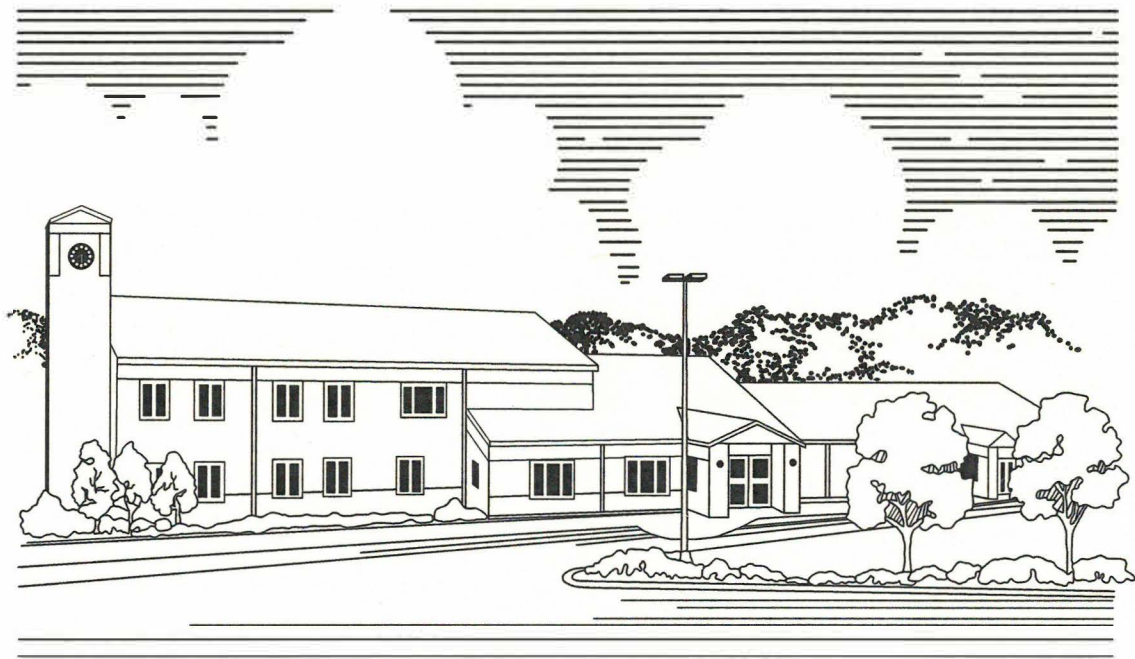


CITY OF ARNOLD, MISSOURI

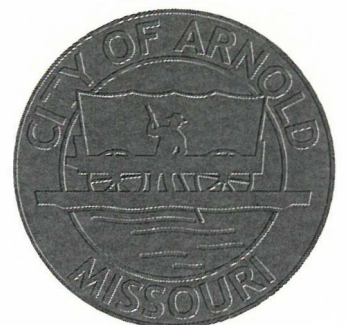
Comprehensive Annual Financial Report For The Fiscal Year Ended August 31, 2017



CITY OF ARNOLD, MISSOURI

Comprehensive Annual Financial Report
For The Fiscal Year Ended August 31, 2017

Prepared by the
Finance Department



CITY OF ARNOLD, MISSOURI
FINANCIAL REPORT

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INTRODUCTORY SECTION



February 2, 2018

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, 2017, 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, 2017, 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, 2017, 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 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 storm water system 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 2017, the Federal Reserve Bank of St Louis reported that as of August 2017, the seasonally-unadjusted unemployment rate for Jefferson County is at 3.8% down 1.0% from 4.8% in August 2016. By comparison, as of August 2017, the unemployment rate for the State of Missouri was 4.2% while August 2016 was 5.2%. The St Louis metropolitan statistical area which includes some Illinois counties was 4.1% as of August 2017 and 5.1% for the same period last year. The adjacent counties of St. Louis, Franklin, and Washington were reported at 3.9%, 3.7%, and 5.5% in August 2017, respectively. From a high of 10.6% in January 2010, the August 2017 United States civilian unemployment rate of 4.5% has rebounded past its pre-recession level (August 2007; 4.6%).

The residential real estate tax base for fiscal year 2017 showed an increase of approximately 9.2% over last year's levels. The City's residential stock, geographic location and variety of services have kept real estate marketable. Although the City is close to being built-out, new projects underway including the development of 144

residential units on the former Ott property and expansion of the Strawberry Ridge subdivision called The Enclave at Strawberry Ridge to include 12 villas. The appraised value of commercial real estate within the City decreased 0.24% 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 2017 remain steady ending 0.14% lower than 2016. 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 0.26% over the net tax for the prior fiscal year. We have projected a 3.0% increase in gross sales tax for fiscal year 2018 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 and in 2017.

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 provides an estimated 70 new manufacturing jobs and insures Metal Container Corporation's presence in the City well into the future.

Construction has begun on the Tenbrook Road sidewalk project funded in part 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 easement acquisitions. This project will be constructed in tandem with the Tenbrook sidewalks project with completion of both expected in late fiscal year 2018.

In January 2016, city council established a five-year street and road improvement plan and earmarking \$2.5 million in sewer system sale proceeds as funding. In year two, commercial streets; sections of Arnold Tenbrook, the Richardson Road intersection at St. John's Crossing and Manufacturer's Drive were replaced. The City plans to asphalt overlay approximately 80,000 square yards of residential streets in year three.

In keeping with the City's focus on enhancing the leisure life provided residents, the City is adding an additional permanent structure at the Arnold Farmers Market in Arnold City Park, acquiring additional properties to expand the footprint of the Arnold City Park, constructing the Jim Edwards Archery Park with partial funding from the Missouri Department of Conservation, and developing a new larger dog park with added amenities and features in Ferd B. Lang Park to replace the existing dog areas in both Ferd B. Lang and Arnold City Park.

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, occupancy of all designated offices remains at 100% with a growing waiting list.

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.

In 2016, the Arnold Community Foundation was established as an agency of the city to promote the general welfare by enriching the quality of life for its residents. The Foundation Board is finalizing its by-laws and developing ideas for potential projects to begin in 2018.

Technological improvements played an important role in this year's activities with the implementation of an electronic time clock and attendance system for all departments, a crisis event management system that provides for the coordination and tracking of city staff and volunteer efforts and the implementation of new software to manage recreational programs, special events, memberships and tee time scheduling at the Arnold Recreation Center and Pomme Creek Golf Course. Current projects include the replacement of the City's obsolete telecommunications system and finalizing the adoption of an electronic document management system.

Although not as significant as the December 2015 event, in late April 2017 the City again experienced flooding requiring activation of the emergency response command center at city hall to provide relief and property assessment services to residents impacted by the rising waters. FEMA authorized residential disaster assistance shortly thereafter and approved funding for the purchase of two affected residences. The City has purchased an additional four properties within the flooded area. These properties will be demolished and the land added to existing Arnold City Park.

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 2017, the General Fund unassigned fund balance of \$6,966,678 is approximately 47% 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, 2016. This is the 28th 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
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Reporting**

Presented to

**City of Arnold
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF ARNOLD, MISSOURI
PRINCIPAL OFFICIALS

Ron Counts

Mayor

Council

EJ Fleischmann
Jason Fulbright
David Owens
Brian McArthur
Mark Hood
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

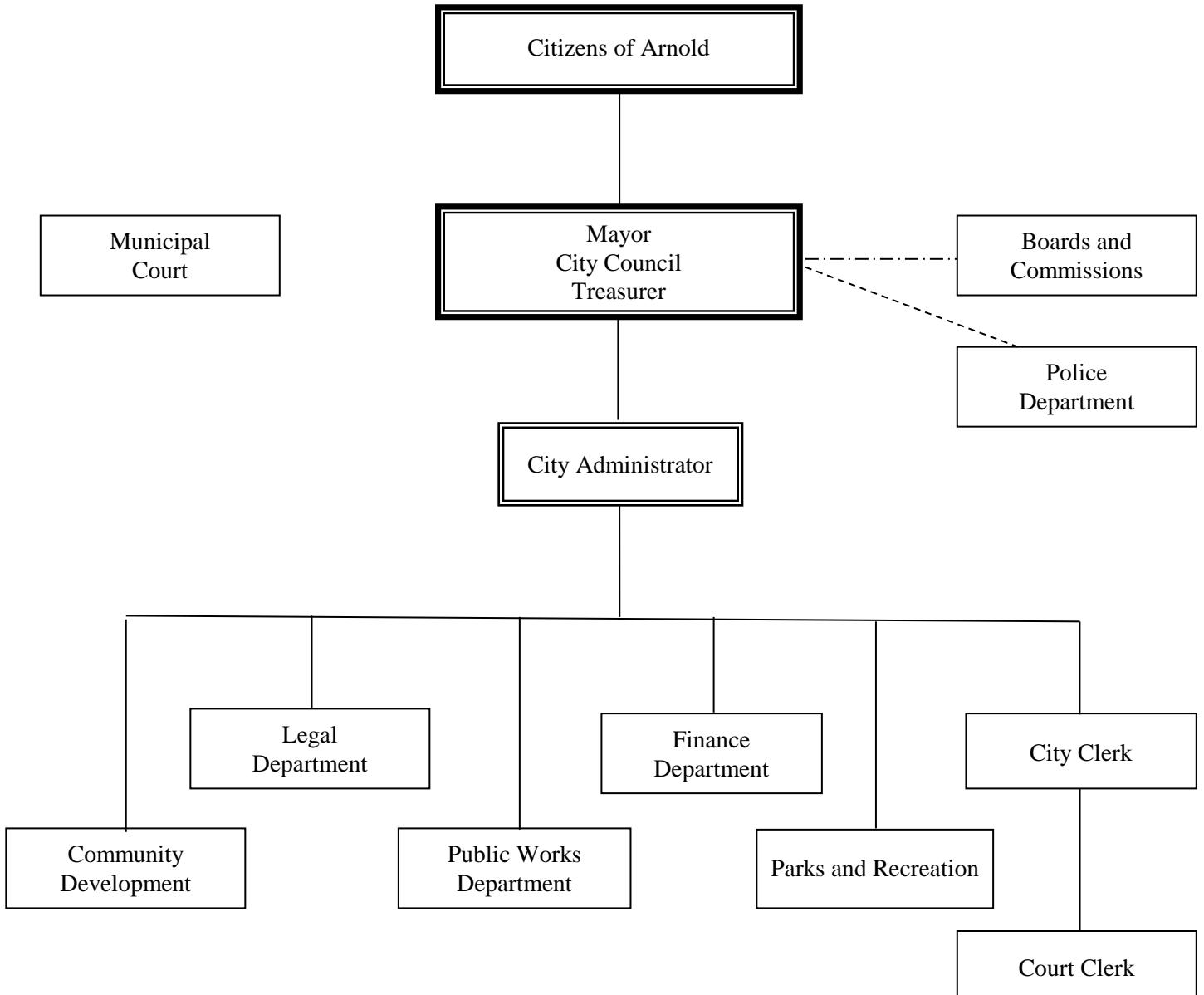
Ed Blattner

Public Works Director

Dickie Brown

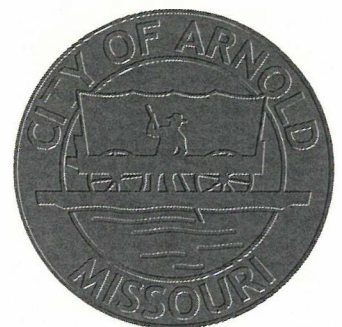
Parks and Recreation Director

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 2, 2018

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, 2017, 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.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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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, 2017, 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.

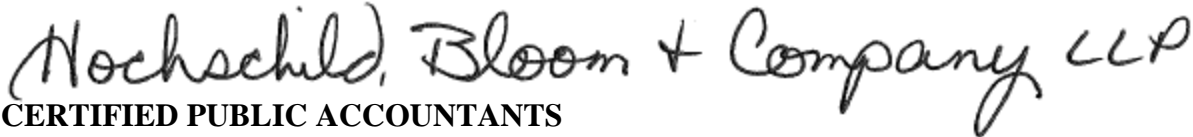
The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

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 2, 2018, 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 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, 2017

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, 2017. 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 outflows at the close of the most recent fiscal year by \$58,490,981 (*net position*). The City has a deficit unrestricted net position of \$13,418,224 due to \$30,550,954 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 \$53,490,372 and \$5,000,609, respectively, at fiscal year-end. The City's total net position increased by \$775,927 during the fiscal year. The combined governmental activities increasing by \$623,369 while the combined business-type activities increased by \$152,558.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$18,515,354, a decrease of \$2,698,482 in comparison with the prior year. Approximately 37.6% of this amount or \$6,966,678 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 \$13,285,714, or approximately 92% of total General Fund expenditures.
- The City's total outstanding long-term debt, including compensated absences, increased by \$682,659 during the current fiscal year to a total of \$45,585,852. In December 2016, Series 2016 of Tax Increment Revenue Bonds (TIF) were issued to refund the Series 2009 TIF bonds. The Series 2017 Certificates of Participation were issued in August 2017 refunding the Series 2010 Certificates of Participation.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with broad information about the City's finances, in a manner similar to a private-sector company. The two government-wide statements, **Statement of Net Position** and **Statement of Activities**, report the City's net position and how it has changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those activities that are normally associated with the operation of a government such as health, highways, public safety, and parks. Business-type activities are those activities of a government that are designed to be self-supporting.

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

The **Statement of Activities** presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result

**CITY OF ARNOLD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017**

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**

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: golf course 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 during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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

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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 non-major 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. Other supplemental information contains comparative governmental funds statements and combining and individual statements for the nonmajor governmental funds.

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 \$58,490,981 at the close of the most recent fiscal year. This represents an increase in net position of 1.3% or \$775,927 higher than fiscal 2016. (Table A-2)

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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 \$13,418,224.

Table A-2
City of Arnold's Net Position as of August 31, 2016 and 2017
(In thousands of dollars)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 26,190	24,507	514	512	26,704	25,019
Capital assets	76,478	74,714	4,466	4,618	80,944	79,332
Total assets	102,668	99,221	4,980	5,130	107,648	104,351
Total Deferred Outflows of Resources	3,305	4,567	214	93	3,519	4,660
Long-term debt outstanding	46,800	46,691	174	82	46,974	46,773
Other liabilities	5,864	3,171	163	124	6,027	3,295
Total liabilities	52,664	49,862	337	206	53,001	50,068
Total Deferred Inflows of Resources	442	436	9	16	451	452
Net Investment in capital assets	61,601	61,540	4,466	4,618	66,067	66,158
Restricted for capital improvements	815	1,323	-	-	815	1,323
Restricted for debt service	3,050	2,333	-	-	3,050	2,333
Restricted for public safety	80	71	-	-	80	71
Restricted for tax increment financing	3,002	1,848	-	-	3,002	1,848
Restricted for tourism	221	176	-	-	221	176
Unrestricted	(15,902)	(13,801)	382	383	(15,520)	(13,418)
Total net position	\$ 52,867	53,490	4,848	5,001	57,715	58,491

The largest portion of the City's net position, \$66,158,132 in 2017 (an increase of approximately 0.14% from 2016), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$5,751,073 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$4,180,817 or just under 73% is restricted by debt covenants while use of the remaining, \$1,570,256, is restricted by other governmental entities.

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The remaining category of the City's net position represents a deficit balance of *unrestricted net position* totaling \$13,418,224 in 2017. This represents a positive change as compared to the prior year's unrestricted net position of \$2,102,607 or slightly above 13% due in part to the refunding of two debt service issues at lower interest rates.

**Table A-3
Change in City's Net Positions for the Years Ended August 31, 2016 and 2017
(In thousands of dollars)**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Percentage Change</i>
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016-2017</u>
Revenues							
Program revenues:							
Charges for services	\$ 3,465	3,593	958	964	4,423	4,557	3.03 %
Operating grants	1,492	1,239	42	-	1,534	1,239	(19.23)
Capital grants	1,608	111	137	14	1,745	125	(92.84)
General revenues:							
Taxes	16,994	17,146	-	-	16,994	17,146	0.89
Investment income	27	16	-	-	27	16	(40.74)
Miscellaneous	153	72	-	-	153	72	(52.94)
Total revenues	<u>23,739</u>	<u>22,177</u>	<u>1,137</u>	<u>978</u>	<u>24,876</u>	<u>23,155</u>	(6.92)
Expenses							
General government	3,771	3,749	-	-	3,771	3,749	(0.58)
Public safety	5,706	5,651	-	-	5,706	5,651	(0.96)
Public works	1,120	1,230	-	-	1,120	1,230	9.82
Highways and streets	3,578	3,600	-	-	3,578	3,600	0.61
Parks and recreation	2,599	2,596	-	-	2,599	2,596	(0.12)
Health and sanitation	1,345	1,335	-	-	1,345	1,335	(0.74)
Economic Development	162	125	-	-	162	125	(22.84)
Storm Water system	-	-	545	542	545	542	(0.55)
Golf Course	-	-	863	531	863	531	(38.47)
Interest on long-term debt	2,936	3,020	-	-	2,936	3,020	2.86
Total expenses	<u>21,217</u>	<u>21,306</u>	<u>1,408</u>	<u>1,073</u>	<u>22,625</u>	<u>22,379</u>	(1.09)
Excess (deficiency) before special items and transfers	2,522	871	(271)	(95)	2,251	776	65.53
Transfers	(4,155)	(248)	4,155	248	-	-	-
Increase (decrease) in net position	(1,633)	623	3,884	153	2,251	776	65.53
Net Position - September 1	<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
Net position - August 31	<u>\$ 52,867</u>	<u>53,490</u>	<u>4,848</u>	<u>5,001</u>	<u>57,715</u>	<u>58,491</u>	1.34 %

Governmental activities. Governmental activities increased the City's net position by \$623,369. Key elements of this net increase are as follows:

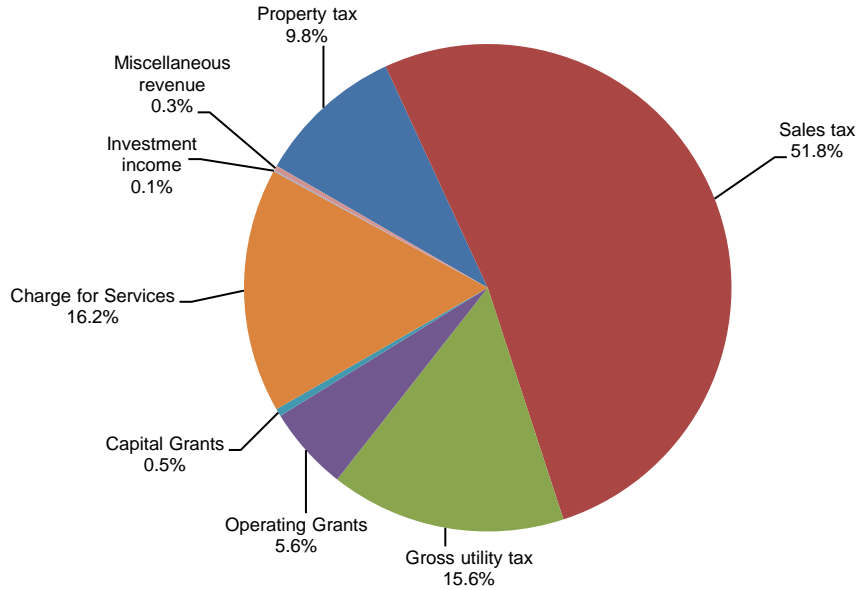
- Real property assessed valuations increased \$5,051,461 or slightly over 1.8%. Residential property values increased \$461,500 or 0.28% while commercial values including railroads and utilities increased \$4,589,927 or 4.1%. In compliance with the Hancock Amendment, the City reduced its property tax levy from .4011 cents/\$100 in assessed valuation to .4003 cents for fiscal year 2017. Although the Triangle TIF District revenues were down slightly (\$1,462), General Fund property tax revenues increased approximately 1.7% or \$18,176.

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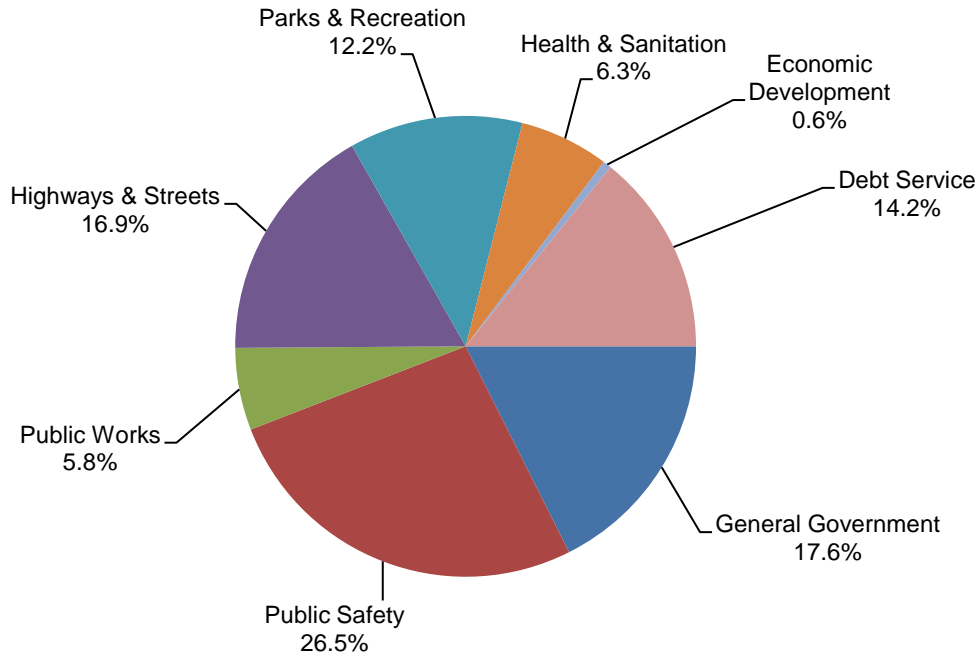
- Sales tax revenues were \$86,818 or 0.76% higher than last year. Utilization of the Jefferson County shared tax for street improvements increased by \$166,618. Sales tax within the TIF Districts decreased \$121,901 or slightly more than 4.4%. Tourism tax received from the local hotels increased \$25,019 or 7.8%.
- Overall gross receipts tax revenues increased \$40,759 or approximately 1.2% for the year. In its second full year of collection, gross receipts tax on waste water treatment showed an increase in revenue over last year of \$62,127 or 34%. This increase more than offset the drop in cable TV fees of 21% or \$46,686 as traditional cable and other similar services continue to lose ground against new streaming services available. While gas utility tax revenues show an increase of \$17,062 or 4.5%, electric utility tax revenues grew \$8,143 or 0.38% above last year. Variance swings in electric and gas revenues occur each year based on the weather that the area experiences. Telephone utility tax appears to hold its own over last year due to payment of \$44,858 received in April as settlement from the Tracfone Wireless suit. Without this one-time boost, telephone revenues are below last year by almost 8.5% as telecom companies change pricing strategies and consumers continue to eliminate residential landlines in favor of cellular service only.
- While overall charges for services were above 2016 by \$128,410 or 3.7%, fees for general government declined 4.8% or \$16,933 due to the elimination of the Storm Water assessment of administrative charges. Public Safety revenues increased by \$88,572 or 10.7%. Of this amount, court fines and costs account for \$55,198 of the increase or 62.3% of the total increase and approximately 8.9% over last year's court revenues. Even with this increase, the City is well within the revenue restraints established by the municipal court reform implemented with SB5. Parks and recreation revenue increased approximately 2.4% or \$34,041 due in part to increases in program revenues for parks of \$20,686 or 46.6% and for the recreation center of \$14,809 or 5.3% over last year. Higher fees for solid waste removal account for the bulk of the increase Health and Sanitation revenues of 2.5% or \$22,730. Current year building and related permit revenues were above prior year by approximately 18.3% or \$25,806 due in part to a large permit for a new facility in the industrial park was issued.
- Capital Grants and Contributions were \$1,497,218 or 93% lower this fiscal year as no large projects or subdivisions were completed. Of the \$111,320 reported, \$45,786 was the developer donation for the Bluffs at Rivercrest addition to Twin Oaks Drive while \$36,873 represents CMAQ funds on the Jeffco-Tenbrook intersection project and \$25,434 was received from the Hwy 141-67 TDD. Operating grants and contributions shows a decrease of \$252,643 or almost 17.0% less than last year. Fiscal year 16 includes estimated assistance from FEMA and SEMA for the December 2015 flood event.
- Proceeds from the 2015 sale of the sewer system of \$100,000 were transferred from the General Fund to the Storm Water Fund to provide for the replacement of a culvert on Pomme Road that was failing and compromising the integrity of the street. Another \$23,860 in sewer sale proceeds was transferred to the Pomme Creek Golf Course for the purchase of a turf breeze Fan (\$11,666), a Dakota dump trailer (\$7,695), a tiller (\$2,350), and three new workstations (\$2,200). Additionally, the City transferred \$124,237 from the General Fund to subsidize operations at the Golf Course.

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



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



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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 \$21,306,391.
- However, the amount that our taxpayers paid for these activities through City taxes was \$16.4 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 Change		Net Cost of Services		Percentage Change	
	2016	2017	2016-2017		2016	2017	2016-2017	
General government	\$ 3,771	3,749	(0.58)	%	\$ 3,363	3,359	(0.12)	%
Public safety	5,706	5,651	(0.96)		4,450	4,582	2.97	
Public works	1,120	1,230	9.82		1,102	1,205	9.35	
Highways and streets	3,578	3,600	0.61		988	2,487	151.72	
Parks and recreation	2,599	2,596	(0.12)		1,201	1,167	(2.83)	
Health and sanitation	1,345	1,335	(0.74)		451	418	(7.32)	
Economic development	162	125	(22.84)		162	125	(22.84)	
Interest on long-term debt	2,936	3,020	2.86		2,936	3,020	2.86	
Total	\$ 21,217	21,306	0.42	%	\$ 14,653	16,363	11.67	%

Business-type activities. Business activities increased the City's net position by \$152,558. The key element of this increase was the transfer of \$124,237 from General Fund to subsidize the Pomme Creek Golf Course as previously mentioned. Other components are as follows:

- Storm water rates remain the same with charges for services decreasing \$2,926 or approximately 0.51% while cost of services decreased \$2,438 or approximately 0.45% during the current year. No major in-house projects were begun this year, however, funds (\$100,000) from General Fund were transferred to Storm Water for the Pomme Road culvert project. Elimination of the administrative fees assessed by the General Fund reduced costs by \$36,000 this year but, work needed to comply with the MS4 permit requirements pushed engineering cost over last year by \$24,719 or 161% absorbing most of the variance.
- Charges for services increased \$8,174 or just above 2.1% at the City's public golf course this year over last. Operating expenses decreased \$332,330 or approximately 38.5% due to the elimination of debt service payments on the bond refunded in fiscal year 2016. Personnel costs were approximately 8.8% or \$22,357 over last year due to the addition of a full-time clubhouse supervisor. A reduction in supply cost of \$31,723 or 41.8% is attributable to extraordinary expenses incurred for flood clean-up last year. In addition to providing a subsidy, the City provided \$23,860 from the sewer sale proceeds for the purchase of equipment as detailed on page 8.

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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 \$248,097 from the General Fund to business activities to provide for a storm water project, purchase equipment for the Golf Course and eliminate the negative cash position in the Golf Fund. Additionally, the City transferred \$359,044 to the Recreation Center Fund to replace the HVAC system and purchase various equipment. These transfers along with the costs incurred to refund the Series 2010 Certificates of Participation and issue the Series 2017 Certificates of Participation account for the decrease in the City's General Fund of \$1,325,209 as compared with the prior year, leaving the General Fund with an ending fund balance of \$13,815,616. Of this amount \$493,335 represents prepaid items and is nonspendable. An additional amount of \$36,567 has been restricted for debt service. The City Council has committed portions of fund balance as follows: 1) \$677,475 for services and street improvements, 2) \$883,724 for sewer subdistrict projects, 3) \$113,170 for greenway beautification, 4) \$465,361 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) \$1,502,733 for the remaining three years of the five-year residential street improvement project. Assigned for use in the future budget is \$2,609,756 which includes the Melody Lane and Jeffco-Tenbrook sidewalk and intersection projects. The remaining unassigned fund balance is \$6,966,678.

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 \$308,161. Of this balance, prepaid items totaling \$25,656 are reported as nonspendable while the remaining \$282,505 is reported as committed. As predicted prior to building the recreation center, sales tax receipts are sufficient to cover debt service. User fees, although not adequate to cover operating expenditures, are set at a price point affordable for the vast majority of city residents and reviewed annually.

The Special Allocation Fund reports activities related to the City's Arnold Commons and Crossroads TIF projects. Revenues are received from incremental property and sales tax generated within the project area. These funds are then used to retire the related project debt. The Special Allocation Fund reported an ending fund balance of \$4,144,250 or a decrease of \$1,343,651 or approximately 24.5% below last year. All of this amount is restricted for debt service. In December 2016, the City refunded the Series 2009 Triangle TIF bonds and issued Series 2016 bonds in the amount of \$27,674,501 for the Arnold Commons TIF project. As of August 2017, \$26,389,501 remains outstanding on the Series 2016 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 2017, \$2,071,954 remains outstanding on the Arnold Crossroads and \$2,089,499 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 \$385,064, a decrease of \$4,258 from prior year. The Golf Fund ended the year with an unrestricted net position of (\$2,132), up \$5,665 from prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Results for the General Fund this year were higher than anticipated by \$792,538. Actual total revenues were \$98,966 below final budget while actual total expenditures were \$706,017 below budget. Transfers to/from other funds totaling \$185,487 account for the remaining variance to budget.

Total tax revenue was below final estimated budget by \$122,114 or approximately 1%. Sales tax revenues were \$246,819 or 3.3% lower than final budget. Gross receipts tax was \$85,059 or 2.7% higher than final budget. Electrical and gas consumption were under budget by \$23,076 or 1.0% and \$8,135 or 2.0% respectively. Telephone tax exceeded budget

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expectations by \$78,384 or approximately 17.4%. Sewer utility tax receipts were over budget expectations by \$37,866 or almost 19%. Motor fuel tax was \$39,646 over that budgeted as the price per gallon remained favorable to the \$2.75/gal used for budget estimate therefore not curtailing consumption.

Licenses and permits ended the fiscal year higher than budget by approximately 4.0% or \$25,013. Licenses to do business in the City were \$15,265 or 8.5% over budget. The budget was adjusted at mid-year based on the reduced number of permits issued but construction season picked up and building, mechanical, and existing structure permits exceeded estimates by \$30,790 or almost 24%. Animal licenses exceeded budget by \$5,287 or approximately 32%. These increases are attributed to positive changes in the economy. Owners/operators have the confidence to begin or expand business and consumers have additional discretionary income to support home improvements and animals.

Fines and court costs were over budget estimate by \$57,008 or 9.0% as the impact of recent court operational changes mandated by Senate Bill 5 have not impacted fines as deeply as anticipated. Fines exceeded budget by 10.5% or \$59,632. Court costs however, were under budget estimate \$2,624 or 4.4%.

Intergovernmental revenues were \$110,404 or 33.9% below budget as it was anticipated that construction for the Safe Routes to School project would be completed before the end of the fiscal year.

Charges for service revenues were over budget estimate by \$58,981 or approximately 6.3%. This is due to the unexpected response to park programs and rentals which exceeded budget by \$45,528 or 140% accounting for 77% of the variance in this category.

Miscellaneous revenues were below budget by \$16,689 or 14.6% as the local match for the Safe Routes to School project were included here.

General government actual expenditures were lower than final budget by just under 3.8% or \$104,922. This was driven in part by lower than anticipated general and administrative expenses below estimate by 6.7% or \$67,941. Delayed starts in the compensation study and the retail consultant selection process account for \$38,511 or 57% of this budget variance. This also includes utility costs at \$11,471 or 8.8% below budget or 16.9% of the variance due in part to a review of service lines as part of the planned update to the telephone system and a change to energy efficient lights throughout City Hall. Building repairs and postage costs were below budget by \$6,888 and \$8,338 respectively. The unused travel and training allocation in the Mayor and Council budget account for \$6,721 or 78% of its variance of 6.5% or \$8,642. Delays in various IT projects including the replacement of the telephone system provided the \$31,809 variance to budget.

Public safety actual expenditures were under budget \$119,031 or 2.0%. Of this variance, \$87,091 or 73% occurred in the police budget due to personnel vacancies (\$65,108) and lower than projected costs for travel and training (\$3,391), supplies (\$7,160), expendable equipment (\$6,634) and equipment repairs (\$6,888). Dispatch was under budget by \$11,477 accounting for 13.0% of the public safety variance due to changes in the benefit options selected. The Building Commission budget experienced a lower than projected personnel costs for the placement of a certified building official (\$13,397) and property intervention activities (\$2,480) explaining 78% of the \$20,463 favorable variance.

The public works budget shows a favorable variance of \$85,006 or 11.6% due to delay in engineering work for the Melody project (\$16,199) and an over estimation of the debris removal services needed for the April flood event (\$63,000).

Highway and street expenditures were lower than estimated by \$63,183 or 4.2% due to the cancellation of the second winter sale delivery (\$36,317), lower than anticipated supplies for asphalt and concrete repair work delayed due to the flood event (\$9,327) and lower than projected fuel costs (11,303).

Parks and recreation salaries wages were lower than final budget by \$17,566 or 2.3% due to the retirement of and subsequent search for the parks and recreation director. The remaining variances are in park programs, grass mowing services, utilities, supplies, and fuel accounts. These variances were due in part to flooding, adverse weather conditions and new management direction.

Variance in solid waste removal services accounts for \$23,499 or 76.6% of the under budget amount in Health and Sanitation program.

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Capital outlays budget anticipated the start of construction on the Safe Routes to School project and the Jeffco-Tenbrook Intersection delayed due to right-of-way acquisition and new enhancements requested by the school district requiring additional engineering work.

Debt service variance to budget is related to the finalization of the bond refinancing.

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, 2017, amounted to \$79,332,069 (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's investment in capital assets for the current fiscal year was 2.0% (governmental activities decreased 2.3% and a 3.4% 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 (\$33,022) and Jeffco-Tenbrook Intersection and Sidewalks project (\$50,503) along with the new Archery Park project (\$12,244). The Health Department remodeling project was completed and capitalized at \$83,888.
- Acquisition for the one of the Melody project properties (\$131,177) and five flood properties (\$25,000) were made.
- As part of the annual police vehicle replacement program, six police cars were purchased (\$233,839) and six police vehicles were retired (\$144,149). Public works (\$35,856), highways and streets (\$66,551) and building department (\$22,350) each purchased replacement pickup trucks. A 1996 GMC pickup previously used by the building department was transferred to the Golf Course.
- Highway and streets purchased a salt conveyor (\$56,627) and a skid steer (\$35,889). Vector control purchased a new fixed flow sprayer (\$8,000). The police department acquired two new K9 officers (\$15,900).
- The Recreation Center HVAC system was replaced (\$299,000) and purchased new recreation management software (\$37,960).
- The Golf Course purchased a dump trailer (\$7,645), turf breeze fan (\$11,766), and new golf management software (\$4,750).
- The Storm Water Fund accepted the storm water improvements for the Bluffs at Rivercrest subdivision extension (\$13,940) and the Pomme Road project (\$171,341).

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, 2016 and 2017
(Net of depreciation)**

	Governmental Activities		Business-type Activities		Total Capital Assets	
	2016	2017	2016	2017	2016	2017
Land	\$ 27,820,883	27,987,844	3,363,160	3,363,160	31,184,043	31,351,004
Buildings	11,164,964	10,935,736	362,726	341,944	11,527,690	11,277,680
Machinery and Equipment	308,330	420,308	68,952	74,548	377,282	494,856
Automobiles and trucks	950,008	991,227	-	-	950,008	991,227
Infrastructure	35,857,560	33,979,701	-	-	35,857,560	33,979,701
Storm Water lines	-	-	671,688	838,025	671,688	838,025
Construction in progress	375,729	399,576	-	-	375,729	399,576
Total	\$ 76,477,474	74,714,392	4,466,526	4,617,677	80,944,000	79,332,069

**CITY OF ARNOLD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2017**

Long-term debt. At year-end the City had \$44,849,437 in bonds and notes outstanding - an increase of 1.6% from last year - as shown in Table A-6. The City refunded both the Series 2010 Certificates of Participation and the Series 2009 Triangle TIF bonds during the year to take advantage of the lower interest environment.

For more detailed information about the City's long-term liabilities, see note D in the notes to the 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 \$36,924,409. The City currently has no general obligation debt outstanding.

**Table A-6
City's Outstanding Debt as of August 31, 2016 and 2017
(In thousands of dollars)**

	Governmental		Business-type		Total		Percentage	
	Activities		Activities				Change	
	2016	2017	2016	2017	2016	2017	2016-2017	
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 44,143	44,849	-	-	44,143	44,849	1.60	%

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate, not seasonally adjusted, for Jefferson County for August 2017 was 3.8%, which is a decrease from a rate of 4.9% a year ago. This is lower than the national and state's average unemployment rate of 4.5% and 4.2% respectively, all rates not seasonally adjusted.
- The Consumer Price Index (CPI-U) for All Urban Consumers indicates that nationwide inflation has increased 1.9% over the August 2016 rate. Inflationary trends for the Midwest region (1.5%) compare favorably to the Northeast (1.6%), South (1.9%), and West (2.7%) regions indices.

All of these factors were considered in preparing the City's budget for the 2018 fiscal year.

The property tax rate set to support the 2018 fiscal year budget is \$0.3902 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.

Incorporated into the budget for fiscal year 2018 is the second year of 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.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Transportation Development District
ASSETS				
Cash and investments	\$ 14,198,591	347,309	14,545,900	3,763,866
Receivables (net of allowances for uncollectibles):				
Taxes	3,181,934	-	3,181,934	-
Special assessments	1,010,409	-	1,010,409	-
Service fees	464,626	136,221	600,847	-
Intergovernmental	204,218	26,351	230,569	-
Miscellaneous	172,727	-	172,727	-
Internal balances	(110)	110	-	-
Prepaid items	518,991	2,691	521,682	-
Restricted assets:				
Cash and investments	2,356,484	-	2,356,484	-
Capital improvements sales tax receivable	1,322,929	-	1,322,929	-
Net pension asset	1,076,105	-	1,076,105	-
Capital assets:				
Land and construction in progress	28,387,420	3,363,160	31,750,580	-
Other capital assets, net of accumulated depreciation	46,326,972	1,254,517	47,581,489	-
Total Assets	99,221,296	5,130,359	104,351,655	3,763,866
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	3,434,186	-	3,434,186	-
Deferred amounts related to pensions	1,132,779	92,910	1,225,689	-
Total Deferred Outflows Of Resources	4,566,965	92,910	4,659,875	-
LIABILITIES				
Accounts payable	2,073,043	42,791	2,115,834	-
Accrued liabilities	104,778	33,848	138,626	-
Accrued interest payable	667,338	-	667,338	-
Unearned revenue	326,484	47,725	374,209	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	2,833,104	-	2,833,104	1,200,000
Due in more than one year:				
Long-term debt	42,752,748	-	42,752,748	13,260,000
Net OPEB obligation	360,900	-	360,900	-
Net pension liability	743,841	82,132	825,973	-
Total Liabilities	49,862,236	206,496	50,068,732	14,460,000
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	435,653	16,164	451,817	-
NET POSITION				
Net investment in capital assets	61,540,455	4,617,677	66,158,132	-
Restricted for capital improvements	1,322,929	-	1,322,929	-
Restricted for debt service	2,332,927	-	2,332,927	1,881,381
Restricted for public safety	71,178	-	71,178	-
Restricted for tax increment financing	1,847,890	-	1,847,890	-
Restricted for tourism	176,149	-	176,149	-
Restricted for transportation development	-	-	-	900,642
Unrestricted net position	(13,801,156)	382,932	(13,418,224)	(13,478,157)
Total Net Position	\$ 53,490,372	5,000,609	58,490,981	(10,696,134)

CITY OF ARNOLD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes In Net Position							Component Unit Transportation Development District
	Expenses	Program Revenues			Primary Government			
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 3,748,672	335,979	50,000	3,227	(3,359,466)	-	(3,359,466)	-
Public safety	5,651,075	912,036	157,450	-	(4,581,589)	-	(4,581,589)	-
Public works	1,230,443	-	-	25,434	(1,205,009)	-	(1,205,009)	-
Highways and streets	3,600,472	-	1,030,648	82,659	(2,487,165)	-	(2,487,165)	-
Parks and recreation	2,595,859	1,428,013	1,095	-	(1,166,751)	-	(1,166,751)	-
Health and sanitation	1,335,456	917,019	-	-	(418,437)	-	(418,437)	-
Economic development	124,699	-	-	-	(124,699)	-	(124,699)	-
Interest and fiscal charges on long-term debt	3,019,715	-	-	-	(3,019,715)	-	(3,019,715)	-
Total Governmental Activities	<u>21,306,391</u>	<u>3,593,047</u>	<u>1,239,193</u>	<u>111,320</u>	<u>(16,362,831)</u>	<u>-</u>	<u>(16,362,831)</u>	<u>-</u>
Business-type Activities								
Storm water	542,233	573,452	-	13,940	-	45,159	45,159	-
Golf	530,576	389,878	-	-	-	(140,698)	(140,698)	-
Total Business-type Activities	<u>1,072,809</u>	<u>963,330</u>	<u>-</u>	<u>13,940</u>	<u>-</u>	<u>(95,539)</u>	<u>(95,539)</u>	<u>-</u>
Total Primary Government	<u>\$ 22,379,200</u>	<u>4,556,377</u>	<u>1,239,193</u>	<u>125,260</u>	<u>(16,362,831)</u>	<u>(95,539)</u>	<u>(16,458,370)</u>	<u>-</u>
Component Unit								
Transportation development district	<u>\$ 1,718,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,718,729)</u>
General Revenues								
Taxes:								
Property					2,167,507	-	2,167,507	-
Sales					11,473,343	-	11,473,343	2,871,988
Gross receipts					3,459,426	-	3,459,426	-
Miscellaneous					45,475	-	45,475	-
Investment income					16,286	-	16,286	4,025
Miscellaneous					72,110	-	72,110	-
Gain on sale of capital assets					150	-	150	-
Transfers					<u>(248,097)</u>	<u>248,097</u>	<u>-</u>	<u>-</u>
Total General Revenues And Transfers					<u>16,986,200</u>	<u>248,097</u>	<u>17,234,297</u>	<u>2,876,013</u>
CHANGE IN NET POSITION					623,369	152,558	775,927	1,157,284
NET POSITION, SEPTEMBER 1					<u>52,867,003</u>	<u>4,848,051</u>	<u>57,715,054</u>	<u>(11,853,418)</u>
NET POSITION, AUGUST 31					<u>\$ 53,490,372</u>	<u>5,000,609</u>	<u>58,490,981</u>	<u>(10,696,134)</u>

CITY OF ARNOLD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2017

	General	Recreation Center	Special Allocation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 12,317,144	1,221,515	441,188	218,744	14,198,591
Receivables (net of allowances for uncollectibles):					
Taxes	1,628,126	269,480	1,252,877	31,451	3,181,934
Special assessments	1,010,409	-	-	-	1,010,409
Service fees	464,626	-	-	-	464,626
Intergovernmental	204,218	-	-	-	204,218
Court	77,714	-	-	-	77,714
Miscellaneous	54,664	40,349	-	-	95,013
Due from other funds	756,105	-	153,825	16,077	926,007
Prepaid items	493,335	25,656	-	-	518,991
Restricted assets:					
Cash and investments	60,124	-	2,296,360	-	2,356,484
Capital improvements sales tax receivable	1,322,929	-	-	-	1,322,929
Total Assets	<u>\$ 18,389,394</u>	<u>1,557,000</u>	<u>4,144,250</u>	<u>266,272</u>	<u>24,356,916</u>
LIABILITIES					
Accounts payable	\$ 1,779,749	281,054	-	12,240	2,073,043
Accrued liabilities	101,975	2,803	-	-	104,778
Due to other funds	123,060	803,057	-	-	926,117
Unearned revenue	157,854	161,925	-	6,705	326,484
Total Liabilities	<u>2,162,638</u>	<u>1,248,839</u>	<u>-</u>	<u>18,945</u>	<u>3,430,422</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Special assessments	1,010,507	-	-	-	1,010,507
Court fines	77,704	-	-	-	77,704
Taxes	1,322,929	-	-	-	1,322,929
Total Deferred Inflows Of Resources	<u>2,411,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,411,140</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	493,335	25,656	-	-	518,991
Restricted for:					
Debt service	36,567	-	2,296,360	-	2,332,927
Public safety	-	-	-	71,178	71,178
Tax increment financing	-	-	1,847,890	-	1,847,890
Tourism	-	-	-	176,149	176,149
Committed for:					
Recreation Center	-	282,505	-	-	282,505
Purchase of services and street improvements	677,475	-	-	-	677,475
Sewer sub district projects	883,724	-	-	-	883,724
Greenway beautification	113,170	-	-	-	113,170
Economic development	465,361	-	-	-	465,361
Pride in our City	9,066	-	-	-	9,066
City bus route	57,751	-	-	-	57,751
Street improvements	1,502,733	-	-	-	1,502,733
Assigned for:					
Subsequent year's budget	2,609,756	-	-	-	2,609,756
Unassigned	6,966,678	-	-	-	6,966,678
Total Fund Balances	<u>13,815,616</u>	<u>308,161</u>	<u>4,144,250</u>	<u>247,327</u>	<u>18,515,354</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 18,389,394</u>	<u>1,557,000</u>	<u>4,144,250</u>	<u>266,272</u>	<u>24,356,916</u>

CITY OF ARNOLD, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
AUGUST 31, 2017

Total Fund Balances - Governmental Funds \$ 18,515,354

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 \$131,109,448 and the accumulated depreciation is \$56,395,056. 74,714,392

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

Net pension asset	1,076,105
Net pension liability	(743,841)
Deferred outflows related to pensions	1,132,779
Deferred inflows related to pensions	(435,653)
Net OPEB obligation	(360,900)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 2,411,140

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	(667,338)
Accrued compensated absences	(736,415)
Certificates of participation outstanding	(14,245,000)
Tax increment revenue bonds outstanding	(26,389,501)
Tax increment revenue notes outstanding	(4,161,453)
Unamortized bond premium	(193,250)
Unamortized bond deferred charges	3,434,186
Unamortized bond discount	139,767

Total Net Position Of Governmental Activities \$ 53,490,372

CITY OF ARNOLD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	General	Recreation Center	Special Allocation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 12,097,526	1,382,719	3,847,740	173,887	17,501,872
Special assessments	21,871	-	-	-	21,871
Licenses and permits	635,538	-	-	-	635,538
Fines and court costs	682,008	-	-	-	682,008
Intergovernmental	215,583	-	-	7,302	222,885
Charges for services	990,161	1,366,203	-	61,823	2,418,187
Investment income	14,061	414	1,811	-	16,286
Miscellaneous	105,085	4,235	-	50,000	159,320
Total Revenues	<u>14,761,833</u>	<u>2,753,571</u>	<u>3,849,551</u>	<u>293,012</u>	<u>21,657,967</u>
EXPENDITURES					
Current:					
General government	2,685,032	-	7,500	330,658	3,023,190
Public safety	5,725,566	-	-	16,497	5,742,063
Public works	646,852	-	-	-	646,852
Highways and streets	1,427,853	-	-	-	1,427,853
Parks and recreation	667,818	1,777,902	-	-	2,445,720
Health and sanitation	1,318,330	-	-	-	1,318,330
Economic development	-	-	124,699	-	124,699
Capital outlay	1,342,913	383,099	-	-	1,726,012
Debt service:					
Principal	375,000	585,000	2,757,049	-	3,717,049
Interest	189,530	342,243	1,363,014	-	1,894,787
Cost of issuance	82,707	-	747,614	-	830,321
Total Expenditures	<u>14,461,601</u>	<u>3,088,244</u>	<u>4,999,876</u>	<u>347,155</u>	<u>22,896,876</u>
REVENUES OVER (UNDER) EXPEN- DITURES	<u>300,232</u>	<u>(334,673)</u>	<u>(1,150,325)</u>	<u>(54,143)</u>	<u>(1,238,909)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	4,015,000	-	27,674,501	-	31,689,501
Premium on issuance of long-term debt	193,250	-	-	-	193,250
Discount on issuance of long-term debt	-	-	(141,000)	-	(141,000)
Payments to escrow agent	(5,226,550)	-	(27,726,827)	-	(32,953,377)
Sale of capital assets	-	150	-	-	150
Transfers in	-	359,044	-	-	359,044
Transfers out	(607,141)	-	-	-	(607,141)
Total Other Financing Sources (Uses)	<u>(1,625,441)</u>	<u>359,194</u>	<u>(193,326)</u>	<u>-</u>	<u>(1,459,573)</u>
NET CHANGE IN FUND BALANCES	(1,325,209)	24,521	(1,343,651)	(54,143)	(2,698,482)
FUND BALANCES, SEPTEMBER 1	<u>15,140,825</u>	<u>283,640</u>	<u>5,487,901</u>	<u>301,470</u>	<u>21,213,836</u>
FUND BALANCES, AUGUST 31	<u>\$ 13,815,616</u>	<u>308,161</u>	<u>4,144,250</u>	<u>247,327</u>	<u>18,515,354</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, 2017

Net Change In Fund Balances - Governmental Funds \$ (2,698,482)

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 (\$2,976,791) exceeded capital outlays over the capitalization threshold (\$1,167,923) in the current period. (1,808,868)

The net effect of various transactions involving capital assets:
 Donated capital assets 45,786

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 481,454

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.

Debt issued

Certificates of participation	(4,015,000)	
Tax increment revenue bonds	(27,674,501)	
Discount on issuance of long-term debt	141,000	
Premium on issuance of long-term debt	<u>(193,250)</u>	
		(31,741,751)

Repayments:

Payment to escrow agent for refunding	32,953,377	
Certificates of participation	960,000	
Tax increment revenue bonds	2,130,000	
Tax increment revenue notes	627,049	
Amortization	<u>(293,011)</u>	
Net Adjustment		36,377,415

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued interest on bonds	(1,596)	
Net OPEB obligation	(29,100)	
Accrued compensated absences	23,800	
Pension expense	<u>(25,289)</u>	<u>(32,185)</u>

Change In Net Position Of Governmental Activities \$ 623,369

CITY OF ARNOLD, MISSOURI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AUGUST 31, 2017

	Business-type Activities - Enterprise Funds		
	Storm Water	Golf	Total
ASSETS			
Current Assets			
Cash and investments	\$ 344,714	2,595	347,309
Receivables:			
Service fees	136,140	-	136,140
Intergovernmental	-	26,351	26,351
Other	-	81	81
Due from other funds	-	110	110
Prepaid items	1,820	871	2,691
Total Current Assets	<u>482,674</u>	<u>30,008</u>	<u>512,682</u>
Noncurrent Assets			
Capital assets:			
Land and right-of-way	2,554	3,360,606	3,363,160
Other capital assets, net of accumulated depreciation	<u>1,115,967</u>	<u>138,550</u>	<u>1,254,517</u>
Total Capital Assets	<u>1,118,521</u>	<u>3,499,156</u>	<u>4,617,677</u>
Total Assets	<u>1,601,195</u>	<u>3,529,164</u>	<u>5,130,359</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>69,733</u>	<u>23,177</u>	<u>92,910</u>
LIABILITIES			
Current Liabilities			
Accounts payable	16,682	26,109	42,791
Accrued liabilities	29,161	4,687	33,848
Unearned revenue	47,725	-	47,725
Total Current Liabilities	<u>93,568</u>	<u>30,796</u>	<u>124,364</u>
Noncurrent Liabilities			
Net pension liability	<u>61,643</u>	<u>20,489</u>	<u>82,132</u>
Total Liabilities	<u>155,211</u>	<u>51,285</u>	<u>206,496</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	<u>12,132</u>	<u>4,032</u>	<u>16,164</u>
NET POSITION			
Net investment in capital assets	1,118,521	3,499,156	4,617,677
Unrestricted	<u>385,064</u>	<u>(2,132)</u>	<u>382,932</u>
Total Net Position	<u>\$ 1,503,585</u>	<u>3,497,024</u>	<u>5,000,609</u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Business-type Activities - Enterprise Funds		
	Storm Water	Golf	Total
OPERATING REVENUES			
Charges for services	\$ 573,452	389,878	963,330
OPERATING EXPENSES			
Cost of services	506,368	507,001	1,013,369
Depreciation	35,865	22,425	58,290
Total Operating Expenses	<u>542,233</u>	<u>529,426</u>	<u>1,071,659</u>
OPERATING INCOME (LOSS)	31,219	(139,548)	(108,329)
NONOPERATING REVENUES (EXPENSES)			
Interest expense and fiscal charge	<u>-</u>	<u>(1,150)</u>	<u>(1,150)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	31,219	(140,698)	(109,479)
CAPITAL CONTRIBUTIONS	13,940	-	13,940
TRANSFER IN	<u>100,000</u>	<u>148,097</u>	<u>248,097</u>
CHANGE IN NET POSITION	145,159	7,399	152,558
NET POSITION, SEPTEMBER 1	<u>1,358,426</u>	<u>3,489,625</u>	<u>4,848,051</u>
NET POSITION, AUGUST 31	<u><u>\$ 1,503,585</u></u>	<u><u>3,497,024</u></u>	<u><u>5,000,609</u></u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash flows from operating activities:			
Receipts from customers and users	\$ 556,096	389,797	945,893
Payments to suppliers	(138,176)	(226,350)	(364,526)
Payments to employees	(361,508)	(290,279)	(651,787)
Net Cash Provided By (Used In) Operating Activities	<u>56,412</u>	<u>(126,832)</u>	<u>(70,420)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenue	-	7,257	7,257
Due to other funds	(18,152)	(1,168)	(19,320)
Transfer from other funds	100,000	148,097	248,097
Net Cash Provided By Noncapital Financing Activities	<u>81,848</u>	<u>154,186</u>	<u>236,034</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(171,342)	(24,159)	(195,501)
Interest expense and fiscal charge	-	(1,150)	(1,150)
Net Cash Used In Capital And Related Financing Activities	<u>(171,342)</u>	<u>(25,309)</u>	<u>(196,651)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,082)	2,045	(31,037)
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	<u>377,796</u>	<u>550</u>	<u>378,346</u>
CASH AND CASH EQUIVALENTS, AUGUST 31	<u>\$ 344,714</u>	<u>2,595</u>	<u>347,309</u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2017

	Business-type Activities - Enterprise Funds		
	Storm Water	Golf	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 31,219	(139,548)	(108,329)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	35,865	22,425	58,290
(Increase) decrease in:			
Receivables	(17,451)	(81)	(17,532)
Deferred outflows - pension related	80,618	40,567	121,185
Prepaid items	(1,613)	1,326	(287)
Increase (decrease) in:			
Accounts payable	(21,182)	2,419	(18,763)
Accrued liabilities	4,008	(23,802)	(19,794)
Unearned revenues	95	-	95
Net pension liability	(60,823)	(31,433)	(92,256)
Deferred inflows - pension related	5,676	1,295	6,971
Total Adjustments	25,193	12,716	37,909
Net Cash Provided By (Used In) Operating Activities	\$ 56,412	(126,832)	(70,420)
 Noncash operating, financing, and investing activities:			
Contributions of capital assets from developer	\$ 13,940	-	13,940

CITY OF ARNOLD, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION -
PENSION TRUST FUND
AUGUST 31, 2017

ASSETS

Investments	\$ 11,964,107
Contribution receivable	<u>60,412</u>
Total Assets	<u><u>\$ 12,024,519</u></u>

NET POSITION

Restricted for pensions	<u><u>\$ 12,024,519</u></u>
-------------------------	-----------------------------

CITY OF ARNOLD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUND
FOR THE YEAR ENDED AUGUST 31, 2017

ADDITIONS

Contributions:

Employer contributions	\$ 350,724
Employee contributions	240,428
Total Contributions	591,152

Net appreciation in fair value of investments,
interest, and dividends

	876,341
Total Additions	1,467,493

DEDUCTIONS

Service benefits	92,358
Refunds of member contributions/lump sums	560,183
Administrative expenses	47,085
Total deductions	699,626

CHANGE IN NET POSITION

767,867

NET POSITION - RESTRICTED FOR PENSIONS,
SEPTEMBER 1

11,256,652

NET POSITION - RESTRICTED FOR PENSIONS,
AUGUST 31

\$ 12,024,519

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, sales 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 $\frac{1}{4}\text{¢}$ 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 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. Allowance for Doubtful Accounts

The allowance for uncollectible receivables is as follows:

	<u>August 31</u> <u>2017</u>
General Fund	<u>\$ 16,464</u>

6. 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”.

7. 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.

8. 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.

9. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Capital Assets (Continued)

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

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

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

10. 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. Compensated 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.

11. 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 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. 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.

13. 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Balance Policies (Continued)

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.

14. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund types. Since appropriations lapse at year-end, the subsequent fiscal year's budget specifically provides for reappropriation of outstanding encumbrances to honor the prior commitments. Encumbrances do not constitute current year expenditures or liabilities. Encumbrances outstanding at year-end were \$677,475 for the General Fund.

15. 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.

16. Pensions

For purposes of measuring the net pension asset/liability, 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.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

1. Deposits

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

As of August 31, 2017, 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, 2017, 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, 2017, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Primary Government					
Money market funds	\$ 2,484,838	2,484,838	-	-	Not rated
Component Unit					
Money market funds	3,763,666	3,763,666	-	-	Not rated
Fiduciary Fund					
Mutual funds	6,130,056	6,130,056	-	-	N/A
Group annuity contract	5,834,051	5,834,051	-	-	Not rated
Total Fiduciary Fund Investments	11,964,107	11,964,107	-	-	
Grand Total Investments	\$ 18,212,611	18,212,611	-	-	

Investment Policies

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

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

2. Investments (Continued)

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

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

Custodial Credit Risk

For 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 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, 2017:

Primary Government:

- Money market funds of \$2,484,838 are not subject to fair value classification

Component Unit:

- Money market funds of \$3,763,866 are not subject to fair value classification

Fiduciary Fund:

- Mutual funds of \$6,130,056 are valued using quoted market prices (Level 1 inputs)
- Group annuity contract funds are valued using existing contracts and readily available financial information (Level 2 inputs)

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended August 31, 2017			
	Balance August 31 2016	Increases	Decreases	Balance August 31 2017
Governmental Activities				
Capital assets not being depreciated:				
Land and right-of-way	\$ 27,820,883	166,961	-	27,987,844
Construction in progress	375,729	107,735	83,888	399,576
Total Capital Assets Not Being Depreciated	<u>28,196,612</u>	<u>274,696</u>	<u>83,888</u>	<u>28,387,420</u>
Capital assets being depreciated:				
Buildings and other improvements	19,234,920	390,707	-	19,625,627
Automotive equipment	2,502,620	349,017	153,580	2,698,057
Machinery and equipment	2,304,768	200,859	56,484	2,449,143
Infrastructure	77,850,745	98,456	-	77,949,201
Total Capital Assets Being Depreciated	<u>101,893,053</u>	<u>1,039,039</u>	<u>210,064</u>	<u>102,722,028</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	8,069,956	619,935	-	8,689,891
Automotive equipment	1,552,612	307,798	153,580	1,706,830
Machinery and equipment	1,996,438	72,743	40,346	2,028,835
Infrastructure	41,993,185	1,976,315	-	43,969,500
Total Accumulated Depreciation	<u>53,612,191</u>	<u>2,976,791</u>	<u>193,926</u>	<u>56,395,056</u>
Total Capital Assets Being Depreciated, Net	<u>48,280,862</u>	<u>(1,937,752)</u>	<u>16,138</u>	<u>46,326,972</u>
Governmental Activities Capital Assets, Net	<u>\$ 76,477,474</u>	<u>(1,663,056)</u>	<u>100,026</u>	<u>74,714,392</u>

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

	For The Year Ended August 31 2017
Governmental Activities	
General government	\$ 600,580
Public safety	167,875
Public works	34,096
Highways and streets	2,109,989
Parks and recreation	63,086
Health and Sanitation	<u>1,165</u>
Total	<u>\$ 2,976,791</u>

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

For The Year Ended August 31, 2017

	<u>Balance August 31 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31 2017</u>
Business-type Activities				
Capital assets not being depreciated:				
Land and right-of-way	\$ 3,363,160	-	-	3,363,160
Capital assets being depreciated:				
Buildings	467,912	-	-	467,912
Machinery and equipment	543,816	24,160	4,000	563,976
Storm water lines	717,712	185,281	-	902,993
Total Capital Assets Being Depreciated	<u>1,729,440</u>	<u>209,441</u>	<u>4,000</u>	<u>1,934,881</u>
Less - Accumulated depreciation for:				
Buildings	105,186	20,782	-	125,968
Machinery and equipment	474,864	18,564	4,000	489,428
Storm water lines	46,024	18,944	-	64,968
Total Accumulated Depreciation	<u>626,074</u>	<u>58,290</u>	<u>4,000</u>	<u>680,364</u>
Total Capital Assets Being Depreciated, Net	<u>1,103,366</u>	<u>151,151</u>	<u>-</u>	<u>1,254,517</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,466,526</u>	<u>151,151</u>	<u>-</u>	<u>4,617,677</u>

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

	<u>For The Year Ended August 31 2017</u>
Business-type Activities	
Storm water	\$ 35,865
Golf	<u>22,425</u>
Total	<u>\$ 58,290</u>

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

Long-term debt activity was as follows:

	For The Year Ended August 31, 2017			Balance August 31 2017	Amounts Due Within One Year
	Balance August 31 2016	Additions	Reductions		
Governmental Activities					
Certificates of participation	\$ 16,230,000	4,015,000	6,000,000	14,245,000	1,005,000
Plus - Premium	5,624	193,250	5,624	193,250	-
Tax increment revenue notes	4,788,502	-	627,049	4,161,453	644,000
Tax increment revenue bonds	23,275,000	27,674,501	24,560,000	26,389,501	1,000,000
Less - Discounts	(156,148)	(141,000)	(157,381)	(139,767)	-
Compensated absences	760,215	166,254	190,054	736,415	184,104
Total Governmental Activities	<u>\$ 44,903,193</u>	<u>31,908,005</u>	<u>31,225,346</u>	<u>45,585,852</u>	<u>2,833,104</u>
Component Unit					
Sales tax revenue bonds	<u>\$ 15,585,000</u>	<u>-</u>	<u>1,125,000</u>	<u>14,460,000</u>	<u>1,200,000</u>

Compensated absences are generally liquidated by the General Fund and the Recreation Center Fund. Certificates of participations are generally liquidated by the General Fund and the Recreation Center Fund. Tax increment revenue notes and bonds are generally liquidated by the Special Allocation Fund.

Governmental Activities

Certificates of Participation

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.

In August 2017, the City issued \$4,015,000 of Certificates of Participation (Series 2017) to refund the Series 2010 Certificates of Participation. The Series 2017 bonds bear an interest rate of 3.0% and are due December 15, 2026. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt issue has been removed from the City's financial statements. The City decreased its aggregated debt service payments by \$391,531 over 10 years which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$210,702. As of August 31, 2017, \$5,040,000 of this defeased debt is outstanding.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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

For The Years Ending August 31	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,005,000	418,260	1,423,260
2019	970,000	411,763	1,381,763
2020	1,000,000	382,513	1,382,513
2021	1,025,000	353,950	1,378,950
2022	1,055,000	323,050	1,378,050
2023 - 2027	5,800,000	1,112,333	6,912,333
2028- 2031	3,390,000	300,720	3,690,720
Total	<u>\$ 14,245,000</u>	<u>3,302,589</u>	<u>17,547,589</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.

In December 2016, the City issued \$27,674,501 of tax increment revenue bonds (Series 2016) to refund the Series 2009 tax increment revenue bonds including unpaid interest. The Series 2016 bonds bear an interest ranging from 3.75% to 4.5%. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt issue has been removed from the City's financial statements. The City decreased its aggregated debt service payments by \$5,858,924 over 11 years which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$575,748 based on current projections. As of August 31, 2017, \$16,000,929 of this defeased debt is outstanding. Bonds and notes outstanding at August 31, 2017 are as follows:

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Date Of Annual Principal Payment</u>	<u>Original Amount</u>	<u>Balance August 31 2017</u>
Triangle Redevelopment (Series A)	12-14-2016	05-01-2028	May 1	\$23,050,000	\$21,765,000
Triangle Redevelopment (Series B)	12-14-2016	09-14-2028	May 1	4,624,501	4,624,501
Arnold Crossroads (Series B)	10-15-2009	07-06-2028	November 1	3,319,555	2,071,954
Arnold Crossroads (Series A)	05-20-2011	07-06-2028	May 1	3,000,000	2,089,499

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.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Employees Covered by Benefit Terms

At August 31, 2017, 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	13
Active employees	<u>48</u>
Total	<u>64</u>

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, 2017, 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, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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 2017 Combined Current Liability male and female rates.

The actuarial assumptions used in the August 31, 2017 valuation were based upon an annual review of actual experience compared to previous assumptions used, and a perspective on future expectations.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
US Core Fixed income	50.00%	2.66%
US Core Bonds	7.00	2.56
US Large Caps	30.00	4.86
US Small Caps	5.00	6.11
Foreign Developed Equity	8.00	5.88

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.

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)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at August 31, 2016	\$ 10,723,209	11,256,652	(533,443)
Changes for the year			
Service cost	263,218	-	263,218
Interest	693,244	-	693,244
Difference between expected and actual experience	75,152	-	75,152
Assumption changes	(153,868)	-	(153,868)
Contributions - employer	-	350,724	(350,724)
Contributions - employee	-	240,428	(240,428)
Net investment income	-	876,341	(876,341)
Benefit payments and expenses	(652,541)	(652,541)	-
Administrative expenses	-	(47,085)	47,085
Net Changes	<u>225,205</u>	<u>767,867</u>	<u>(542,662)</u>
Balances at August 31, 2017	<u>\$ 10,948,414</u>	<u>12,024,519</u>	<u>(1,076,105)</u>

The net pension liability is generally liquidated by the General Fund.

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 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net pension liability (asset)	\$505,692	(1,076,105)	(2,367,661)

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

For the year ended August 31, 2017, the employer recognized pension expense of \$53,367. At August 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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)

	Outflows	Inflows	Net Outflows
Differences between expected and actual experience	\$ 156,333	(157,367)	(1,034)
Changes of assumptions	-	(131,887)	(131,887)
Net difference between projected and actual earnings	134,984	-	134,984
Total	\$ 291,317	(289,254)	2,063

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

For The Plan Years Ending August 31		
2018		\$ 18,461
2019		106,360
2020		(27,796)
2021		(52,153)
2022		(22,528)
Thereafter		(20,281)
Total		\$ 2,063

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 the Missouri Local Government Employees Retirement System (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 supplemental information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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.

2017 Valuation

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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>69</u>
Total	<u>175</u>

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 16.2% of annual covered payroll.

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017 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 Annuity 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 actuarial assumptions used in the February 28, 2017 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00%	5.29%
Fixed income	26.00	2.93
Real assets	21.00	3.31
Strategic Assets	10.00	5.73

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)

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 (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2016	\$ 18,451,564	16,712,054	1,739,510
Changes for the year			
Service cost	369,891	-	369,891
Interest	1,317,216	-	1,317,216
Difference between expected and actual experience	(156,327)	-	(156,327)
Contributions - employer	-	507,576	(507,576)
Net investment income	-	1,959,445	(1,959,445)
Benefit payments, including refunds	(946,107)	(946,107)	-
Administrative expense	-	(14,074)	14,074
Other	-	(8,630)	8,630
Net Changes	<u>584,673</u>	<u>1,498,210</u>	<u>(913,537)</u>
Balances at June 30, 2017	<u>\$ 19,036,237</u>	<u>18,210,264</u>	<u>825,973</u>

The net pension liability (asset) is generally liquidated by the General Fund, Golf Fund, and Stormwater Fund.

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 City'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.

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>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$3,504,295	825,973	(1,374,376)

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

For the year ended August 31, 2017, the City recognized pension expense of \$864,314. 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	\$ 44,721	(162,563)	(117,842)
Excess (deficit) investment returns	509,208	-	509,208
Assumption changes	285,698	-	285,698
Contributions subsequent to the measurement date*	94,745	-	94,745
Total	<u>\$ 934,372</u>	<u>(162,563)</u>	<u>771,809</u>

*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 (asset) for the next fiscal year.

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

**For The Plan
Years Ending
June 30**

2018	\$ 349,700
2019	377,717
2020	102,494
2021	<u>(152,847)</u>
Total	<u>\$ 677,064</u>

Payable to the Pension Plan

At August 31, 2017, the City had no required contributions payable to the pension plan.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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 (\$580.92 per month for base option and \$600.09 per month for the high option) 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:

	For The Year Ended August 31 <u>2017</u>
Amortization of past service cost	\$ 24,500
Normal cost	22,900
Interest to end of fiscal year	-
ARC	<u>47,400</u>
Interest on net OPEB obligation	11,600
Adjustment to ARC	(21,100)
Annual OPEB Cost	<u>37,900</u>
Contributions made	<u>(8,800)</u>
Increase In Net OPEB Obligation	29,100
Net OPEB obligation - Beginning of Year	<u>331,800</u>
Net OPEB Obligation - End of Year	<u>\$ 360,900</u>

The net OPEB obligation is generally liquidated by the General Fund.

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.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

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>
2017	\$ -	\$384,100	(\$384,100)	- %	\$6,888,819	5.6%
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
2009	-	430,300	(430,300)	-	6,302,100	6.8

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	
2017	\$8,800	\$37,900	23%	\$47,400	19%	\$360,900
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

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit cost method
Latest valuation date	August 31, 2017
Discount rate	3.50% per annum
Amortization period	30 years level dollar, closed
Payroll increases	4% per annum
Mortality	RP2014 Mortality Table (employee and healthy annuitant tables), projected Generationally using Scale MP 2016
Medical inflation rate	6.9% initial rate; 4.0% 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 2017</u>
General Fund - Major Fund	Recreation Center Fund - Major Fund	\$ 756,105
Golf Fund - Major Fund	Recreation Center Fund - Major fund	110
Special Allocation Fund - Major Fund	General Fund - Major Fund	123,060
Special Allocation Fund - Major Fund	Recreation Center Fund - Major Fund	30,765
Tourism Fund - Nonmajor Fund	Recreation Center Fund - Major Fund	<u>16,077</u>
Total		<u>\$ 926,117</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, 2018.

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 2017</u>
Storm Water Fund	General Fund	\$ 100,000
Golf Course Fund	General Fund	148,097
Recreation Center Fund	General Fund	<u>359,044</u>
Total		<u>\$ 607,141</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, 2018.

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 \$540,473 for MIRMA's fiscal year ended June 30, 2017. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

NOTE K - 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 L - 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

NOTE L - CONDUIT DEBT (Continued)

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, 2017 the principal amount payable for the 2012 and 2015 issues were \$87,912,091 and \$84,611,309, respectively.

NOTE M - RESTRICTED NET POSITION

The government-wide statement of net position reports \$5,751,073 of restricted net position, of which \$3,418,146 is restricted by enabling legislation.

NOTE N - TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes to finance certain improvements in the City. The bonds 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 \$4,120,063 and \$3,847,740, respectively.

NOTE O - TAX ABATEMENT

During 2017, the City implemented the disclosure requirements of GASB Statement No. 77, *Tax Abatement Disclosures*. In Missouri, a municipality can issue industrial development revenue bonds (“Revenue Bonds”) pursuant to Chapter 100 of the Revised Statutes of Missouri (RSMO). Under the Act, the municipality may issue Revenue Bonds to finance the cost of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such municipality, buildings, fixtures and machinery. Under the Chapter 100 Revenue Bonds, the City has two tax abatement projects which were entered into with Metal Container Corporation. Total property taxes abated under this agreement totaled \$44,895 in fiscal year ended August 31, 2017.

NOTE P - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The Statements which might impact the City are as follows:

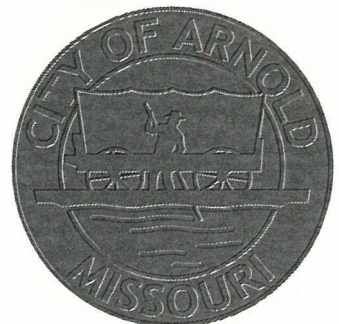
- GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, will require the City to record UAAL on the government-wide statement of net position. UAAL equals the difference between the total OPEB liability and the value of assets set aside to pay OPEB benefits.

This Statement is effective for financial statements for periods beginning after June 15, 2017.

The effects on the City's financial statements as a result of the adoption of this new pronouncement is unknown.

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**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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property	\$ 1,080,000	1,100,119	1,100,119	-
Sales	7,374,823	7,158,103	6,911,284	(246,819)
Public utility gross receipts	3,130,000	3,200,000	3,285,059	85,059
Motor fuel	500,000	525,000	564,646	39,646
Other	226,420	236,418	236,418	-
Total Taxes	<u>12,311,243</u>	<u>12,219,640</u>	<u>12,097,526</u>	<u>(122,114)</u>
Special Assessments	<u>25,000</u>	<u>15,000</u>	<u>21,871</u>	<u>6,871</u>
Licenses and Permits	<u>609,750</u>	<u>610,525</u>	<u>635,538</u>	<u>25,013</u>
Fines and Court Costs	<u>610,000</u>	<u>625,000</u>	<u>682,008</u>	<u>57,008</u>
Intergovernmental	<u>579,954</u>	<u>325,987</u>	<u>215,583</u>	<u>(110,404)</u>
Charges for Services	<u>905,300</u>	<u>931,180</u>	<u>990,161</u>	<u>58,981</u>
Investment Income	<u>21,000</u>	<u>11,693</u>	<u>14,061</u>	<u>2,368</u>
Miscellaneous				
Administration	7,500	7,500	7,500	-
Other	129,583	114,274	97,585	(16,689)
Total Miscellaneous	<u>137,083</u>	<u>121,774</u>	<u>105,085</u>	<u>(16,689)</u>
Total Revenues	<u>15,199,330</u>	<u>14,860,799</u>	<u>14,761,833</u>	<u>(98,966)</u>
EXPENDITURES				
General Government				
General and administrative	1,126,826	1,019,256	951,315	(67,941)
Mayor and council	133,582	133,932	125,290	(8,642)
Municipal court	190,632	135,486	139,457	3,971
Administrator	205,035	203,035	207,459	4,424
Treasurer	53,482	50,676	49,030	(1,646)
Finance	327,262	362,656	366,716	4,060
Collector of revenue	161,850	158,156	155,985	(2,171)
Attorney	159,000	159,000	156,734	(2,266)
Elections	15,550	4,408	4,407	(1)
Planning commission	270,001	266,028	263,127	(2,901)
IT Support	354,273	297,321	265,512	(31,809)
Total General Government	<u>2,997,493</u>	<u>2,789,954</u>	<u>2,685,032</u>	<u>(104,922)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety				
Police	5,201,999	5,180,033	5,092,942	(87,091)
Dispatching	368,401	358,489	347,012	(11,477)
Building commission	286,958	306,075	285,612	(20,463)
Total Public Safety	<u>5,857,358</u>	<u>5,844,597</u>	<u>5,725,566</u>	<u>(119,031)</u>
Public Works	<u>672,170</u>	<u>731,858</u>	<u>646,852</u>	<u>(85,006)</u>
Highways and Streets	<u>1,574,503</u>	<u>1,491,036</u>	<u>1,427,853</u>	<u>(63,183)</u>
Parks and Recreation	<u>761,873</u>	<u>772,255</u>	<u>667,818</u>	<u>(104,437)</u>
Health and Sanitation				
Health department	61,089	61,503	56,348	(5,155)
Rabies control	155,432	156,187	154,232	(1,955)
Vector control	11,310	20,722	20,653	(69)
Solid waste	1,063,247	1,110,596	1,087,097	(23,499)
Total Health And Sanitation	<u>1,291,078</u>	<u>1,349,008</u>	<u>1,318,330</u>	<u>(30,678)</u>
Capital Outlay	<u>2,216,750</u>	<u>1,505,013</u>	<u>1,342,913</u>	<u>(162,100)</u>
Debt Service	<u>565,401</u>	<u>683,897</u>	<u>647,237</u>	<u>(36,660)</u>
Total Expenditures	<u>15,936,626</u>	<u>15,167,618</u>	<u>14,461,601</u>	<u>(706,017)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(737,296)</u>	<u>(306,819)</u>	<u>300,232</u>	<u>607,051</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	4,015,000	4,015,000	-
Premium on issuance of long-term debt	-	193,250	193,250	-
Payments to escrow agent	-	(5,226,550)	(5,226,550)	-
Sale of capital assets	10,000	-	-	-
Transfers out	(534,106)	(792,628)	(607,141)	185,487
Total Other Financing Sources (Uses)	<u>(524,106)</u>	<u>(1,810,928)</u>	<u>(1,625,441)</u>	<u>185,487</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,261,402)</u>	<u>(2,117,747)</u>	<u>(1,325,209)</u>	<u>792,538</u>
FUND BALANCE, SEPTEMBER 1			<u>15,140,825</u>	
FUND BALANCE, AUGUST 31			<u>\$ 13,815,616</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, 2017

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	Budget
REVENUES				
Taxes:				
Sales	\$ 1,458,550	1,458,550	1,382,719	(75,831)
Charges for services	1,274,775	1,309,775	1,366,203	56,428
Investment income	-	414	414	-
Miscellaneous	5,050	3,075	4,235	1,160
Total Revenues	2,738,375	2,771,814	2,753,571	(18,243)
EXPENDITURES				
Recreation center	2,011,117	2,008,270	1,777,902	(230,368)
Capital outlay	402,252	402,252	383,099	(19,153)
Debt service	927,117	927,233	927,243	10
Total Expenditures	3,340,486	3,337,755	3,088,244	(249,511)
REVENUES UNDER EXPENDITURES	(602,111)	(565,941)	(334,673)	231,268
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	150	150
Transfers in	369,562	371,448	359,044	(12,404)
Total Other Financing Sources	369,562	371,448	359,194	(12,254)
NET CHANGE IN FUND BALANCE	\$ (232,549)	(194,493)	24,521	219,014
FUND BALANCE, SEPTEMBER 1			283,640	
FUND BALANCE, AUGUST 31			\$ 308,161	

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, 2017

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,069,200	1,067,388	1,067,388	-
Sales	2,409,500	2,749,500	2,780,352	30,852
Investment income	2,620	1,600	1,811	211
Total Revenues	<u>3,481,320</u>	<u>3,818,488</u>	<u>3,849,551</u>	<u>31,063</u>
EXPENDITURES				
General government	7,500	7,500	7,500	-
Economic development	172,000	309,131	124,699	(184,432)
Debt service	3,154,201	4,696,317	4,867,677	171,360
Total Expenditures	<u>3,333,701</u>	<u>5,012,948</u>	<u>4,999,876</u>	<u>(13,072)</u>
REVENUES OVER (UNDER) EXPEN- DITURES	<u>147,619</u>	<u>(1,194,460)</u>	<u>(1,150,325)</u>	<u>44,135</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	27,674,501	27,674,501	-
Discount on issuance of long-term debt	-	(141,000)	(141,000)	-
Payments to escrow agent	-	(27,726,827)	(27,726,827)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(193,326)</u>	<u>(193,326)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 147,619</u>	<u>(1,387,786)</u>	<u>(1,343,651)</u>	<u>44,135</u>
FUND BALANCE, SEPTEMBER 1			<u>5,487,901</u>	
FUND BALANCE, AUGUST 31			<u>\$ 4,144,250</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, 2017

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.

For the year ended August 31, 2017, the Tourism Fund had expenditures exceeding appropriations by \$2,422. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future year's revenues.

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>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 263,218	175,917	176,733
Interest	693,244	630,585	578,315
Differences between expected and actual experience	75,152	122,039	(136,162)
Change in assumptions	(153,868)	-	-
Contributions - employee	-	241,540	226,449
Benefit payments and expenses	(652,541)	(162,144)	(230,099)
Net Change In Total Pension Liability	<u>225,205</u>	<u>1,007,937</u>	<u>615,236</u>
Total Pension Liability Beginning	<u>10,723,209</u>	<u>9,715,272</u>	<u>9,100,036</u>
Total Pension Liability (a)	<u>\$ 10,948,414</u>	<u>10,723,209</u>	<u>9,715,272</u>
Plan Fiduciary Net Position			
Contributions - employee	\$ 240,428	241,540	226,449
Contributions - employer	350,724	343,409	319,690
Return on investment	876,341	550,354	(18,629)
Benefit payments and expenses	(652,541)	(162,144)	(230,099)
Administrative expenses	(47,085)	-	-
Net Change In Plan Fiduciary Net Position	<u>767,867</u>	<u>973,159</u>	<u>297,411</u>
Plan Fiduciary Net Position Beginning	<u>11,256,652</u>	<u>10,283,493</u>	<u>9,986,082</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 12,024,519</u>	<u>11,256,652</u>	<u>10,283,493</u>
Net Pension Liability (Asset) Ending (a)-(b)	<u>\$ (1,076,105)</u>	<u>(533,443)</u>	<u>(568,221)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	109.8 %	105.0	105.8
Covered Employee Payroll	\$ 2,244,045	2,120,719	2,232,146
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(47.95) %	(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

	For The Years Ended August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	\$ 290,240	300,077	261,882	321,337	358,484	376,207	387,774	426,095	391,668	398,846
Contributions in relation to the actuarially determined contribution	<u>350,724</u>	<u>343,409</u>	<u>320,444</u>	<u>385,966</u>	<u>312,110</u>	<u>436,396</u>	<u>497,394</u>	<u>503,087</u>	<u>579,665</u>	<u>421,152</u>
Contribution Deficiency (Excess)	<u>\$ (60,484)</u>	<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>
 Covered Employee Payroll	 \$ 2,244,045	 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
 Contributions as a Percentage of Covered Employee Payroll	 15.63 %	 16.19	 14.36	 15.05	 14.73	 20.41	 23.74	 23.22	 27.17	 20.80

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	Aggregate cost method
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value
Inflation	2.50%
Salary increases	4.5%, compounded annually
Investment rate of return	6.5%, net of investment expenses, including inflation
Retirement age	Age 55 for participants age 54 on the valuation date; immediate for all others
Mortality	2017 Combined Current Liability, male and female rates

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 369,891	388,891	395,808
Interest on the total pension liability	1,317,216	1,222,060	1,178,720
Difference between expected and actual experience	(156,327)	87,035	(171,511)
Changes of assumptions	-	556,016	-
Benefit payments, including refunds	(946,107)	(918,710)	(688,962)
Net Change In Total Pension Liability	<u>584,673</u>	<u>1,335,292</u>	<u>714,055</u>
Total Pension Liability Beginning	<u>18,451,564</u>	<u>17,116,272</u>	<u>16,402,217</u>
Total Pension Liability Ending (a)	<u>\$ 19,036,237</u>	<u>18,451,564</u>	<u>17,116,272</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 507,576	532,194	618,572
Net investment income	1,959,445	(55,034)	353,689
Benefit payments, including refunds	(946,107)	(918,710)	(688,962)
Administrative expense	(14,074)	(13,709)	(15,005)
Other	(8,630)	(18,372)	(70,688)
Net Change In Plan Fiduciary Net Position	<u>1,498,210</u>	<u>(473,631)</u>	<u>197,606</u>
Plan Fiduciary Net Position Beginning	<u>16,712,054</u>	<u>17,185,685</u>	<u>16,988,079</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 18,210,264</u>	<u>16,712,054</u>	<u>17,185,685</u>
Net Pension Liability (Asset) Ending (a)-(b)	<u>\$ 825,973</u>	<u>1,739,510</u>	<u>(69,413)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.66 %	90.57	100.41
Covered Employee Payroll (for February 28/29 Valuation)	\$ 3,032,161	3,012,624	3,246,681
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	27.24 %	57.74	(2.14)

Note:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined pension contribution	\$ 505,454	541,736	604,504	643,932	654,442	631,978	593,553	470,727	496,495	497,382
Contributions in relation to the actuarially determined contribution	505,454	541,736	604,504	643,932	582,422	570,401	505,281	470,727	496,495	497,383
Contribution Deficiency (Excess)	\$ -	-	-	-	72,020	61,577	88,272	-	-	(1)
Covered Employee Payroll	\$ 3,120,084	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
Contributions as a Percentage of Covered Employee Payroll	16.20 %	17.00	18.70	19.60	18.60	17.60	16.60	15.60	16.60	17.60

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method

Entry age normal and modified terminal funding
 A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period
 Asset valuation method
 Inflation
 Salary increases
 Investment rate of return
 Retirement age
 Mortality

Multiple bases from 13 to 18 years
 5 years smoothed market; 20% corridor
 3.25% wage inflation; 2.5% price inflation
 3.25% to 6.55%, including wage inflation
 7.25% net of investment expenses
 Experience-based table of rates that are specific to the type of eligibility condition
 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:

There were no benefit changes during the year.

**OTHER SUPPLEMENTAL
INFORMATION**



CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - GOVERNMENTAL FUNDS -
COMPARATIVE BALANCE SHEETS
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and investments	\$ 14,198,591	15,456,035
Receivables (net of allowances for uncollectibles):		
Taxes	3,181,934	3,258,898
Special assessments	1,010,409	1,032,279
Service fees	464,626	487,843
Intergovernmental	204,218	184,561
Court	77,714	84,058
Miscellaneous	95,013	110,383
Due from other funds	926,007	484,237
Prepaid items	518,991	564,451
Restricted assets:		
Cash and investments	2,356,484	3,644,537
Capital improvements sales tax receivable	1,322,929	815,269
	\$ 24,356,916	26,122,551
Total Assets		
LIABILITIES		
Accounts payable	\$ 2,073,043	2,056,802
Accrued liabilities	104,778	76,409
Due to other funds	926,117	465,027
Unearned revenue	326,484	380,791
	3,430,422	2,979,029
Total Liabilities		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue:		
Special assessments	1,010,507	1,032,279
Court fines	77,704	82,138
Taxes	1,322,929	815,269
	2,411,140	1,929,686
Total Deferred Inflows Of Resources		
FUND BALANCES		
Nonspendable	518,991	564,451
Restricted	4,428,144	6,889,319
Committed	3,991,785	3,914,690
Assigned	2,609,756	761,402
Unassigned	6,966,678	9,083,974
	18,515,354	21,213,836
Total Fund Balances		
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 24,356,916	26,122,551

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, 2017 AND 2016

	2017	2016
REVENUES		
Taxes	\$ 17,501,872	17,662,798
Special assessments	21,871	12,563
Licenses and permits	635,538	642,360
Fines and court costs	682,008	668,018
Intergovernmental	222,885	694,838
Charges for services	2,418,187	2,347,758
Investment income	16,286	27,489
Miscellaneous	159,320	329,228
Total Revenues	21,657,967	22,385,052
 EXPENDITURES		
Current:		
General government	3,023,190	3,022,711
Public safety	5,742,063	5,688,691
Public works	646,852	607,211
Highways and streets	1,427,853	1,440,050
Parks and recreation	2,445,720	2,510,169
Health and sanitation	1,318,330	1,330,789
Economic development	124,699	161,981
Capital outlay	1,726,012	1,339,597
Debt service:		
Principal	3,717,049	2,846,292
Interest	1,894,787	2,435,786
Cost of issuance	830,321	-
Total Expenditures	22,896,876	21,383,277
 REVENUES OVER (UNDER) EXPENDITURES	(1,238,909)	1,001,775
 OTHER FINANCING SOURCES (USES)		
Issuance of long-term debt	31,689,501	-
Premium on issuance of long-term debt	193,250	-
Discount on issuance of long-term debt	(141,000)	-
Payments to escrow agent	(32,953,377)	-
Sale of capital assets	150	14,062
Transfers in	359,044	107,236
Transfers out	(607,141)	(4,262,502)
Total Other Financing Sources (Uses)	(1,459,573)	(4,141,204)
 NET CHANGE IN FUND BALANCES	(2,698,482)	(3,139,429)
 FUND BALANCES, SEPTEMBER 1	21,213,836	24,353,265
 FUND BALANCES, AUGUST 31	\$ 18,515,354	21,213,836

CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017

	Special Revenue Funds		
	Tourism	Drug Forfeiture	Totals
ASSETS			
Cash and investments	\$ 147,566	71,178	218,744
Receivables:			
Taxes	31,451	-	31,451
Due from other funds	16,077	-	16,077
Total Assets	\$ 195,094	71,178	266,272
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 12,240	-	12,240
Unearned revenue	6,705	-	6,705
Total Liabilities	18,945	-	18,945
 Fund Balances			
Restricted for:			
Public safety	-	71,178	71,178
Tourism	176,149	-	176,149
Total Fund Balances	176,149	71,178	247,327
Total Liabilities And Fund Balances	\$ 195,094	71,178	266,272

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, 2017

	<u>Special Revenue Funds</u>		
	<u>Tourism</u>	<u>Drug Forfeiture</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 173,887	-	173,887
Intergovernmental	-	7,302	7,302
Charges for services	61,823	-	61,823
Miscellaneous	50,000	-	50,000
Total Revenues	<u>285,710</u>	<u>7,302</u>	<u>293,012</u>
EXPENDITURES			
Current:			
General government	330,658	-	330,658
Public safety	-	16,497	16,497
Total Expenditures	<u>330,658</u>	<u>16,497</u>	<u>347,155</u>
NET CHANGES IN FUND BALANCES	(44,948)	(9,195)	(54,143)
FUND BALANCES, SEPTEMBER 1	<u>221,097</u>	<u>80,373</u>	<u>301,470</u>
FUND BALANCES, AUGUST 31	<u><u>\$ 176,149</u></u>	<u><u>71,178</u></u>	<u><u>247,327</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, 2017

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 115,000	155,000	173,887	18,887
Charges for services	59,500	53,332	61,823	8,491
Miscellaneous	75,000	50,000	50,000	-
Total Revenues	249,500	258,332	285,710	27,378
EXPENDITURES				
General government	314,743	328,236	330,658	2,422
NET CHANGE IN FUND BALANCE	\$ (65,243)	(69,904)	(44,948)	24,956
FUND BALANCE, SEPTEMBER 1			221,097	
FUND BALANCE, AUGUST 31			\$ 176,149	

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, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Intergovernmental	\$ 9,000	7,302	7,302	-
EXPENDITURES				
Public safety	-	17,795	16,497	(1,298)
NET CHANGE IN FUND BALANCE	\$ 9,000	(10,493)	(9,195)	(1,298)
FUND BALANCE, SEPTEMBER 1			80,373	
FUND BALANCE, AUGUST 31			\$ 71,178	

STATISTICS



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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	72 - 76
Revenue Capacity These schedules contain information to help the reader assess the City’s local revenue sources.	77 - 84
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	85 - 87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	88 - 90
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	91 - 95

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

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

	August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net investment in capital assets	\$ 61,540,455	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
Restricted	5,751,073	7,168,385	7,020,552	6,209,178	5,750,389	5,795,745	6,511,773	6,468,111	6,129,354	2,524,622
Unrestricted	(13,801,156)	(15,902,356)	(13,878,273)	(25,947,438)	(25,777,303)	(24,245,868)	(22,961,899)	(20,707,866)	(18,506,005)	(13,295,644)
 Total Governmental Activities Net Position	 \$ 53,490,372	 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
Business-type Activities										
Net investment in capital assets	\$ 4,617,677	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
Restricted	-	-	325,978	526,603	588,203	701,303	804,880	906,603	1,001,303	7,146,872
Unrestricted	382,932	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)
 Total Business-type Activities Net Position	 \$ 5,000,609	 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
Primary Government										
Net investment in capital assets	\$ 66,158,132	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
Restricted	5,751,073	7,168,385	7,346,530	6,735,781	6,338,592	6,497,048	7,316,653	7,374,714	7,130,657	9,671,494
Unrestricted	(13,418,224)	(15,520,831)	(13,644,738)	(21,288,177)	(22,152,651)	(20,513,658)	(18,614,772)	(15,834,033)	(13,728,801)	(15,550,923)
 Total Primary Government Net Position	 \$ 58,490,981	 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

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EXPENSES										
Governmental Activities										
General government	\$ 3,748,672	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
Public safety	5,651,075	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
Public works	1,230,443	1,120,005	517,705	506,642	652,774	471,241	449,991	396,500	372,884	1,544,873
Highways and streets	3,600,472	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
Parks and recreation	2,595,859	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
Health and sanitation	1,335,456	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
Economic development	124,699	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699
Interest on long-term debt	3,019,715	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
Total Governmental Activities Expenses	<u>21,306,391</u>	<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>
Business-type Activities										
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
Storm water	542,233	544,671	525,572	595,741	608,027	638,757	559,128	622,227	388,188	256,127
Golf	530,576	862,906	649,484	753,705	759,006	783,657	747,928	712,700	670,794	670,153
Special item - disposal of sewer system	-	-	8,247,633	-	-	-	-	-	-	-
Total Business-type Activities Expenses	<u>1,072,809</u>	<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>
Total Primary Government Expenses	<u>22,379,200</u>	<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>
PROGRAM REVENUES										
Governmental Activities										
Charges for services:										
General government	335,979	352,912	513,502	474,475	473,810	467,566	449,918	627,522	610,250	560,900
Public safety	912,036	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
Parks and recreation	1,428,013	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
Health and sanitation	917,019	894,289	822,800	31,859	27,951	29,407	224,383	569,093	32,845	35,505
Operating grants and contributions	1,239,193	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
Capital grants and contributions	111,320	1,608,538	1,572,516	148,700	2,375,066	1,408,288	66,116	2,625,844	255,553	956,755
Total Governmental Activities Program Revenues	<u>4,943,560</u>	<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>
Business-type Activities										
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
Storm water	573,452	576,378	580,298	585,636	589,987	575,621	574,991	570,520	579,425	557,094
Golf	389,878	381,704	324,046	482,520	434,990	561,806	454,091	407,735	480,578	473,022
Operating grants and contributions	-	41,513	-	-	-	-	-	29,382	21,011	-
Capital grants and contributions	13,940	137,216	87,311	89,460	16,000	1,150	2,432	806,725	60,407	-
Total Business-type Activities Program Revenues	<u>977,270</u>	<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>
Total Primary Government Program Revenues	<u>5,920,830</u>	<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>
NET REVENUES (EXPENSES)										
Governmental activities	(16,362,831)	(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)
Business-type activities	(95,539)	(270,766)	(8,436,298)	(468,508)	(466,620)	(92,512)	(191,190)	617,802	(193,310)	(963,099)
Total Primary Government Net Revenues (Expenses)	<u>(16,458,370)</u>	<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>

(Continued)

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

	For The Years Ended August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL REVENUES AND OTHER CHANGE IN NET POSITION										
Governmental Activities										
Taxes:										
Property	2,167,507	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
Sales	11,473,343	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
Gross receipts	3,459,426	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
Miscellaneous	45,475	37,719	71,954	41,950	43,139	38,972	33,694	31,616	33,541	34,224
Investment income	16,286	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284	290,449
Gain on sale of assets	150	13,443	86,336	14,234	66,936	57,673	28,128	20,085	-	800
Miscellaneous	72,110	139,300	37,507	115,861	122,575	92,531	144,042	22,812	42,447	2,091,921
Transfers	(248,097)	(4,155,266)	9,737,008	(1,636,767)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(44,500)
Total Governmental Activities General Revenues And Other Change In Net Position	<u>16,986,200</u>	<u>13,019,143</u>	<u>26,405,536</u>	<u>13,836,177</u>	<u>15,348,856</u>	<u>14,391,280</u>	<u>14,412,785</u>	<u>13,797,836</u>	<u>11,992,000</u>	<u>14,015,725</u>
Business-type Activities										
Investment income	-	21	77,044	218,439	240,758	252,864	273,557	295,641	380,619	554,719
Gain on sale of assets	-	-	-	700	8,801	-	-	-	-	-
Miscellaneous	-	-	7,036	1,550	3,284	-	-	-	-	-
Transfers	248,097	4,155,266	(9,737,008)	1,636,767	10,000	10,000	10,000	10,000	10,000	44,500
Total Business-type Activities General Revenues And Other Change In Net Position	<u>248,097</u>	<u>4,155,287</u>	<u>(9,652,928)</u>	<u>1,857,456</u>	<u>262,843</u>	<u>262,864</u>	<u>283,557</u>	<u>305,641</u>	<u>390,619</u>	<u>599,219</u>
Total Primary Gov- ernment General Revenues And Other Change In Net Position	<u>17,234,297</u>	<u>17,174,430</u>	<u>16,752,608</u>	<u>15,693,633</u>	<u>15,611,699</u>	<u>14,654,144</u>	<u>14,696,342</u>	<u>14,103,477</u>	<u>12,382,619</u>	<u>14,614,944</u>
CHANGE IN NET POSITION										
Governmental activities	623,369	(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)
Business-type activities	152,558	3,884,521	(18,089,226)	1,388,948	(203,777)	170,352	92,367	923,443	197,309	(363,880)
Total Primary Gov- ernment	<u>\$ 775,927</u>	<u>2,250,917</u>	<u>(5,186,732)</u>	<u>(564,679)</u>	<u>1,968,113</u>	<u>543,790</u>	<u>(3,443,401)</u>	<u>222,693</u>	<u>(1,791,778)</u>	<u>(4,728,863)</u>

Source: Basic financial statements

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

	August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$ -	-	-	-	-	-	-	2,176,044	2,139,403	2,584,017
Unreserved	-	-	-	-	-	-	-	8,318,041	6,844,666	7,105,178
Nonspendable	493,335	483,636	489,501	522,442	441,169	455,108	511,169	-	-	-
Restricted	36,567	1,136,598	1,137,151	1,136,477	1,136,421	1,136,361	563,726	-	-	-
Committed	3,709,280	3,675,215	2,067,288	1,513,074	1,557,117	4,410,590	1,395,119	-	-	-
Assigned	2,609,756	761,402	422,849	-	530,792	994,533	-	-	-	-
Unassigned	6,966,678	9,083,974	14,249,970	3,608,130	6,305,284	4,505,675	9,213,575	-	-	-
Total General Fund	<u>\$ 13,815,616</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	-	-	-	-	-	-	5,358,284	4,998,863	1,702,485
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	(1,074,478)	(828,954)	(479,601)
Nonspendable	25,656	80,815	31,292	21,194	29,152	29,126	10,285	-	-	-
Restricted	4,391,577	5,752,721	5,750,583	5,163,232	4,923,977	4,430,694	5,347,559	-	-	-
Committed	282,505	239,475	204,631	316,059	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,402,075)	(1,289,620)	(1,318,166)	-	-	-
Total All Other Governmental Funds	<u>\$ 4,699,738</u>	<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>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
REVENUES										
Taxes	\$ 17,501,872	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
Special assessments	21,871	12,563	41,512	47,414	208,907	55,981	111,477	95,886	161,495	551,076
Licenses and permits	635,538	642,360	818,274	652,512	730,422	637,167	555,788	522,881	615,026	590,067
Fines and court costs	682,008	668,018	713,514	847,185	1,039,805	902,336	1,105,288	1,216,172	1,131,240	1,122,605
Intergovernmental	222,885	694,838	1,369,663	323,383	2,503,248	1,557,334	263,517	458,470	138,593	2,592,876
Charges for services	2,418,187	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
Investment income	16,286	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284	290,449
Miscellaneous	159,320	329,228	318,015	333,865	349,730	324,627	308,653	325,600	356,143	421,244
Total Revenues	21,657,967	22,385,052	22,518,846	19,442,419	22,666,025	19,744,594	18,919,849	19,386,153	16,189,706	19,173,512
EXPENDITURES										
General government	3,023,190	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
Public safety	5,742,063	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
Public works	646,852	607,211	598,889	618,618	556,904	460,444	542,848	505,578	424,779	414,040
Highways and streets	1,427,853	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
Parks and recreation	2,445,720	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
Health and sanitation	1,318,330	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
Economic development	124,699	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699
Capital outlay	1,726,012	1,339,597	1,611,488	348,711	5,718,016	1,734,019	294,258	1,100,240	934,502	6,662,933
Debt service:										
Principal	3,717,049	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
Interest	1,894,787	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
Bond issue costs	830,321	-	-	-	-	218,681	155,551	125,000	796,889	244,699
Payments to escrow agent	-	-	-	-	-	1,843,000	414,390	-	-	-
Total Expenditures	22,896,876	21,383,277	20,042,054	19,076,981	24,122,380	21,171,748	21,720,658	21,789,002	17,982,788	25,603,324
REVENUES OVER (UNDER) EXPENDITURES	(1,238,909)	1,001,775	2,476,792	365,438	(1,456,355)	(1,427,154)	(2,800,809)	(2,402,849)	(1,793,082)	(6,429,812)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	31,689,501	-	-	-	-	12,965,000	10,140,000	3,319,555	28,485,000	11,555,699
Premium/discount on issuance	52,250	-	-	-	-	(12,936)	8,564	-	(235,250)	(34,475)
Refunding of long-term debt	(32,953,377)	-	-	-	-	(12,733,383)	(6,420,507)	-	(24,236,569)	-
Issuance of capital lease	-	-	-	-	-	-	-	777,810	31,800	-
Proceeds from insurance premium	-	-	-	-	-	110,000	-	-	-	-
Proceeds from sale of capital assets	150	14,062	37,507	30,100	315,725	57,673	28,128	20,085	-	800
Transfers in	359,044	107,236	9,976,578	1,859,521	-	-	-	25,000	-	20,000
Transfers out	(607,141)	(4,262,502)	(418,220)	(3,496,288)	(10,000)	(10,000)	(10,000)	(35,000)	(10,000)	(20,000)
Total Other Financing Sources (Uses)	(1,459,573)	(4,141,204)	9,595,865	(1,606,667)	305,725	376,354	3,746,185	4,107,450	4,034,981	11,522,024
NET CHANGES IN FUND BALANCES	\$ (2,698,482)	(3,139,429)	12,072,657	(1,241,229)	(1,150,630)	(1,050,800)	945,376	1,704,601	2,241,899	5,092,212
Debt service as a percentage of noncapital expenditures	25.8 %	27.0	24.5	25.3	20.6	17.8	21.1	18.6	22.9	7.3

Source: Basic financial statements

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

FUNCTIONS/PROGRAMS	Program Revenues									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
General government	\$ 389,206	408,413	513,502	485,075	501,560	467,566	453,075	787,472	695,250	565,148
Public safety	1,069,486	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
Public works	25,434	18,534	22,131	-	1,661,672	453,885	-	156,522	73,840	584,512
Highways and streets	1,113,307	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
Parks and recreation	1,429,108	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
Health and sanitation	917,019	894,294	823,136	33,519	46,688	43,557	240,613	569,903	33,530	36,417
Total Governmental Activities	<u>4,943,560</u>	<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>
Business-type Activities										
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
Storm water	587,392	713,594	667,609	585,636	589,987	575,621	577,423	599,902	600,436	557,094
Golf	389,878	423,217	324,046	482,520	434,990	561,806	454,091	407,735	480,578	473,022
Total Business-type Activities	<u>977,270</u>	<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>
Total Primary Government	<u>\$ 5,920,830</u>	<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>

Source: Basic financial statements

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

Fiscal Year	Property Taxes	Sales Taxes (1)	Public Utility Gross Receipts Taxes	Motor Fuel Taxes	Other Taxes	Total
2017	\$ 2,167,506	\$ 11,248,242	\$ 3,459,427	\$ 564,645	\$ 62,052	\$ 17,501,872
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

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

Fiscal Year	General Sales Tax (1%)	Recreation Center Sales Tax (0.25%)	Jefferson County Shared Capital Improvement Sales Tax	Shared Vehicle Sales Tax	Hotel/Motel Sales Tax (5%)	Jurisdictional Sales Tax	Total Sales Tax
2017	\$ 5,708,919	\$ 1,382,719	\$ 927,306	\$ 275,059	\$ 173,887	\$ 2,780,352	\$ 11,248,242
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

Source: Required supplemental information and basic financial statements

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

Fiscal Year	Calendar Year	Real Property	Railroads And Utilities	Total		Total Direct Tax Rate	Ratio Of
				Assessed Value	Estimated Actual Value		Total Assessed Value To Total Estimated Actual Value
2017	2016	\$ 288,627,560	\$ 7,792,049	\$ 296,419,609	\$ 1,279,561,859	0.390	23.2 %
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

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 TEN FISCAL YEARS

Tax Year	Triangle TIF			Crossroads TIF			Crossroads Sub Area #1 TIF		
	Assessed Value	Base Assessed Value	Amount Above Base	Assessed Value	Base Assessed Value	Amount Above Base	Assessed Value	Base Assessed Value	Amount Above Base
2016	\$ 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
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

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

	For The Years Ended August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City of Arnold:										
General	0.390	0.400	0.401	0.397	0.397	0.397	0.397	0.397	0.425	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	0.567	0.526	0.531	0.532	0.533	0.505	0.505	0.499	0.496	0.530
Consolidated School No. 6 of Jefferson County	4.559	4.650	4.583	4.650	4.617	4.604	4.587	4.563	4.530	4.530
Rock Community Fire Protection District	1.245	0.763	0.803	0.931	0.707	0.712	0.716	0.715	0.707	0.710
Rock Township Ambulance District	0.202	0.209	0.210	0.210	0.210	0.132	0.136	0.127	0.123	0.120
The Junior College District of Jefferson County	0.332	0.341	0.344	0.340	0.339	0.336	0.336	0.336	0.334	0.330
The Jefferson County Library District	0.280	0.176	0.178	0.176	0.175	0.189	0.189	0.188	0.186	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

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage Of Total City Taxable Assessed Value
Walmart Real Estate Bussiness Trust 555	\$ 4,729,900	1	1.60 %	\$ -	-	- %
Missouri American Water Company	4,279,600	2	1.44	-	-	-
Metal Container Corporation	3,689,400	3	1.24	3,835,600	2	1.29
THF Arnold Triangle Development, LLC (Lowe's)	2,809,600	4	0.95	3,700,400	3	1.25
MCW-RD Richardson Crossing LLC (Schnucks)	2,656,800	5	0.90	2,964,500	4	1.00
Water Tower LLC	2,638,200	6	0.89	2,638,300	5	0.89
Dayton Hudson Corporation (Target)	2,496,000	7	0.84	2,496,000	7	0.84
LSREF4 Rebound LLC (Convergy's Corporation)	2,375,900	8	0.80	2,375,900	10	0.85
HD Development of Maryland (Home Depot)	2,245,700	9	0.76	2,542,600	6	0.86
Suellentrop Family Partnership LP	2,080,000	10	0.70	2,401,700	9	0.81
Ameren	-	-	-	4,486,879	1	1.51
Dierbergs Arnold LLC	-	-	-	2,453,300	8	0.83
Total	\$ 30,001,100		10.12 %	\$ 29,895,179		10.13 %

Source: Jefferson County Assessor

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

Fiscal Year	Tax Levy Year	Net Tax Levy (1)	Current Tax Collections	Percent Collected As Current	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent Of Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes As Percent Of Levy
2017	2016	\$ 1,095,000	\$ 1,085,348	99.1 %	\$ -	\$ 1,085,348	99.1 %	\$ 9,652	0.9 %
2016	2015	1,075,295	1,060,702	98.6	9,708	1,070,410	99.5	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	-	-

(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			
2017	\$ -	\$ 14,428,829	\$ -	\$ -	\$ 30,420,608	\$ -	\$ -	\$ -	\$ 44,849,437	5.41 %	\$ 2,068
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

(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, 2017

<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	\$ 11,264,588	9.28 %	\$ 1,044,811
Consolidated School No. 6 of Jefferson County	<u>66,624,391</u>	33.48	<u>22,305,248</u>
	77,888,979		23,350,059
City direct debt	<u>44,849,437</u>	100.00 %	<u>44,849,437</u>
Total Direct And Overlapping Debt	<u>\$ 122,738,416</u>		<u>\$ 68,199,496</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$ 36,924,409	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
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 36,924,409</u>	<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>
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

Fiscal Year	Population (1)	Median Age (2)	Personal Income (1)	Per Capita Income (2)	School Enrollment	Jefferson County Unemployment Rate (3)
2017	21,319	40.1	\$ 815,537,026	\$ 38,254	11,619	3.7 %
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

(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>2017</u>			<u>2008</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 %	-	-	- %
Convergys Corpotation	459	2	2.28	1,100	1	5.47
Metal Container Corporation	320	3	1.59	180	5	0.90
LMC Industries	300	4	1.49	300	3	1.49
Sinclair & Rush	300	4	1.49	125	9	0.62
Wal-Mart	212	6	1.06	331	2	1.65
Kohl's Department Store	197	7	0.98	106	10	0.53
Texas Roadhouse	150	8	0.75	-	-	-
Dierberg's	137	9	0.68	-	-	-
Target	127	10	0.63	139	8	0.69
Lowe's	120	11	0.60	-	-	-
City of Arnold	117	12	0.58	-	-	-
Shop & Save	113	13	0.56	200	-	1.00
Home Depot	103	14	0.51	150	7	0.75
Schnuck's	101	15	0.50	159	6	0.75
Total	<u>3,562</u>		<u>17.73 %</u>	<u>2,790</u>		<u>13.85 %</u>

Source: City Clerk's office

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

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of August 31									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Legislative services	1	1	1	1	1	1	1	1	1	1
Administrative services	5	5	5	6	6	6	7	7	8	8
Maintenance of municipal property	3	3	3	2	2	-	-	-	-	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	48	47	47	47	47	47	45	47	49	48
Administrative services	4	3	3	3	3	3	3	3	3	4
Dispatch	5	8	8	8	8	8	8	8	8	8
Public works:										
Administration	3	3	3	3	3	3	3	3	3	3
Street maintenance	9	8	9	10	9	8	9	8	8	8
Fleet	2	2	2	2	2	2	2	2	2	2
Building department:										
Administration	5	4	4	4	5	5	5	4	4	4
Inspectors	1	2	2	2	2	2	1	1	2	2
Engineers	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Administration	3	3	3	3	6	4	3	1	3	3
Maintenance	10	11	12	12	10	6	6	6	6	6
Supervisors	2	2	2	2	1	1	1	1	1	2
Seasonal and part-time programs	13	16	13	13	12	-	-	-	-	-
Sewer:										
Maintenance	-	-	-	8	7	7	7	8	7	6
Storm water:										
Maintenance	5	4	5	5	5	5	5	4	4	2
Health department:										
Administration	1	1	1	1	1	1	1	1	1	1
Rabies controller	2	2	2	2	2	2	2	2	2	1
Golf course:										
Administration	2	1	1	1	3	2	2	2	2	2
Maintenance	2	1	2	2	5	1	1	1	1	1
Seasonal and part-time	5	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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police - patrol:										
Arrests	1,799	1,930	2,014	2,186	1,943	2,455	2,110	2,173	1,748	1,561
Traffic citations	7,342	7,555	7,687	8,105	8,075	10,451	9,345	9,263	13,740	7,178
Crime reports	16,155	15,028	14,408	14,074	12,230	14,552	13,996	14,417	14,970	15,598
Accident reports	893	830	775	712	603	730	798	776	912	1,048
Warrants	1,866	1,921	2,999	4,751	4,650	3,026	3,274	2,955	2,497	2,145
Public works:										
Road repair - tons of mix	339	416	311	4,100	4,500	1,252	806	2,248	1,684	511
Traffic control signs serviced	104	110	100	200	300	13	10	8	8	30
Weed violations issued - HW	36	159	321	150	186	164	238	181	159	117
Acres mowed and maintained	7	7	7	15	10	25	25	25	25	25
Parks and recreation: (2)										
Park program participants	1,269	2,650	990	1,944	1,443	2,591	-	-	-	-
Park pavilion rentals	524	488	918	537	511	535	-	-	-	-
Recreation Center memberships	3,449	2,300	2,976	3,434	4,019	3,433	-	-	-	-
Recreation Center program participants	7,660	9,247	6,675	5,766	6,885	6,624	-	-	-	-
Recreation Center room rentals	935	1,041	1,101	1,136	1,264	1,325	-	-	-	-
Member golf rounds	N/A	2,333	2,832	3,596	4,957	5,870	-	-	-	-
9-hole golf rounds	N/A	5,245	5,114	5,862	5,708	4,767	-	-	-	-
18-hole golf rounds	N/A	6,849	6,158	9,982	9,485	11,036	-	-	-	-
All other golf rounds	N/A	4,296	981	1,294	1,802	7,701	-	-	-	-
Planning and building:										
Site development/concept plans	14	10	26	24	23	21	22	21	23	25
Rezoning applications	1	2	2	3	2	3	3	4	1	6
Text amendments	1	-	3	1	2	4	3	1	4	5
Building permits issued	995	655	568	559	595	503	539	480	427	499
Building inspections completed	2,935	3,064	3,006	2,431	2,899	2,952	2,661	2,520	2,448	2,756
Finance and administration:										
Merchant licenses issued (1)	692	699	665	661	655	90	91	68	80	83
Payroll checks issued	5,028	5,245	5,061	5,138	5,081	4,977	4,842	4,995	4,799	4,677
Accounts payable processed	3,691	4,083	4,537	4,795	4,919	4,686	4,444	4,788	5,011	5,472
Requests for public records	27	27	30	32	53	35	71	34	25	44

Source: City records - various departments listed

N/A - Information not available

(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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	22	23	24	31	31	31	31	31	29	29
Motorcycles	2	2	2	2	2	2	2	2	2	2
Public works:										
Miles of streets	83	82	80	80	80	80	80	80	80	80
Traffic lights and signals	6	6	7	6	6	6	6	6	6	6
Miles of sanitary sewers	-	-	-	112.1	112.1	112.1	112.1	112.1	112.1	107.6
Miles of storm sewers	60.0	60.0	60.0	60.0	59.0	59.0	58.0	58.0	57.0	55.0
Number of pumping stations	-	6	-	6	6	6	6	6	6	5
Parks and recreation:										
Number of parks	6	6	5	5	5	5	5	5	5	5
Acres of parks	488	488	488	488	488	485	485	485	485	485
Tennis courts	-	-	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	2	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 TEN FISCAL YEARS

Fiscal Year	Payments In Lieu Of Taxes	Economic Activity Taxes	Municipal Revenues	TDD Revenues	TDD Subsidy	Total
2017	\$ 845,568	\$ 1,506,188	\$ -	\$ 380,870	\$ 200,000	\$2,932,626
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 TEN FISCAL YEARS

Fiscal Year	Triangle TIF		Crossroads TIF		Crossroads TIF - SubArea 1			Total
	PILOTS	EATS	PILOTS	EATS	PILOTS	EATS	Tourism	
2017	\$ 845,568	2,087,056	131,391	512,626	90,429	9,362	171,308	3,847,740
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 THREE FISCAL YEARS

<u>Sources</u>	<u>August 31</u>					
	<u>2017</u>		<u>2016</u>		<u>2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Retail sales taxes	\$ 5,708,919	38.67 %	\$ 5,694,010	37.09 %	\$ 5,575,444	35.34 %
Gross receipt tax on utilities	3,285,059	22.25	3,197,614	20.83	3,169,822	20.09
Jefferson County shared capital improvement sales taxes	927,306	6.28	1,140,340	7.43	781,784	4.96
Local property tax	1,100,119	7.45	1,081,943	7.05	1,069,364	6.78
Motor fuel taxes	564,646	3.83	549,872	3.58	559,752	3.55
Shared vehicle tax	275,059	1.86	271,890	1.77	255,947	1.62
Other taxes	236,418	1.60	226,139	1.47	224,224	1.42
Special assessments	21,871	0.15	12,563	0.08	41,512	0.26
License and permits	635,538	4.31	642,360	4.18	818,274	5.19
Fines and court costs	682,008	4.62	668,018	4.35	713,514	4.53
Intergovernmental	215,583	1.46	684,515	4.46	1,353,761	8.58
Charges for services	990,161	6.71	947,678	6.17	889,918	5.64
Investment income	14,061	0.10	25,037	0.16	25,039	0.16
Miscellaneous	105,085	0.71	211,519	1.38	296,757	1.88
Total Revenues	<u>\$ 14,761,833</u>	<u>100.00 %</u>	<u>\$ 15,353,498</u>	<u>100.00 %</u>	<u>\$ 15,775,112</u>	<u>100.00 %</u>

Source: Basic financial statements.

Note: Information will be expanded in future years.