

PART 2

CITY OF ARNOLD, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PENSION TRUST FUND
FOR THE YEAR ENDED AUGUST 31, 2016

ADDITIONS

Contributions:

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

Investment income:

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

DEDUCTIONS

Retirement benefits	101,215
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CHANGE IN NET POSITION

973,159

NET POSITION - RESTRICTED FOR PENSIONS,
SEPTEMBER 1

10,283,493

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

\$ 11,256,652

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City reports the following major governmental funds:

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

Recreation Center Fund -- This fund is used exclusively for the revenues and expenditures related to the operations of the recreation center. The fund includes the ¼¢ parks and recreation center sales tax which is deposited into this fund and used for bi-annual bond payments.

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

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

The City reports the following major proprietary funds:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Additionally, the City reports the following fund type:

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

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

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

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

4. Cash, Cash Equivalents, and Investments

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The Pension Trust Fund is also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership, but excluding any debt of the City itself and individual insurance policies. Investments are stated at fair value.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Deposit Administration Contracts

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

6. Allowance for Doubtful Accounts

The allowance for uncollectible receivables is as follows:

	August 31
	<u>2016</u>
General Fund	<u>\$ 15,736</u>

7. Due To/From Other Funds

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

8. Prepaid Items

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

9. Restricted Assets

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Capital Assets

Capital assets, which include property, equipment, intangibles, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Intangible assets include the right to use other governmental entity's operating facilities and/or land. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

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

11. Compensated Absences

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

12. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bond

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Long-term Obligations (Continued)

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

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension and deferred charge on refunding reported on the statement of financial position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources for unavailable revenues from various sources reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the statement of net position.

14. Fund Balance Policies

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

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

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund. In other governmental funds other than the general fund; if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

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

15. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund types. Since appropriations lapse at year-end, the subsequent fiscal year's budget specifically provides for reappropriation of outstanding encumbrances to honor the prior commitments. Encumbrances do not constitute current year expenditures or liabilities. Encumbrances outstanding at year-end were \$191,236 for the General Fund.

16. Use of Estimates

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. Pensions

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

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

1. Deposits

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

As of August 31, 2016, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

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

2. Investments

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

2. Investments (Continued)

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Primary Government					
Money market funds	\$ 5,217,697	5,217,697	-	-	Not rated
Component Unit					
Money market funds	3,731,382	3,731,382	-	-	Not rated
Fiduciary Fund					
Mutual funds	11,192,493	11,192,493	-	-	N/A
Grand Total Investments	<u>\$ 20,141,572</u>	<u>20,141,572</u>	<u>-</u>	<u>-</u>	

Investment Policies

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

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

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

Custodial Credit Risk

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

3. Fair Value Measurements

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

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

3. Fair Value Measurements (Continued)

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

Primary Government:

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

Component Unit:

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

Fiduciary Fund:

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

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

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

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

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

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

NOTE D - LONG-TERM DEBT

Long-term debt activity was as follows:

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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

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

Governmental Activities

Certificates of Participation

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

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

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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

Tax Increment Revenue Bonds and Notes

The City has tax increment revenue bonds and notes which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and incremental increases in economic activity taxes from the project areas. The bonds and notes do not constitute a general obligation of the City. Bonds and notes outstanding at August 31, 2016 are as follows:

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

Business-type Activities

Revenue Bonds Payable

The revenue bonds dated February 1, 2007 maturing on December 1, 2018 and thereafter may be called for redemption and payment prior to maturity in whole or in part on or after December 1, 2017, at the redemption price of 100% of the principal amount plus accrued interest thereon to the date of redemption. On December 29, 2015 the entire amount of these bonds was defeased.

NOTE D - LONG-TERM DEBT (Continued)

Component Unit

Sales Tax Revenue Bonds

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

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

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS

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

1. City of Arnold, Missouri Police Pension Plan

Plan Description

The Plan is a single-employer, defined benefit pension plan that covers all of the City's full-time police employees. The Plan was created and is governed by City Ordinance. The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's basic financial statements. Information about the Plan is provided in a summary plan description.

Benefits Provided

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

Employees Covered by Benefit Terms

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

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

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Contributions

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

Net Pension Liability (Asset)

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

Actuarial Assumptions

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

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

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

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

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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

Discount Rate

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

Changes in the Net Pension Liability

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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

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

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

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

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

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

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

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

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

2. Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

Benefits Provided

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

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

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

Employees Covered by Benefit Terms

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

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

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Contributions

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

Net Pension Liability (Asset)

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

Actuarial Assumptions

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

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

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

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

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

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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

Discount Rate

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

Changes in the Net Pension Liability

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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

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

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

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

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

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 65,878	(91,699)	(25,821)
Excess (deficit) investment returns	1,552,302	-	1,552,302
Assumption changes	420,857	-	420,857
Contributions subsequent to the measurement date*	96,554	-	96,554
Total	<u>\$ 2,135,591</u>	<u>(91,699)</u>	<u>2,043,892</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 for the year ending August 31, 2017.

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

**For The
Years Ending
August 31**

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

Payable to the Pension Plan

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

NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

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

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

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

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

Required Supplemental Information

Schedule Of Funding Progress						
Actuarial Valuation Date	Actuarial Value Of Assets	AAL	UAAL	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered
August 31	(1)	(2)	(1)-(2)	(1)/(2)	(3)	(1-2)/(3)
2015	\$ -	\$442,300	(\$442,300)	- %	\$6,769,428	6.5%
2013	-	573,300	(573,300)	-	6,342,192	9.0
2011	-	508,300	(508,300)	-	6,438,860	7.9

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

Significant actuarial assumptions used in the valuation are as follows:

Valuation method	Projected unit cost method
Latest valuation date	August 31, 2015
Investment return	3.75% per annum
Amortization period	30 years for initial UAAL, open
Payroll increases	4% per annum
Mortality	RP2000 Mortality Table (employee and healthy annuitant tables)
Medical inflation rate	7.4% initial rate; 4.5% ultimate rate

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>August 31 2016</u>
General Fund - Major Fund	Storm Water Fund - Major Fund	\$ 18,152
General Fund - Major Fund	Special Allocation Fund - Major Fund	150,000
General Fund - Major Fund	Recreation Center Fund - Major Fund	148,551
General Fund - Major Fund	Golf Course Fund - Major Fund	1,058
Special Allocation Fund - Major Fund	General Fund - Major Fund	128,941
Special Allocation Fund - Major Fund	Recreation Center Fund - Major Fund	32,235
Tourism Fund - Nonmajor Fund	Recreation Center Fund - Major Fund	<u>5,300</u>
Total		<u>\$ 484,237</u>

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

NOTE H - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended August 31, 2016</u>
Storm Water Fund	General Fund	\$ 3,988,192
Golf Course Fund	General Fund	167,074
Recreation Center Fund	General Fund	<u>107,236</u>
Total		<u>\$ 4,262,502</u>

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

NOTE I - PROPERTY TAXES

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - PROPERTY TAXES (Continued)

The City's property tax calendar is as follows:

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

NOTE J - INSURANCE

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a statewide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multi-line package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City. The policy is for replacement cost and expires June 30, 2017.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$536,301 for MIRMA's fiscal year ended June 30, 2016. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

NOTE K - INTERFUND ADMINISTRATION FEE

During the year the Storm Water Fund paid \$36,000 to the General Fund for administrative costs incurred by the General Fund relating to the various operations of the Fund. These fees are included in miscellaneous revenue in the General Fund.

NOTE L - CONTINGENCIES AND COMMITMENTS

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

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE M - CONDUIT DEBT

In December 2012 and December 2015, the City authorized to issue \$88,000,000 and \$150,000,000, respectively, of industrial revenue bonds, to provide funds for the purpose of carrying out industrial development projects by the City providing a loan to a private corporation pursuant to a loan agreement between the City and the private corporation. The loan agreement calls for the private corporation to repay the loans in the principal amount of the bonds plus any interest thereon. Upon repayment of the bonds, ownership of the acquired facilities transfers to the corporation. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. At August 31, 2016 the principal amount payable for the 2012 and 2015 issues were \$87,912,091 and \$84,611,309, respectively.

NOTE N - RESTRICTED NET POSITION

The government-wide statement of net position reports \$7,452,025 of restricted net position, of which \$3,587,167 is restricted by enabling legislation.

NOTE O - TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes to finance certain improvements in the City. The bonds and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved areas. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds and notes per Note D is payable through July 2028. For the current year, principal and interest paid and total incremental tax revenues were \$3,791,548 and \$3,965,720, respectively.

NOTE P - RESTATEMENT OF NET POSITION

The previously stated net position has been restated as follows:

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

NOTE Q - SUBSEQUENT EVENTS

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

**REQUIRED SUPPLEMENTAL
INFORMATION**



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

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

(Continued)

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

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

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

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

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

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

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

Budgetary Data

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

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

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

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

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

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

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

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

Other information:

There were no benefit changes during the year.

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

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

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

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

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

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

Other information:

New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015. There were no benefit changes during the year.

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**OTHER SUPPLEMENTAL
INFORMATION**



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

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

CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - GOVERNMENTAL FUNDS -
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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

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

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

CITY OF ARNOLD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

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

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

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

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

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

STATISTICS



CITY OF ARNOLD, MISSOURI
STATISTICAL SECTION

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.	71 - 75
Revenue Capacity These schedules contain information to help the reader assess the City’s local revenue sources.	76 - 83
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.	84 - 86
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.	87 - 89
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.	90 - 94

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

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

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

Source: Basic financial statements

GASB 63 and 65 were implemented in 2013.

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

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

	For The Years Ended August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES										
Governmental Activities										
General government	\$ 3,771,398	3,507,185	3,521,130	3,437,488	3,560,571	3,631,193	3,486,489	3,597,393	3,606,327	2,026,103
Public safety	5,705,617	6,120,075	5,564,406	5,699,347	5,557,136	5,513,045	5,498,118	5,383,461	5,037,988	5,162,582
Public works	1,120,005	517,705	506,642	652,774	471,241	449,991	396,500	372,884	1,544,873	3,648,054
Highways and streets	3,578,202	3,022,074	3,499,006	3,180,611	3,247,948	3,056,308	2,882,196	2,660,880	3,217,725	445,648
Parks and recreation	2,599,236	2,371,529	2,430,932	2,286,290	2,311,042	2,172,650	2,205,143	2,130,516	2,166,365	1,990,090
Health and sanitation	1,345,275	1,232,741	1,202,951	1,209,726	1,199,147	1,147,650	1,054,674	1,157,513	927,232	884,918
Economic development	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699	16,554,301
Interest on long-term debt	2,936,044	3,039,906	3,105,566	3,161,479	3,182,550	3,310,085	3,366,950	2,948,229	2,752,694	1,584,135
Total Governmental Activities Expenses	21,217,758	19,941,982	19,952,272	19,759,965	19,614,583	22,392,049	22,303,670	18,586,333	23,698,903	32,295,831
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	2,139,774
Storm water	544,671	525,572	595,741	608,027	638,757	559,128	622,227	388,188	256,127	127,061
Golf	862,906	649,484	753,705	759,006	783,657	747,928	712,700	670,794	670,153	427,304
Special item - disposal of sewer system	-	8,247,633	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	1,407,577	12,305,846	5,460,925	5,505,257	5,026,488	5,174,045	5,012,969	4,717,806	4,962,938	2,694,139
Total Primary Government Expenses	22,625,335	32,247,828	25,413,197	25,265,222	24,641,071	27,566,094	27,316,639	23,304,139	28,661,841	34,989,970
PROGRAM REVENUES										
Governmental Activities										
Charges for services:										
General government	352,912	513,502	474,475	473,810	467,566	449,918	627,522	610,250	560,900	526,293
Public safety	823,464	1,084,746	1,076,383	1,335,540	1,227,070	1,344,111	1,552,797	1,474,468	1,481,357	1,694,748
Parks and recreation	1,393,972	1,262,388	1,279,638	1,284,012	1,378,811	1,308,168	1,307,476	1,142,149	1,148,889	1,187,075
Health and sanitation	894,289	822,800	31,859	27,951	29,407	224,383	569,093	32,845	35,505	19,568
Operating grants and contributions	1,491,836	1,182,988	1,151,413	1,086,620	1,085,599	1,050,800	1,122,352	1,089,981	1,134,789	1,144,088
Capital grants and contributions	1,608,538	1,572,516	148,700	2,375,066	1,408,288	66,116	2,625,844	255,553	956,755	1,331,064
Total Governmental Activities Program Revenues	6,565,011	6,438,940	4,162,468	6,582,999	5,596,741	4,443,496	7,805,084	4,605,246	5,318,195	5,902,836
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	2,685,117
Storm water	576,378	580,298	585,636	589,987	575,621	574,991	570,520	579,425	557,094	513,150
Golf	381,704	324,046	482,520	434,990	561,806	454,091	407,735	480,578	473,022	401,008
Operating grants and contributions	41,513	-	-	-	-	-	29,382	21,011	-	-
Capital grants and contributions	137,216	87,311	89,460	16,000	1,150	2,432	806,725	60,407	-	-
Total Business-type Activities Program Revenues	1,136,811	3,869,548	4,992,417	5,038,637	4,933,976	4,982,855	5,630,771	4,524,496	3,999,839	3,599,275
Total Primary Government Program Revenues	7,701,822	10,308,488	9,154,885	11,621,636	10,530,717	9,426,351	13,435,855	9,129,742	9,318,034	9,502,111
NET REVENUES (EXPENSES)										
Governmental activities	(14,652,747)	(13,503,042)	(15,789,804)	(13,176,966)	(14,017,842)	(17,948,553)	(14,498,586)	(13,981,087)	(18,380,708)	(26,392,995)
Business-type activities	(270,766)	(8,436,298)	(468,508)	(466,620)	(92,512)	(191,190)	617,802	(193,310)	(963,099)	905,136
Total Primary Government Net Revenues (Expenses)	(14,923,513)	(21,939,340)	(16,258,312)	(13,643,586)	(14,110,354)	(18,139,743)	(13,880,784)	(14,174,397)	(19,343,807)	(25,487,859)

(Continued)

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

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

Source: Basic financial statements

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

	August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	-	-	-	-	-	2,176,044	2,139,403	2,584,017	6,271,895
Unreserved	-	-	-	-	-	-	8,318,041	6,844,666	7,105,178	(1,713,188)
Nonspendable	483,636	489,501	522,442	441,169	455,108	511,169	-	-	-	-
Restricted	1,136,598	1,137,151	1,136,477	1,136,421	1,136,361	563,726	-	-	-	-
Committed	3,675,215	2,067,288	1,513,074	1,557,117	4,410,590	1,395,119	-	-	-	-
Assigned	761,402	422,849	-	530,792	994,533	-	-	-	-	-
Unassigned	9,083,974	14,249,970	3,608,130	6,305,284	4,505,675	9,213,575	-	-	-	-
Total General Fund	\$ 15,140,825	18,366,759	6,780,123	9,970,783	11,502,267	11,683,589	10,494,085	8,984,069	9,689,195	4,558,707
All Other Governmental Funds										
Reserved	\$ -	-	-	-	-	-	5,358,284	4,998,863	1,702,485	1,305,838
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	(1,074,478)	(828,954)	(479,601)	(44,678)
Nonspendable	80,815	31,292	21,194	29,152	29,126	10,285	-	-	-	-
Restricted	5,992,196	5,955,214	5,479,291	4,923,977	4,430,694	5,347,559	-	-	-	-
Unassigned	-	-	-	(1,402,075)	(1,289,620)	(1,318,166)	-	-	-	-
Total All Other Governmental Funds	\$ 6,073,011	5,986,506	5,500,485	3,551,054	3,170,200	4,039,678	4,283,806	4,169,909	1,222,884	1,261,160

Source: Basic financial statements

For fiscal year 2011 GASB 54 was implemented.

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

	For The Years Ended August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Taxes	\$17,662,798	17,074,710	15,860,454	16,422,424	14,738,118	14,939,098	14,551,361	12,279,968	12,209,618	10,866,182
Special assessments	12,563	41,512	47,414	208,907	55,981	111,477	95,886	161,495	551,076	306,798
Licenses and permits	642,360	818,274	652,512	730,422	637,167	555,788	522,881	615,026	590,067	648,771
Fines and court costs	668,018	713,514	847,185	1,039,805	902,336	1,105,288	1,216,172	1,131,240	1,122,605	1,177,581
Intergovernmental	694,838	1,369,663	323,383	2,503,248	1,557,334	263,517	458,470	138,593	2,592,876	1,910,417
Charges for services	2,347,758	2,153,945	1,355,238	1,363,277	1,455,029	1,549,582	2,132,339	1,375,957	1,395,577	1,326,128
Investment income	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284	290,449	364,016
Miscellaneous	329,228	318,015	333,865	349,730	324,627	308,653	325,600	356,143	421,244	394,194
Total Revenues	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	16,994,087
EXPENDITURES										
General government	3,022,711	2,896,449	2,876,530	2,767,426	2,938,282	2,939,835	2,904,369	2,836,320	2,774,026	2,657,615
Public safety	5,688,691	5,401,754	5,620,891	5,489,942	5,438,986	5,452,098	5,513,458	5,530,890	5,087,615	5,124,954
Public works	607,211	598,889	618,618	556,904	460,444	542,848	505,578	424,779	414,040	3,583,152
Highways and streets	1,440,050	1,004,793	1,401,373	1,377,329	1,318,793	1,211,431	1,210,324	994,971	1,363,420	1,093,891
Parks and recreation	2,510,169	2,333,348	2,320,950	2,250,733	2,241,380	2,133,731	2,096,335	2,110,396	2,149,106	1,944,788
Health and sanitation	1,330,789	1,233,389	1,203,039	1,204,374	1,198,127	1,147,456	1,054,900	1,157,017	923,881	882,010
Economic development	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457	4,445,699	16,554,301
Capital outlay	1,339,597	1,611,488	348,711	5,718,016	1,734,019	294,258	1,100,240	934,502	6,662,933	818,386
Debt service:										
Principal	2,846,292	2,224,535	1,838,000	1,866,476	1,009,055	1,554,964	1,261,679	820,284	612,946	547,723
Interest	2,435,786	2,606,642	2,727,230	2,758,930	2,686,033	2,762,969	2,603,519	2,041,283	924,959	721,577
Bond issue costs	-	-	-	-	218,681	155,551	125,000	796,889	244,699	-
Payments to escrow agent	-	-	-	-	1,843,000	414,390	-	-	-	-
Total Expenditures	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	33,928,397
REVENUES OVER (UNDER) EXPENDITURES	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)	(16,934,310)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	-	-	-	-	12,965,000	10,140,000	3,319,555	28,485,000	11,555,699	16,554,301
Premium/discount on issuance	-	-	-	-	(12,936)	8,564	-	(235,250)	(34,475)	-
Refunding of long-term debt	-	-	-	-	(12,733,383)	(6,420,507)	-	(24,236,569)	-	-
Issuance of capital lease	-	-	-	-	-	-	777,810	31,800	-	286,378
Proceeds from insurance premium	-	-	-	-	110,000	-	-	-	-	-
Proceeds from sale of capital assets	14,062	37,507	30,100	315,725	57,673	28,128	20,085	-	800	504,457
Transfers in	107,236	9,976,578	1,859,521	-	-	-	25,000	-	20,000	166,567
Transfers out	(4,262,502)	(418,220)	(3,496,288)	(10,000)	(10,000)	(10,000)	(35,000)	(10,000)	(20,000)	(166,567)
Total Other Financing Sources (Uses)	(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	17,345,136
NET CHANGES IN FUND BALANCES	\$(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	410,826
Debt service as a percentage of noncapital expenditures	25.8 %	26.5	24.5	25.3	19.0	20.3	18.8	16.9	7.6	4.3

Source: Basic financial statements

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

FUNCTIONS/PROGRAMS	Program Revenues									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
General government	\$ 408,413	513,502	485,075	501,560	467,566	453,075	787,472	695,250	565,148	526,313
Public safety	1,255,381	1,267,963	1,260,519	1,472,757	1,362,136	1,435,487	1,731,838	1,555,561	1,541,132	1,746,508
Public works	18,534	22,131	-	1,661,672	453,885	-	156,522	73,840	584,512	204,576
Highways and streets	2,590,047	2,549,597	1,103,702	1,614,989	1,873,416	999,630	3,243,512	1,094,219	1,418,309	2,142,388
Parks and recreation	1,398,342	1,262,611	1,279,653	1,285,333	1,396,181	1,314,691	1,315,837	1,152,846	1,172,677	1,262,728
Health and sanitation	894,294	823,136	33,519	46,688	43,557	240,613	569,903	33,530	36,417	20,323
Total Governmental Activities	6,565,011	6,438,940	4,162,468	6,582,999	5,596,741	4,443,496	7,805,084	4,605,246	5,318,195	5,902,836
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	2,685,117
Storm water	713,594	667,609	585,636	589,987	575,621	577,423	599,902	600,436	557,094	513,150
Golf	423,217	324,046	482,520	434,990	561,806	454,091	407,735	480,578	473,022	401,008
Total Business-type Activities	1,136,811	3,869,548	4,992,417	5,038,637	4,933,976	4,982,855	5,630,771	4,524,496	3,999,839	3,599,275
Total Primary Government	\$ 7,701,822	10,308,488	9,154,885	11,621,636	10,530,717	9,426,351	13,435,855	9,129,742	9,318,034	9,502,111

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
2016	\$ 2,151,266	\$ 11,537,907	\$ 3,197,614	\$ 549,872	\$ 226,139	\$ 17,662,798
2015	2,270,828	10,850,085	3,169,822	559,752	224,223	17,074,710
2014	1,959,557	9,974,869	3,166,690	529,739	229,599	15,860,454
2013	2,137,107	10,456,039	3,075,765	525,885	227,628	16,422,424
2012	1,856,713	9,283,841	2,850,729	533,081	213,754	14,738,118
2011	1,956,378	9,115,555	3,107,237	553,861	206,067	14,939,098
2010	1,767,838	8,738,803	3,274,363	561,099	209,258	14,551,361
2009	1,448,479	7,510,784	2,565,201	552,562	202,942	12,279,968
2008	1,125,304	6,906,699	3,411,545	569,799	196,271	12,209,618
2007	992,520	7,138,297	1,961,536	583,495	190,334	10,866,182

Source: Required supplemental information and basic financial statements

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

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

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

Source: Required supplemental information and basic financial statements

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

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
2016	2015	\$ 283,140,826	\$ 8,227,322	\$ 291,368,148	\$ 1,262,789,107	0.400	23.1 %
2015	2014	280,800,247	7,414,869	288,215,116	1,244,969,539	0.401	23.2
2014	2013	276,950,700	7,382,457	284,333,157	1,228,943,555	0.397	23.1
2013	2012	277,940,900	6,893,679	284,834,579	1,227,103,131	0.397	23.2
2012	2011	277,026,900	7,018,823	284,045,723	1,221,808,487	0.397	23.2
2011	2010	274,310,100	6,370,930	280,681,030	1,188,269,463	0.397	23.6
2010	2009	267,251,900	6,042,845	273,294,745	1,180,555,245	0.397	23.1
2009	2008	257,603,500	5,639,930	263,243,430	1,144,071,678	0.425	23.0
2008	2007	244,660,300	5,698,063	250,358,363	1,096,031,833	0.420	22.8
2007	2006	221,014,200	5,640,294	226,654,494	990,383,737	0.420	22.9

Notes:

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

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

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

Source: Jefferson County Assessor

CITY OF ARNOLD, MISSOURI
ASSESSED VALUES FOR TAX INCREMENT FINANCING DISTRICTS
LAST NINE FISCAL YEARS

Tax Year	Triangle TIF			Crossroads TIF			Crossroads Sub Area #1 TIF		
	Base			Base			Base		
	Assessed Value	Abated Assessed	Assessed Value	Assessed Value	Abated Assessed	Assessed Value	Assessed Value	Abated Assessed	Assessed Value
2015	\$ 13,625,100	\$ 1,700,400	\$ 11,924,700	\$ 4,319,900	\$ 2,466,200	\$ 1,853,700	\$ 3,058,400	\$ 1,782,600	\$ 1,275,800
2014	14,099,411	1,700,400	12,399,011	4,243,318	2,466,200	1,777,118	3,058,400	1,782,600	1,275,800
2013	13,674,300	1,700,400	11,973,900	4,243,200	3,124,400	1,118,800	3,058,400	1,124,400	1,934,000
2012	14,201,400	1,700,400	12,501,000	4,231,500	3,124,400	1,107,100	3,058,500	1,124,400	1,934,100
2011	14,137,200	1,700,400	12,436,800	3,998,400	3,124,400	874,000	3,058,500	1,124,400	1,934,100
2010	12,397,400	1,700,400	10,697,000	3,188,500	3,124,400	64,100	1,227,500	1,124,400	103,100
2009	12,397,400	1,700,400	10,697,000	3,188,500	3,124,400	64,100	1,227,500	1,124,400	103,100
2008	7,187,300	1,700,400	5,486,900	3,044,600	3,101,600	(57,000)	1,312,800	1,147,200	165,600
2007	2,936,100	1,855,300	1,080,800	3,325,100	3,197,100	128,000	1,312,800	1,147,200	165,600

Source: Jefferson County Assessor

Note: Information prior to 2007 is unavailable.

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

	For The Years Ended August 31									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Arnold:										
General	0.400	0.401	0.397	0.397	0.397	0.397	0.397	0.425	0.420	0.420
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Jefferson County	0.526	0.531	0.532	0.533	0.505	0.505	0.499	0.496	0.530	0.530
Consolidated School No. 6 of Jefferson County	4.650	4.583	4.650	4.617	4.604	4.587	4.563	4.530	4.530	4.520
Rock Community Fire Protection District	0.763	0.803	0.931	0.707	0.712	0.716	0.715	0.707	0.710	0.710
Rock Township Ambulance District	0.209	0.210	0.210	0.210	0.132	0.136	0.127	0.123	0.120	0.120
The Junior College District of Jefferson County	0.341	0.344	0.340	0.339	0.336	0.336	0.336	0.334	0.330	0.330
The Jefferson County Library District	0.176	0.178	0.176	0.175	0.189	0.189	0.188	0.186	0.190	0.190
Surtax-Commercial Only	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240

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

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

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

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

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

Source: Jefferson County Collector's office

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage Of Personal Income (1)	Per Capita
	Capital Lease Obligations	Certificates Of Participation	Leasehold Revenue Bonds	Tax Increment Revenue And Bonds	Revenue Bonds	Capital Lease Obligations	Notes Payable	Revenue Bonds			
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	14,939,207	78,879,368	10.43	3,754
2012	279,320	19,775,000	-	33,014,485	13,369,667	13,605	14,939,207	15,490,557	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	84,486,071	11.71	4,060
2010	768,269	-	14,090,000	31,359,555	14,750,416	47,135	16,120,537	83,805,912	83,805,912	12.28	4,066
2009	217,138	-	14,455,000	28,485,000	15,363,416	47,502	16,521,497	81,984,553	81,984,553	11.97	3,979
2008	455,622	-	14,790,000	21,000,000	15,941,166	79,603	22,780,378	82,156,769	82,156,769	11.64	3,990
2007	763,568	-	15,095,000	16,554,301	13,949,166	-	4,732,255	51,094,290	51,094,290	7.30	2,460

(1) See Demographics and Economic Statistics Table

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

CITY OF ARNOLD, MISSOURI
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AUGUST 31, 2016

<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
The Junior College District of Jefferson County	\$ 11,343,091	9.78 %	\$ 1,109,354
Consolidated School No. 6 of Jefferson County	<u>66,436,986</u>	33.77	<u>22,435,770</u>
	77,780,077		23,545,124
City direct debt	<u>44,142,978</u>	100.00 %	<u>44,142,978</u>
Total Direct And Overlapping Debt	<u>\$ 121,923,055</u>		<u>\$ 67,688,102</u>

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

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

	Fiscal Years									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 36,126,514	35,712,870	35,185,812	36,029,611	36,369,775	36,055,771	35,520,119	34,691,869	33,081,629	30,513,314
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 36,126,514	35,712,870	35,185,812	36,029,611	36,369,775	36,055,771	35,520,119	34,691,869	33,081,629	30,513,314
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)
2016	21,357	40.1	\$ 806,013,180	\$ 37,740	11,407	4.9 %
2015	21,243	40.4	784,865,121	36,947	11,677	4.8
2014	21,134	39.1	761,119,876	36,014	11,567	6.0
2013	21,013	38.6	756,404,961	35,997	11,564	6.5
2012	20,837	42.1	722,647,997	34,681	11,614	7.2
2011	20,808	39.9	721,642,248	34,681	11,690	8.4
2010	20,609	40.1	682,446,426	33,114	11,767	9.5
2009	20,603	40.1	684,699,499	33,233	11,646	10.3
2008	20,589	34.9	705,873,276	34,284	11,535	7.4
2007	20,566	36.7	699,537,372	34,014	11,459	5.4

(1) Source: U.S. Census Bureau

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

(3) Source: Federal Reserve Economic Data

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

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

Source: City Clerk's office

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

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of August 31																																																																																																																																																																																																																																																																																																																																																																																				
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007																																																																																																																																																																																																																																																																																																																																																																											
General government:											Legislative services	1	1	1	1	1	1	1	1	1	1	Administrative services	5	5	6	6	6	7	7	8	8	8	Maintenance of municipal property	3	3	2	2	-	-	-	-	1	1	Municipal court	2	2	2	2	2	2	2	2	2	2	Finance	4	4	4	4	4	4	4	4	4	4	Police:											Officers	47	47	47	47	47	45	47	49	48	48	Administrative services	3	3	3	3	3	3	3	3	4	4	Dispatch	8	8	8	8	8	8	8	8	8	8	Public works:											Administration	3	3	3	3	3	3	3	3	3	3	Street maintenance	8	9	10	9	8	9	8	8	8	8	Fleet	2	2	2	2	2	2	2	2	2	2	Building department:											Administration	4	4	4	4	5	5	4	4	4	4	Inspectors	2	2	2	2	2	1	1	2	2	2	Engineers	1	1	1	1	1	1	1	1	1	1	Parks and recreation:											Administration	3	3	3	6	4	3	1	3	3	3	Maintenance	11	12	12	10	6	6	6	6	6	6	Supervisors	2	2	2	1	1	1	1	1	2	2	Seasonal and part-time programs	16	13	13	12	-	-	-	-	-	-	Sewer:											Maintenance	-	-	8	7	7	7	8	7	6	5	Storm water:											Maintenance	4	5	5	5	5	5	4	4	2	2	Health department:											Administration	1	1	1	1	1	1	1	1	1	1	Rabies controller	2	2	2	2	2	2	2	2	1	1	Golf course:											Administration	1	1	1	3	2	2	2	2	2	2	Maintenance	1	2	2	5	1	1	1	1	1	1	Seasonal and part-time	4	5	5	2	-	-	-	-	-	-
Legislative services	1	1	1	1	1	1	1	1	1	1	Administrative services	5	5	6	6	6	7	7	8	8	8	Maintenance of municipal property	3	3	2	2	-	-	-	-	1	1	Municipal court	2	2	2	2	2	2	2	2	2	2	Finance	4	4	4	4	4	4	4	4	4	4	Police:											Officers	47	47	47	47	47	45	47	49	48	48	Administrative services	3	3	3	3	3	3	3	3	4	4	Dispatch	8	8	8	8	8	8	8	8	8	8	Public works:											Administration	3	3	3	3	3	3	3	3	3	3	Street maintenance	8	9	10	9	8	9	8	8	8	8	Fleet	2	2	2	2	2	2	2	2	2	2	Building department:											Administration	4	4	4	4	5	5	4	4	4	4	Inspectors	2	2	2	2	2	1	1	2	2	2	Engineers	1	1	1	1	1	1	1	1	1	1	Parks and recreation:											Administration	3	3	3	6	4	3	1	3	3	3	Maintenance	11	12	12	10	6	6	6	6	6	6	Supervisors	2	2	2	1	1	1	1	1	2	2	Seasonal and part-time programs	16	13	13	12	-	-	-	-	-	-	Sewer:											Maintenance	-	-	8	7	7	7	8	7	6	5	Storm water:											Maintenance	4	5	5	5	5	5	4	4	2	2	Health department:											Administration	1	1	1	1	1	1	1	1	1	1	Rabies controller	2	2	2	2	2	2	2	2	1	1	Golf course:											Administration	1	1	1	3	2	2	2	2	2	2	Maintenance	1	2	2	5	1	1	1	1	1	1	Seasonal and part-time	4	5	5	2	-	-	-	-	-	-											
Administrative services	5	5	6	6	6	7	7	8	8	8	Maintenance of municipal property	3	3	2	2	-	-	-	-	1	1	Municipal court	2	2	2	2	2	2	2	2	2	2	Finance	4	4	4	4	4	4	4	4	4	4	Police:											Officers	47	47	47	47	47	45	47	49	48	48	Administrative services	3	3	3	3	3	3	3	3	4	4	Dispatch	8	8	8	8	8	8	8	8	8	8	Public works:											Administration	3	3	3	3	3	3	3	3	3	3	Street maintenance	8	9	10	9	8	9	8	8	8	8	Fleet	2	2	2	2	2	2	2	2	2	2	Building department:											Administration	4	4	4	4	5	5	4	4	4	4	Inspectors	2	2	2	2	2	1	1	2	2	2	Engineers	1	1	1	1	1	1	1	1	1	1	Parks and recreation:											Administration	3	3	3	6	4	3	1	3	3	3	Maintenance	11	12	12	10	6	6	6	6	6	6	Supervisors	2	2	2	1	1	1	1	1	2	2	Seasonal and part-time programs	16	13	13	12	-	-	-	-	-	-	Sewer:											Maintenance	-	-	8	7	7	7	8	7	6	5	Storm water:											Maintenance	4	5	5	5	5	5	4	4	2	2	Health department:											Administration	1	1	1	1	1	1	1	1	1	1	Rabies controller	2	2	2	2	2	2	2	2	1	1	Golf course:											Administration	1	1	1	3	2	2	2	2	2	2	Maintenance	1	2	2	5	1	1	1	1	1	1	Seasonal and part-time	4	5	5	2	-	-	-	-	-	-																						
Maintenance of municipal property	3	3	2	2	-	-	-	-	1	1	Municipal court	2	2	2	2	2	2	2	2	2	2	Finance	4	4	4	4	4	4	4	4	4	4	Police:											Officers	47	47	47	47	47	45	47	49	48	48	Administrative services	3	3	3	3	3	3	3	3	4	4	Dispatch	8	8	8	8	8	8	8	8	8	8	Public works:											Administration	3	3	3	3	3	3	3	3	3	3	Street maintenance	8	9	10	9	8	9	8	8	8	8	Fleet	2	2	2	2	2	2	2	2	2	2	Building department:											Administration	4	4	4	4	5	5	4	4	4	4	Inspectors	2	2	2	2	2	1	1	2	2	2	Engineers	1	1	1	1	1	1	1	1	1	1	Parks and recreation:											Administration	3	3	3	6	4	3	1	3	3	3	Maintenance	11	12	12	10	6	6	6	6	6	6	Supervisors	2	2	2	1	1	1	1	1	2	2	Seasonal and part-time programs	16	13	13	12	-	-	-	-	-	-	Sewer:											Maintenance	-	-	8	7	7	7	8	7	6	5	Storm water:											Maintenance	4	5	5	5	5	5	4	4	2	2	Health department:											Administration	1	1	1	1	1	1	1	1	1	1	Rabies controller	2	2	2	2	2	2	2	2	1	1	Golf course:											Administration	1	1	1	3	2	2	2	2	2	2	Maintenance	1	2	2	5	1	1	1	1	1	1	Seasonal and part-time	4	5	5	2	-	-	-	-	-	-																																	
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Engineers	1	1	1	1	1	1	1	1	1	1	Parks and recreation:											Administration	3	3	3	6	4	3	1	3	3	3	Maintenance	11	12	12	10	6	6	6	6	6	6	Supervisors	2	2	2	1	1	1	1	1	2	2	Seasonal and part-time programs	16	13	13	12	-	-	-	-	-	-	Sewer:											Maintenance	-	-	8	7	7	7	8	7	6	5	Storm water:											Maintenance	4	5	5	5	5	5	4	4	2	2	Health department:											Administration	1	1	1	1	1	1	1	1	1	1	Rabies controller	2	2	2	2	2	2	2	2	1	1	Golf course:											Administration	1	1	1	3	2	2	2	2	2	2	Maintenance	1	2	2	5	1	1	1	1	1	1	Seasonal and part-time	4	5	5	2	-	-	-	-	-	-																																																																																																																																																																																											
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Source: City payroll department records

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

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

Source: City records - various departments listed

(1) Prior to 2013 merchant licenses only included merchants headquartered in the City. Starting in 2013 all merchants are included.
(2) Information prior to 2012 not available.

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

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

Source: City finance department records

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

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

Source: City records

Note: Started collecting revenues in fiscal year 2008.

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

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

Source: City records

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

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

APPENDIX C

**DEFINITIONS OF WORDS AND TERMS AND
SUMMARIES OF LEGAL DOCUMENTS**

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APPENDIX C

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF LEGAL DOCUMENTS

The summaries of the Indenture of Trust, the Lease and the Base Lease contained in this *Appendix C* do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the designated corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

DEFINITIONS OF WORDS AND TERMS

The definitions of certain words and terms used in this Official Statement are set forth below:

“Additional Certificates” means any Certificates executed and delivered pursuant to the Indenture of Trust.

“Authorized Representative” means the Mayor, the City Administrator, the Finance Director or any other person designated as an Authorized Representative by the Mayor to act on behalf of the City, such designation being approved by the governing body of the City by a resolution or ordinance that is filed with the Trustee.

“Available Revenues” means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Indenture of Trust.

“Base Lease” means the Base Lease dated as of October 1, 2010, between the City, as lessor, and the Trustee, as lessee, as amended and supplemented from time to time in accordance with its terms.

“Basic Rent” means the rent comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means (a) with respect to the Series 2010 Certificates, each May 1 and November 1 during the Lease Term, and (b) with respect to the Series 2017 Certificates and any Additional Certificates, each June 15 and December 15 during the Lease Term, commencing on December 15, 2017.

“Beneficial Owner” means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Certificates” means the Series 2010 Certificates and any Additional Certificates.

“City” means the City of Arnold, Missouri, a third-class city, organized and existing under and by virtue of the laws of the State of Missouri, and its successors.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Completion Certificate” means the certificate of the City given in accordance with the Lease.

“Completion Date” means the date of completion of the acquisition, construction and installation of the Project as that date will be certified as provided in the Lease.

“Continuing Disclosure Agreement” means the continuing disclosure agreement or certificate entered into by the City and a dissemination agent, if any, in connection with the execution and delivery of a series of Certificates, as from time to time amended.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including without limitation advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Indenture of Trust.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture of Trust.

“Costs of the Project” means all reasonable or necessary expenses related or incidental to the acquisition, construction and installation of the Project, legal and other special services and all other necessary and incidental expenses, including interest on the Completion Date on that portion of the Certificates funding the Project. Costs of the Project will include Costs of Issuance on that portion of the Certificates funding the Project.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Registrar kept pursuant to the Indenture of Trust, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“Escrow Agent” means UMB Bank, N.A., St. Louis, Missouri, and any successors or assigns.

“Escrow Agreement” means the Escrow Trust Agreement dated as of August 1, 2017, between the City and the Escrow Agent.

“Escrow Fund” means the fund by that name established in the Escrow Trust Agreement.

“Event of Default” with respect to the Lease has the meaning specified under the caption **“SUMMARY OF THE LEASE - Events of Default”** and with respect to the Indenture of Trust has the meaning specified under the caption **“SUMMARY OF THE INDENTURE OF TRUST - Events of Default.”**

“Event of Lease Default” means an Event of Default under the Lease.

“Event of Nonappropriation” means an Event of Nonappropriation as described under the caption **“SUMMARY OF THE LEASE - Nonappropriation.”**

“Fiscal Year” means the Fiscal Year of the City, currently the twelve-month period beginning September 1 and ending on August 31.

“First Supplemental Indenture of Trust” means the First Supplemental Indenture of Trust dated as of August 1, 2017, between the City and the Trustee.

“First Supplemental Lease” means the First Supplemental Lease Purchase Agreement dated as of August 1, 2017, between the City and the Trustee.

“Funds” means, collectively, the funds created and held under the Indenture of Trust.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody’s or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Indenture of Trust” means the Indenture of Trust dated as of October 1, 2010, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are permitted by law:

- (a) Government Obligations;
- (b) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;
- (c) other obligations issued by or on behalf of agencies or instrumentalities of the United States of America except for the Federal Farm Credit Bank;
- (d) negotiable certificates of deposit issued by banks or trust companies rated investment grade or better (BBB- or Bbb- or better);
- (e) money market funds rated in the highest rating category by a nationally recognized rating service consisting of Government Obligations;
- (f) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and that have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City; and
- (g) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State.

“Lease” means the Lease Purchase Agreement dated as of October 1, 2010, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented from time to time in accordance with its terms.

“Lease Revenue Fund” means the fund by that name established pursuant to the Indenture of Trust.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund established pursuant to the Indenture of Trust.

“Leased Property” means the personal property described in the Base Lease and the Lease.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition “by Mail” means a written notice meeting the requirements of the Indenture of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

“Original Indenture of Trust” means the Indenture of Trust dated as of October 1, 2010, between the City and the Trustee.

“Original Lease” means the Lease Purchase Agreement dated as of October 1, 2010, between the City and the Trustee.

“Original Term” means the period from the date of delivery of the Lease until the end of the Fiscal Year then in effect.

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Indenture of Trust except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates will have been executed and delivered by the Trustee pursuant to the Indenture of Trust and (c) Certificates paid or deemed to be paid pursuant to the Indenture of Trust.

“Owner” of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates.

“Prepayment Price” means with respect to any Certificate (or portion thereof), the amount specified in the Indenture of Trust.

“Principal Portion” means the principal portion of the Basic Rent Payments.

“Proceeds” means the aggregate moneys initially paid to the Trustee for each series of the Certificates.

“Project” means the acquisition, construction and installation of certain road improvements and the utility and infrastructure improvements related thereto.

“Project Fund” means the fund by that name established pursuant to the Indenture of Trust.

“Purchase Price” means the amount designated as such in the Lease that the City must pay to the Trustee to purchase the Trustee’s interest in the Leased Property.

“Rebate Fund” means the fund by that name established pursuant to the Indenture of Trust.

“Record Date” means (a) with respect to the Series 2010 Certificates, the fifteenth day of the month (whether or not a Business Day) prior to the applicable Basic Rent Payment Date, and (b) with respect to the Series 2017 Certificates and any Additional Certificates, the first day (whether or not a Business Day) of the calendar month in which the applicable Basic Rent Payment Date occurs.

“Registrar” means the Trustee when acting in that capacity, or its successor as Registrar.

“Renewal Term” means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then-current Fiscal Year as provided in the Lease, except that the last possible Renewal Term will end on December 16, 2026.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Rent Payment” means a payment of Rent.

“Representation Letter” means the Representation Letter from the City to the Securities Depository.

“Reserve Fund” means the fund by that name established pursuant to the Indenture of Trust.

“Reserve Fund Requirement” means (a) with respect to the Series 2010 Certificates, \$563,726.26, (b) with respect to the Series 2017 Certificates, \$0, and (c) with respect to any Additional Certificates, such amount as set forth in the Supplemental Indenture of Trust authorizing such series of Additional Certificates, which amount shall not exceed the least of (1) 10% of the stated principal amount of such series of Additional Certificates, (2) the maximum annual Basic Rent Payment requirements on such series of Additional Certificates (determined as of the issue date), or (3) 125% of the average annual Basic Rent Payment requirements on such series of Additional Certificates (determined as of the issue date).

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2010 Certificates” means the \$7,140,000 aggregate principal amount Certificates of Participation (City of Arnold, Missouri, Lessee), Series 2010, evidencing a proportionate interest in Basic Rent Payments to be made by the City pursuant to the Lease, executed and delivered pursuant to the Indenture of Trust.

“Series 2017 Certificates” means the \$_____ aggregate principal amount Refunding Certificates of Participation (City of Arnold, Missouri, Lessee), Series 2017, evidencing a proportionate interest in Basic Rent Payments to be made by the City pursuant to the Lease, executed and delivered pursuant to the Indenture of Trust.

“Special Tax Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on Series 2010 Certificates or other obligations issued by states and political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

“State” means the State of Missouri.

“Supplemental Indenture of Trust” means any amendment or supplement to the Indenture of Trust entered into pursuant to the Indenture of Trust.

“Supplemental Lease” means any amendment or supplement to the Lease entered into pursuant to the Lease.

“Supplemental Rent” means all amounts due under the Lease other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” means the Tax Compliance Agreement entered into by the City and the Trustee in connection with the execution and delivery of each series of Certificates.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Indenture of Trust and the Lease.

“Trustee” means UMB Bank, N.A., and its successor or successors and their respective assigns.

SUMMARY OF THE INDENTURE OF TRUST

In addition to the information under the caption "THE SERIES 2017 CERTIFICATES," the following is a brief summary of certain provisions of the Indenture of Trust. This summary is not to be considered as a full statement of the provisions of the Indenture of Trust and is qualified by reference to and subject to the complete Indenture of Trust, a copy of which may be examined at the offices of Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, Eighth Floor, St. Louis, Missouri 63102.

General Provisions

The Indenture of Trust has been entered into between the City and the Trustee. The Indenture of Trust authorizes the Trustee to execute and deliver the Series 2017 Certificates, provides the terms of the Series 2017 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

The Trustee has executed the Indenture of Trust in order to secure the payment of the Principal Portions of Basic Rent Payments, premium, if any, and the Interest Portions of Basic Rent Payments. It further declares that it will hold all of the assets, property and interests received by it under the terms of the Indenture of Trust, the Base Lease and the Lease and all agreements and instruments contemplated thereby (except the Rebate Fund, the Refunding Account of the Project Fund and any compensation, indemnification or other amounts that are due directly to the Trustee under the Indenture of Trust).

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Indenture of Trust on a parity with the Series 2017 Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in the Indenture of Trust, for the purposes described under the heading "**SUMMARY OF THE LEASE - Increased Basic Rent**" in this Appendix C.

Establishment of Funds

There are ratified and/or established the following Funds:

- (a) Lease Revenue Fund.
- (b) Cost of Issuance Fund.

In addition to the Funds described above, the Escrow Agreement establishes the Escrow Fund to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement.

All Funds and accounts established pursuant to the Indenture of Trust as described in the paragraph above (except for the Escrow Fund) will be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the Funds and accounts will be deposited or applied as provided in the Indenture of Trust.

Application of Lease Revenues

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

- (a) The Basic Rent will be deposited to the Lease Revenue Fund.
- (b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) will be deposited to the Lease Revenue Fund.
- (c) Payments of Supplemental Rent pursuant the Original Lease will be applied as provided in the Original Lease.

Undesignated payments of Rent that are insufficient to discharge the full amount then due will be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Cost of Issuance Fund

Moneys in the Costs of Issuance Fund will be used to pay Costs of Issuance of the Series 2017 Certificates. Payment will be made from moneys in the Costs of Issuance Fund upon receipt by the Trustee of a requisition certificate signed by an Authorized Representative, which requisition certificate will contain the statements, representations and certificates set forth in the Indenture of Trust.

In making disbursements for Costs of Issuance, the Trustee may conclusively rely upon each written requisition certificate executed by the Authorized Representative. The approval of each requisition certificate by the Authorized Representative will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Costs of Issuance Fund have been completed. The Trustee will make disbursements to pay Costs of Issuance for which any such request is made as soon as practicable following the receipt of an executed requisition certificate and any required attachments.

Any balance remaining in the Costs of Issuance Fund on October 15, 2017, shall be transferred and deposited to the credit of the Lease Revenue Fund to pay Basic Rent.

In the event of the acceleration pursuant to the Original Indenture of Trust, any moneys then remaining in the Costs of Issuance Fund will be transferred and deposited to the credit of the Lease Revenue Fund to pay Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Indenture of Trust, all amounts in the Lease Revenue Fund will be used and withdrawn by the Trustee solely to distribute Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to the Indenture of Trust).

Reserve Fund

Moneys in the Reserve Fund will be used solely to make up any deficiencies in the Lease Revenue Fund. Moneys in the Reserve Fund will also be used to pay the last Certificates becoming due unless such Certificates have been otherwise paid. The investments in the Reserve Fund will be valued (1) annually as of the last Business Day of each Fiscal Year, (2) on any date that there is a draw on the Reserve Fund, and (3) upon any partial prepayment of the Certificates. If at any time the amount in the Reserve Fund exceeds the Reserve Fund Requirement, such excess will be transferred to the Lease Revenue Fund. If at any time the amount in the Reserve Fund is less than the Reserve Fund Requirement as a result of a withdrawal or decrease in value, the City will replenish the Reserve Fund at the time and in the manner set forth in the Lease.

Rebate Fund

Moneys will be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the City to the Trustee, prepared in accordance with the provisions of the Tax Compliance Agreement.

Investment of Moneys in Various Funds

Moneys held in the Funds will, subject to the requirements of the Tax Compliance Agreement and as provided in the Indenture of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed.

The Trustee will sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund held under the Indenture of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities will be credited to such Fund, and any loss resulting from such Investment Securities will be charged to such Fund; provided, that, if at any time the amount in the Reserve Fund exceeds the Reserve Fund Requirement, such excess will be transferred to the Lease Revenue Fund.

For purposes of determining the amount in any Fund, the value of any investments will be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower; provided that the Reserve Fund will be valued at market value.

The Trustee may, in making or disposing of any investment permitted by the Indenture of Trust, deal with itself (in its individual capacity), or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account.

Amendments to the Indenture of Trust, the Lease or the Base Lease

The Indenture of Trust, the Lease and the Base Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at anytime by an amendment or supplement thereto that the parties thereto may enter into when the written consent of the Trustee and the City, if not a party thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding has been filed with the Trustee. No such modification or amendment will (a) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Indenture of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto or alter the optional prepayment date of any Certificate without the consent of the Owner of each Certificate so affected, (b) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund, the Lease Revenue Fund or the Reserve Fund or deprive the Owners of the trust created by the Indenture of Trust with respect to the moneys in the Project Fund, the Lease Revenue Fund or the Reserve Fund, or (c) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Indenture of Trust, the Lease or the Base Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement that the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (a) to add to the covenants and agreements of the Trustee in the Indenture of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power in the Indenture of Trust reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender will materially adversely affect the interests of the Owners of the Certificates; (b) to add to the covenants and agreements of the City in the Base Lease or the Lease,; provided, however, that no such covenant, agreement or surrender will materially adversely affect the security for the Certificates; (c) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture of Trust, the Base Lease or the Lease, or in regard to matters or questions arising under the Indenture of Trust, the Base Lease or the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City, or the Trustee and that will not,

in any such case adversely affect the security for the Certificates; (d) to modify, amend or supplement the Indenture of Trust in such manner as to permit the qualification of the Indenture of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and that will not materially adversely affect the security for the Certificates; (e) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (f) to provide for the execution and delivery of Additional Certificates; or (g) to make any other change that does not have a materially adverse effect the security for the Certificate Owners.

Opinion of Special Tax Counsel

Before the Trustee or the City consents to any modification or amendment of the Indenture of Trust, the Base Lease or the Lease, an Opinion of Special Tax Counsel will be delivered to the Trustee stating that such amendment (a) is permitted by the Indenture of Trust and the instrument modified or amended (if other than the Indenture of Trust), (b) complies with its terms, (c) will, upon execution and delivery thereof, be valid and binding upon the City in accordance with the terms of the instrument modified or amended, and (d) will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates. In any instance in which the Trustee may be required to determine that a modification or amendment will not materially adversely affect the interest of the Owners of the Certificates, prior to consenting to such modification or amendment, the Trustee will be entitled to require that there be delivered to it an Opinion of Counsel to the effect that no such materially adverse effect would result from such modification or amendment. The Trustee will be fully protected and will incur no liability in relying upon such Opinion of Counsel in making such determination.

Events of Default

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Indenture of Trust:

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms of the Indenture of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default under the Indenture of Trust, the Trustee may, and upon receipt of a Directive will, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then-current Fiscal Year immediately due and payable.

Other Remedies

Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Property and apply the net proceeds thereof and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Indenture of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Indenture of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default or an Event of Nonappropriation has occurred and is continuing and if instructed to do so by a Directive and if indemnified as provided in the Indenture of Trust, the Trustee will be obligated to exercise such one or more of the rights and the remedies conferred by the Indenture of Trust as the Trustee, upon the advice of counsel, deems to be in the interests of the Certificate Owners.

Any other provision in the Indenture of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding will have the right, at any time, by a Directive, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Indenture of Trust, or for the appointment of a receiver or any other proceedings under the Indenture of Trust; provided that (a) such Directive will not be otherwise than in accordance with the provisions of law and of the Indenture of Trust, and (b) the Trustee has been indemnified as provided in the Indenture of Trust and will have the right to decline to follow any such direction if the Trustee in good faith determines that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Base Lease, the Lease or the Indenture of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default or an Event of Nonappropriation has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding have made a written request to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers granted by the Indenture of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee thereafter fails or refuses to exercise the powers granted by the Indenture of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Indenture of Trust and to any action or cause of action for the enforcement of the Indenture of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

Defeasance

When (a) the obligations of the City under the Lease have been satisfied in connection with the exercise by the City of its option to purchase the Leased Property in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (b) the City has delivered to the Trustee (1) an Opinion of Counsel to the effect that the conditions for such discharge contained in the Indenture of Trust and the Lease have been satisfied or irrevocably provided for and (2) if the deposit of cash and Government Obligations is more than 180 days before the scheduled payment in full of the Certificates, an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (c) the City has deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Indenture of Trust will cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Indenture of Trust; provided, however, that all provisions relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of the Indenture of Trust.

Duties, Immunities and Liabilities of the Trustee

The Trustee will, prior to an Event of Default or Event of Nonappropriation and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in the Indenture of Trust. The Trustee will, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Indenture of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or will resign at any time the Trustee ceases to be eligible in accordance with the Indenture of Trust or becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee will be appointed by a Directive. Written notice of any removal or resignation pursuant to this paragraph will be given by the Trustee to the City.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar. Upon receiving such notice of resignation, a successor Trustee will be appointed by a Directive.

SUMMARY OF THE LEASE

The following is a brief summary of certain provisions of the Lease. This summary is not to be considered as a full statement of the provisions of the Lease and is qualified by reference to and subject to the complete Lease, a copy of which may be examined at the offices of Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, Eighth Floor, St. Louis, Missouri 63102.

General

The Lease has been entered into between the Trustee and the City and contains the terms and conditions under which the Leased Property will be leased to and used by the City.

Lease Term

The Original Term of the Lease terminated on August 31, 2011 and the City has continued the Lease for each Renewal Term thereafter through and including August 31, 2017. The Lease Term may be extended, solely at the option of the City, at the end of any Renewal Term for an additional Renewal Term provided that the final Renewal Term will not extend beyond December 16, 2026.

Continuation of Lease Term by the City

The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during each of the Renewal Terms can be obtained. The City covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then-current governing body of the City.

Nonappropriation

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease will be deemed terminated at the end of the then-current Original Term or Renewal Term. An Event of Nonappropriation will be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Original Term or Renewal Term, but failure to give such notice will not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated in accordance with such provision, the City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Enjoyment of Leased Property

The Trustee will provide the City during the Lease Term with quiet use and enjoyment of the Leased Property. The City will, during the Lease Term, peaceably and quietly have, hold and enjoy the Leased Property, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The City may use the Leased Property for any governmental or proprietary purpose of the City, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee will have no responsibility to cause the Project to be acquired, constructed or installed or to maintain, repair or insure the Leased Property.

The City will comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Property, as to the manner and use or the condition of the Leased Property. The City will also comply with the requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The City will pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the City to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the City may, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the City may refrain from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

Basic Rent

The City will promptly pay all Basic Rent, subject to its right to terminate the Lease as described under the heading "**SUMMARY OF THE LEASE - Nonappropriation**" in this Appendix C on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the City will pay to the Trustee for deposit in the Lease Revenue Fund not less than fifteen days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The City will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term and such funds will not be expended for other purposes.

Supplemental Rent

The City will pay, subject to its right to terminate the Lease as described under the heading "**SUMMARY OF THE LEASE - Nonappropriation**" in this Appendix C, as Supplemental Rent (a) all Impositions (as defined under the heading "**SUMMARY OF THE LEASE - Impositions**" in this Appendix C); (b) all amounts required and all other payments that the City has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Base Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; (e) if the amount in the Reserve Fund is less than the Reserve Fund Requirement as a result of the withdrawal of moneys therein in order to make Basic Rent Payments, the amount of such deficiency to the Trustee for deposit in the Reserve Fund on or before the first anniversary of the date of such withdrawal; (f) if the amount in the Reserve Fund is less than the Reserve Fund Requirement as a result of a decrease in value as shown by the valuation required by the Indenture of Trust, the amount of such deficiency to the Trustee for deposit in the Reserve Fund within 90 days of such valuation; and (g) any payments required to be made pursuant to the Tax Compliance Agreement.

Rent Payments to Constitute a Current Expense and Limited Obligation of the City

The obligation of the City to pay Rent under the Lease is limited to payment from Available Revenues and will constitute a current expense of the City. Such obligation will not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning

the creation of indebtedness by the City, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the City.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee. Subject to the right of the City to terminate the Lease described under the heading “SUMMARY OF THE LEASE - Nonappropriation” in this Appendix C, the obligations of the City to pay the Basic Rent Payments and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be acquired or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the City of any rights or claims the City may have against the Trustee, but any recovery upon such rights and claims will be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the City may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the City on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Leased Property, (b) improving, upgrading or modifying the Leased Property, (c) completing the Project, (d) additional improvements to the Project or the acquisition of additional personal property to be included in the Leased Property, and (e) refunding any or all of the Certificates. Each such Supplemental Lease will include an amended schedule of Rental Payments reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Leased Property or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the City’s use of the Leased Property or any part thereof.

Impositions

The City will bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Property, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, that if not paid when due would impair the security of the Trustee or encumber the Leased Property (all of the foregoing being herein referred to as “Impositions”).

Contest of Impositions

The City may, in its own name or in the Trustee’s name, contest the validity or amount of any Imposition that the City is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least 10 days before the contested Imposition becomes delinquent. The City may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee notifies the City that, in the Opinion of Counsel, by nonpayment of any such items the interest of the Trustee in the Leased Property will be endangered or the Leased Property or any part thereof will be subject to loss or forfeiture. In that event, the City will promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The City will, during the Lease Term, maintain the following policies of insurance:

- (a) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the Trustee and the City are named as insureds, in an amount not less than the limits set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable deductible clauses).
- (b) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.

Maintenance and Modification of Leased Property by the City

The City will at its own expense (a) keep the Leased Property in a safe condition, (b) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City will not permit or suffer others to commit a nuisance in or about the Leased Property or itself commit a nuisance in connection with its use or occupancy of the Leased Property. The City will pay all costs and expenses of operation of the Leased Property.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Property that it deems desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All such additions, modifications or improvements made by the City will (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Leased Property.

Damage, Destruction and Condemnation

The City will bear the risk of loss with respect to the Leased Property during the Lease Term. If (a) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Leased Property or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority (other than the City), the City and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City has exercised its option to purchase the Trustee's interest in the Leased Property by paying the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed will be paid to the City and will be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease.

If the City determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City will promptly purchase the Trustee's interest in the Leased Property pursuant to the Lease by paying the Purchase Price and such Net Proceeds will be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price will belong to the City.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the City has not elected to purchase the Trustee's interest in the Leased

Property, the City will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds. If the City makes any payments as provided in this paragraph, the City will not be entitled to any reimbursement therefor from the Trustee nor will the City be entitled to any diminution of Rent.

Purchase Option

The City may purchase the Trustee's interest in the Leased Property, upon giving written notice to the Trustee at least 45 days before the purchase date (unless a shorter notice is satisfactory to the Trustee), at the following times and on the following terms:

(a) On or after December 15, 20__, upon payment in full of Rent Payments then due under the Lease plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus Interest Portions of Basic Rent accrued to the prepayment date.

(b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with the Indenture of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Series 2017 Certificates, to the prepayment date, which will be on or after December 15, 20__.

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Base Lease or the Lease becomes unenforceable, on the date the City specifies as the purchase date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due under the Lease plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Partial Prepayment

On or after December 15, 20__, the City may prepay the Basic Rent Payments with respect to the Series 2017 Certificates in whole or in part, upon giving written notice to the Trustee at least 45 days before the prepayment date (unless a shorter notice period is satisfactory to the Trustee), at the prepayment price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Basic Rent Payment Date.

The Principal Portion of Basic Rent prepaid pursuant to the Lease will be in integral multiples of \$5,000 and will be credited in such order of stated payment dates as is determined by the City. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter will be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the City

Except as provided in the Lease, none of the City's right, title and interest in, to and under the Base Lease, the Lease and in the Leased Property may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Property if the City obtains an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Leased Property shall be subject to the Base Lease, the Lease and the rights of the Trustee in, to and under the Base Lease, the Lease and the Leased Property.

Events of Default

Any of the following will constitute an "Event of Default" under the Lease:

- (a) Failure by the City to pay Basic Rent pursuant to the Lease;
- (b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 10 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;
- (c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;
- (d) Any statement, representation or warranty made by the City in or pursuant to the Base Lease or the Lease or the execution, delivery or performance of either of them proves to have been false, incorrect or misleading or breached in any material respect on the date when made;
- (e) Any provision of the Lease or the Base Lease at any time for any reason ceases to be valid and binding on the City, or is declared to be null and void, or the validity or enforceability thereof is contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or
- (f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

Failure of the City to comply with the Continuing Disclosure Agreement will not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee has the right, without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) By written notice to the City, the Trustee may declare all Rent payable by the City under the Lease to the end of the then-current Original Term or Renewal Term to be due;
- (b) With or without terminating the Lease, the Trustee may take possession of the Leased Property (in which event the City will take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Base Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Base Lease all of the City's interest in the Leased Property), and sell the Trustee's interest in the Leased Property or lease the Leased Property or, for the account of the City, sublease the Leased Property and continue to hold the City liable for the difference between (1) the Rent payable by the City under the Lease for the then-current Original Term or Renewal Term, as the case may be, and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Leased Property and all reasonable brokerage, auctioneers and attorney's fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Indenture of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Property and under the Lease.

SUMMARY OF THE BASE LEASE

The following is a brief summary of certain provisions of the Base Lease. This summary is not to be considered as a full statement of the provisions of the Base Lease and is qualified by reference to and subject to the complete Base Lease, a copy of which may be examined at the offices of Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, Eighth Floor, St. Louis, Missouri 63102.

Generally

The City and the Trustee have entered into the Base Lease under which the City leases the Leased Property to the Trustee for the rentals and upon the terms and conditions set forth therein.

Term

The term of the Base Lease commences from the date of delivery, and ends on November 1, 2047, unless extended or terminated as provided therein.

Rental

As and for rental under the Base Lease and in consideration for the leasing of the Leased Property to the Trustee, the Trustee will take the following actions: (a) simultaneously with the delivery of the Base Lease, enter into the Lease; (b) simultaneously with the delivery of the Base Lease, pay to the City the sum of \$10.00 and provide such other consideration as the Trustee and City may agree; and (c) deposit funds in the amount and in the Funds established and as set forth in the Indenture of Trust.

Assignments and Subleases

The Trustee will hold the Base Lease and its rights thereunder for the benefit of Owners of the Certificates. The Trustee and its assigns may assign the Base Lease and its rights thereunder or lease or sublease the Leased Property without the written consent of the City (a) if the Lease is terminated for any reason, or (b) if any Event of Default under the Lease has occurred.

Termination

The Base Lease will terminate at the end of its stated term; provided, however, that if the City pays the Purchase Price or all of the Rent Payments pursuant to the Lease and exercises its option to purchase the Trustee's interest in the Leased Property, then the Base Lease will be considered assigned to the City and terminated through merger of the leasehold interest under the Base Lease with the fee interest of the City if the City is the owner of the fee interest.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

Dated as of August 1, 2017

Between the

CITY OF ARNOLD, MISSOURI

and

UMB BANK, N.A.

\$ _____
Refunding Certificates of Participation
(City of Arnold, Missouri, Lessee)
Series 2017

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of August 1, 2017 (the "*Continuing Disclosure Agreement*"), is executed and delivered by the **CITY OF ARNOLD, MISSOURI** (the "*City*") and **UMB BANK, N.A.**, as dissemination agent (the "*Dissemination Agent*").

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the execution and delivery of \$_____ aggregate principal amount of Refunding Certificates of Participation (City of Arnold, Missouri, Lessee), Series 2017 (the "*Certificates*"), pursuant to an Indenture of Trust dated as of October 1, 2010 (as amended and supplemented, the "*Indenture*") between the City and UMB Bank, N.A., as trustee (the "*Trustee*"), which Certificates evidence proportionate interests of the owners thereof in rent payments to be made by the City pursuant to a Lease Purchase Agreement dated as of October 1, 2010 (as amended and supplemented, the "*Lease*"), between the City and the Trustee.

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "*Rule*"). The City is the only "*obligated person*" (as defined by the Rule) with responsibility for continuing disclosure.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Lease and the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

"*Beneficial Owner*" means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"*Business Day*" means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Trustee or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

"*City*" means the City of Arnold, Missouri, a third-class city and political subdivision of the State of Missouri and its successors and assigns.

"*Dissemination Agent*" means UMB Bank, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

"*EMMA*" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“*Fiscal Year*” means the 12-month period beginning on **September 1** and ending on **August 31** or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“*Material Events*” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“*Participating Underwriter*” means any of the original underwriter(s) of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

- (a) The City shall, or shall cause the Dissemination Agent to, not later than **6 months** after the end of the City’s Fiscal Year, commencing with the Fiscal Year ending August 31, 2017, file with the MSRB, through EMMA, the following financial information and operating data (the “*Annual Report*”):
- (1) The audited financial statements of the City for the prior Fiscal Year prepared in accordance with the accounting principles described in the notes to the audited financial statements contained in the final Official Statement relating to the Certificates. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit B**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “*obligated person*” (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City will clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal Year changes, it will give notice of the change in the same manner as for a Material Event under **Section 3(d)**.

- (b) Not later than **5** days before the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the City (or another entity on behalf of the City) has filed the Annual Report with the MSRB (or will do so before the deadline specified in subsection (a)).
- (c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the City that it has filed an Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall in a timely manner send a notice to the MSRB in substantially the form attached as **Exhibit A**.
- (d) The Dissemination Agent will:
 - (1) notify the City each year not later than **60** days and again not later than **30** days prior to the date for providing the Annual Report to the MSRB, of the date on which its Annual Report must be provided to the Dissemination Agent or the MSRB, and of the required content of the Annual Report, containing substantially the same information as shown in **Exhibit B** attached hereto; and
 - (2) unless the City has certified in writing that the City has provided the Annual Report to the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (a) above, file the Annual Report with the MSRB and file a report with the City (and if the Dissemination Agent is not the Trustee, the Trustee) certifying that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement and stating the date it was filed with the MSRB.
- (e) In addition to the foregoing requirements of this Section, the City agrees to provide copies of the most recent Annual Report to any requesting Certificate owner or prospective Certificate owner, but only after the same has been delivered to the MSRB.

Section 3. Reporting of Material Events.

- (a) No later than **10** Business Days after the occurrence of any of the following events, the City shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Certificates ("*Material Events*"):
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Certificates, or other material events affecting the tax-exempt status of the Certificates;
 - (7) modifications to rights of Certificate holders, if material;
 - (8) Certificate calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution or sale of property securing repayment of the Certificates, if material;
 - (11) rating changes;

- (12) bankruptcy, insolvency, receivership or similar event of the City;
 - (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; and
 - (15) the occurrence of an Event of Nonappropriation under the Lease.
- (b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the Finance Director of the City or his or her designee or such other person as the City shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the City determines that the event does not constitute a Material Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).
- (c) Whenever the City obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).
- (d) If the Dissemination Agent receives written instructions from the City to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, with a copy to the City.

Section 4. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If the City's obligations under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Certificates, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is UMB Bank, N.A..

Section 6. Amendment; Waiver.

(a) Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may not amend this Continuing Disclosure Agreement as it relates to the Certificates and no provision of this Continuing Disclosure Agreement as it relates to the Certificates may be waived, unless (1) Special Tax Counsel or other counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that this Continuing Disclosure Agreement as amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure

Agreement and (2) the City or the Dissemination Agent provides notice of such amendment in the same manner as for a Material Event under **Section 3** hereof.

(b) In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement will be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City will have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the City or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an event of default under the Indenture or the Lease, and the sole remedy under this Continuing Disclosure Agreement if there is any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent will have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall not be responsible for the City's failure to submit a complete Annual Report to the MSRB. The Dissemination Agent is not responsible for ensuring the compliance with any rule or regulation of the City or the Participating Underwriter in connection with the filing of information herein but is merely responsible for the filing of any such information provided to the Dissemination Agent by the City. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The City shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by facsimile or by e-mail, receipt confirmed by telephone, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City: City of Arnold, Missouri
2101 Jeffco Boulevard
Arnold, Missouri 63010
Attention: Finance Director
Fax: (636) 282-2392

To the Dissemination Agent: UMB Bank, N.A.
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Corporate Trust Department
Fax: (314) 612-8498

Any person may, by written notice to the other persons listed above, designate a different address or facsimile number(s) to which subsequent notices or communications should be sent.

Section 11. Beneficiaries. This Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement, the Indenture, the Lease or the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

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IN WITNESS WHEREOF, the City and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

CITY OF ARNOLD, MISSOURI

By: _____
Title: Mayor

UMB BANK, N.A., as Dissemination Agent

By: _____
Title: Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer/

Obligated Person: City of Arnold, Missouri

Name of Bond Issue: \$_____ Refunding Certificates of Participation (City of Arnold, Missouri, Lessee), Series 2017

Date of Delivery: August 10, 2017

NOTICE IS HEREBY GIVEN that the City of Arnold, Missouri has not filed an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement dated as of August 1, 2017, between the City of Arnold, Missouri and UMB Bank, N.A., as Dissemination Agent. [The Obligated Person has informed the Dissemination Agent that the Obligated Person anticipates that the Annual Report will be filed by _____.]

Dated: _____, ____.

UMB Bank, N.A., as Dissemination Agent
on behalf of the **City of Arnold, Missouri**

cc: City of Arnold, Missouri
Stifel, Nicolaus & Company, Incorporated

EXHIBIT B

NOTICE OF ANNUAL REPORT FILING REQUIREMENTS

_____, 20__

Finance Director
City of Arnold, Missouri
2101 Jeffco Boulevard
Arnold, Missouri 63010

Re: \$_____ Refunding Certificates of Participation (City of Arnold, Missouri, Lessee),
Series 2017

The City and UMB Bank, N.A., as dissemination agent (the "Dissemination Agent") have entered into a Continuing Disclosure Agreement in connection with the above-referenced certificates of participation (the "Certificates"). The purpose of this notice is to inform you of the requirements relating to the Annual Report for the City's fiscal year ending August 31, 20__ (the "Fiscal Year"), which must be filed with the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the Continuing Disclosure Agreement. Under the Continuing Disclosure Agreement, the City must, within 6 months after the end of the Fiscal Year, provide or cause the Dissemination Agent to provide the Annual Report, consisting of the financial information and operating data specified in this Notice, to the MSRB. The deadline for submitting the Annual Report for the Fiscal Year to the MSRB is February __, 20__. The Continuing Disclosure Agreement requires that, at least 5 days prior to such deadline, the City either provide the Annual Report to the Dissemination Agent or provide notice to the Dissemination Agent that the City has filed the Annual Report or will file the Annual Report with the MSRB prior to the deadline. If you have any questions, please contact the Dissemination Agent at the address or phone number provided below.

UMB Bank, N.A., as Dissemination Agent
2 South Broadway, Suite 600
St. Louis, MO 63102
(314) 612-8490
(314) 612-8499 - FAX

Enclosures

REQUIRED CONTENT OF ANNUAL REPORT

1. **Audited financial statements of the City for the Fiscal Year.**
2. **Financial information and operating data contained in the tables contained in the following-captioned sections of Appendix A to the Official Statement, updated as of the end of the Fiscal Year:**
 - (1) **“FINANCIAL INFORMATION REGARDING THE CITY – General Fund – Revenues, Expenditures and Changes;”**
 - (2) **“FINANCIAL INFORMATION REGARDING THE CITY – Sources of Revenue;”**
 - (3) **“FINANCIAL INFORMATION REGARDING THE CITY – Retail Sales Taxes – Sales Tax Collections;”**
 - (4) **“FINANCIAL INFORMATION REGARDING THE CITY – County Capital Improvement Sales Tax;”**
 - (5) **“FINANCIAL INFORMATION REGARDING THE CITY – Tax Assessments and Property Valuations – Current Assessed Valuation;”**
 - (6) **“FINANCIAL INFORMATION REGARDING THE CITY – Property Tax Levies and Collections – Property Tax Levies;”**
 - (7) **“FINANCIAL INFORMATION REGARDING THE CITY – Property Tax Levies and Collections – Property Tax Collection Record;”**
 - (8) **“FINANCIAL INFORMATION REGARDING THE CITY – Largest Taxpayers;”**
 - (9) **“DEBT STRUCTURE OF THE CITY – Direct Bonded Indebtedness;”**
 - (10) **“DEBT STRUCTURE OF THE CITY – Revenue Obligations;” and**
 - (11) **“DEBT STRUCTURE OF THE CITY – Annual Appropriation Obligations.”**

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2017 Certificates. The Series 2017 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2017 Certificates in the aggregate principal amount of such issue.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2017 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 Certificate (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Certificates, except in the event that use of the book-entry system for the Series 2017 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2017 Certificates deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017 Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Prepayment notices shall be sent to Cede & Co. If less than all of the Series 2017 Certificates are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Series 2017 Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2017 Certificates will be made to Cede & Co. or such other name as requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other name as requested by an authorized representative of DTC, is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2017 Certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2017 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Underwriter believe to be reliable, but the City and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participant, as the case may be.

APPENDIX F

REGISTRATION, TRANSFER AND EXCHANGE OF SERIES 2017 CERTIFICATES

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APPENDIX F

REGISTRATION, TRANSFER AND EXCHANGE OF SERIES 2017 CERTIFICATES

If the Book-Entry-Only System is discontinued the following provisions would apply. The Series 2017 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2017 Certificates, together with instructions for transfer. The Series 2017 Certificates may be exchanged for other Series 2017 Certificates of any denomination authorized by the Indenture in the same aggregate Principal Portion, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

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