311	4,100	4,500	1,252	806	2,248	1,684	511	816
Traffic control signs serviced	110	100	200	300	13	10	8	8	30	26
Weed violations issued - HW	159	321	150	186	164	238	181	159	117	172
Acres mowed and maintained	7	7	15	10	25	25	25	25	25	25
Parks and recreation: (2)										
Park program participants	2,650	990	1,944	1,443	2,591	-	-	-	-	-
Park pavilion rentals	488	918	537	511	535	-	-	-	-	-
Recreation Center memberships	2,300	2,976	3,434	4,019	3,433	-	-	-	-	-
Recreation Center program participants	9,247	6,675	5,766	6,885	6,624	-	-	-	-	-
Recreation Center room rentals	1,041	1,101	1,136	1,264	1,325	-	-	-	-	-
Member golf rounds	2,333	2,832	3,596	4,957	5,870	-	-	-	-	-
9-hole golf rounds	5,245	5,114	5,862	5,708	4,767	-	-	-	-	-
18-hole golf rounds	6,849	6,158	9,982	9,485	11,036	-	-	-	-	-
All other golf rounds	4,296	981	1,294	1,802	7,701	-	-	-	-	-
Planning and building:										
Site development/concept plans	10	26	24	23	21	22	21	23	25	43
Rezoning applications	2	2	3	2	3	3	4	1	6	6
Text amendments	-	3	1	2	4	3	1	4	5	8
Building permits issued	655	568	559	595	503	539	480	427	499	633
Building inspections completed	3,064	3,006	2,431	2,899	2,952	2,661	2,520	2,448	2,756	3,200
Finance and administration:										
Merchant licenses issued (1)	699	665	661	655	90	91	68	80	83	86
Payroll checks issued	5,245	5,061	5,138	5,081	4,977	4,842	4,995	4,799	4,677	4,548
Accounts payable processed	4,083	4,537	4,795	4,919	4,686	4,444	4,788	5,011	5,472	4,926
Requests for public records	27	30	32	53	35	71	34	25	44	49

Source: City records - various departments listed

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

(2) Information prior to 2012 not available.

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

FUNCTIONS/PROGRAMS	Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	23	24	31	31	31	31	31	29	29	29
Motorcycles	2	2	2	2	2	2	2	2	2	2
Public works:										
Miles of streets	82	80	80	80	80	80	80	80	80	81
Traffic lights and signals	6	7	6	6	6	6	6	6	6	3
Miles of sanitary sewers	-	-	112.1	112.1	112.1	112.1	112.1	112.1	107.6	98.5
Miles of storm sewers	60.0	60.0	60.0	59.0	59.0	58.0	58.0	57.0	55.0	7.4
Number of pumping stations	6	-	6	6	6	6	6	6	5	9
Parks and recreation:										
Number of parks	6	5	5	5	5	5	5	5	5	5
Acres of parks	488	488	488	488	485	485	485	485	485	485
Tennis courts	-	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	2	2	2	3	3
Golf course	1	1	1	1	1	1	1	1	1	1

Source: City finance department records



**CITY OF ARNOLD, MISSOURI**  
**TRIANGLE TIF FUNDS DEPOSITED**  
**LAST NINE FISCAL YEARS**

<b>Fiscal Year</b>	<b>Payments In Lieu Of Taxes</b>	<b>Economic Activity Taxes</b>	<b>Municipal Revenues</b>	<b>TDD Revenues</b>	<b>TDD Subsidy</b>	<b>Total</b>
2016	\$ 847,030	\$ 1,562,951	\$ -	\$ 417,397	\$ 200,000	\$3,027,378
2015	985,536	1,539,557	-	374,861	200,000	3,099,954
2014	693,358	1,463,569	-	345,749	200,000	2,702,676
2013	876,008	1,301,816	51,430	324,689	200,000	2,753,943
2012	617,086	1,674,140	51,557	322,007	200,000	2,864,790
2011	846,601	1,145,257	-	314,639	200,000	2,506,497
2010	732,581	616,405	-	229,325	333,600	1,911,911
2009	368,442	754,586	-	586,842	-	1,709,870
2008	72,592	-	-	-	-	72,592

Source: City records

Note: Started collecting revenues in fiscal year 2008.

**CITY OF ARNOLD, MISSOURI**  
**HISTORIC COLLECTIONS OF PILOTS AND ECONOMIC TAX REVENUES**  
**LAST NINE FISCAL YEARS**

<b>Fiscal Year</b>	<b>Triangle TIF</b>		<b>Crossroads TIF</b>		<b>Crossroads TIF - SubArea 1</b>			<b>Total</b>
	<b>PILOTS</b>	<b>EATS</b>	<b>PILOTS</b>	<b>EATS</b>	<b>PILOTS</b>	<b>EATS</b>	<b>Tourism</b>	
2016	\$ 847,030	2,180,348	131,668	541,672	90,624	8,925	165,452	3,965,719
2015	985,536	2,114,419	125,693	464,503	90,235	8,664	143,751	3,932,801
2014	693,358	2,009,318	126,332	277,028	94,998	(16,993)	114,094	3,298,135
2013	876,008	2,150,119	77,570	215,088	135,535	9,034	102,093	3,565,447
2012	617,086	1,996,146	60,456	89,084	133,811	8,069	85,663	2,990,315
2011	862,354	1,525,515	11,855	102,067	39,689	(16,352)	75,317	2,600,445
2010	732,581	1,750,714	(14,272)	111,203	25,722	70,111	-	2,676,059
2009	368,442	1,063,502	7,292	-	-	-	-	1,439,236
2008	72,592	348,603	19,720	-	-	-	-	440,915

Source: City records

**CITY OF ARNOLD, MISSOURI**  
**GENERAL FUND REVENUE SOURCES**  
**LAST TWO FISCAL YEARS**

<b>Sources</b>	<b>August 31</b>			
	<b>2016</b>		<b>2015</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Retail sales taxes	\$ 5,694,010	37.09 %	\$ 5,575,444	35.34 %
Gross receipt tax on utilities	3,197,614	20.83	3,169,822	20.09
Jefferson County shared capital improvement sales taxes	1,140,340	7.43	781,784	4.96
Local property tax	1,081,943	7.05	1,069,364	6.78
Motor fuel taxes	549,872	3.58	559,752	3.55
Shared vehicle tax	271,890	1.77	255,947	1.62
Other taxes	226,139	1.47	224,224	1.42
Special assessments	12,563	0.08	41,512	0.26
License and permits	642,360	4.18	818,274	5.19
Fines and court costs	668,018	4.35	713,514	4.53
Intergovernmental	684,515	4.46	1,353,761	8.58
Charges for services	947,678	6.17	889,918	5.64
Investment income	25,037	0.16	25,039	0.16
Miscellaneous	211,519	1.38	296,757	1.88
<b>Total Revenues</b>	<b><u>\$ 15,353,498</u></b>	<b><u>100.00 %</u></b>	<b><u>\$ 15,775,112</u></b>	<b><u>100.00 %</u></b>

Source: Basic financial statements.

Note: Information will be expanded in future years.