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Comprehensive Annual Financial Report, 1994

City of Arnold

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CITY of ARNOLD
MISSOURI

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

For The Fiscal Year Ended
August 31, 1994



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY of ARNOLD, MISSOURI

For The Fiscal Year Ended August 31, 1994

Prepared by the Finance Department
John A. Brazeal, Finance Director

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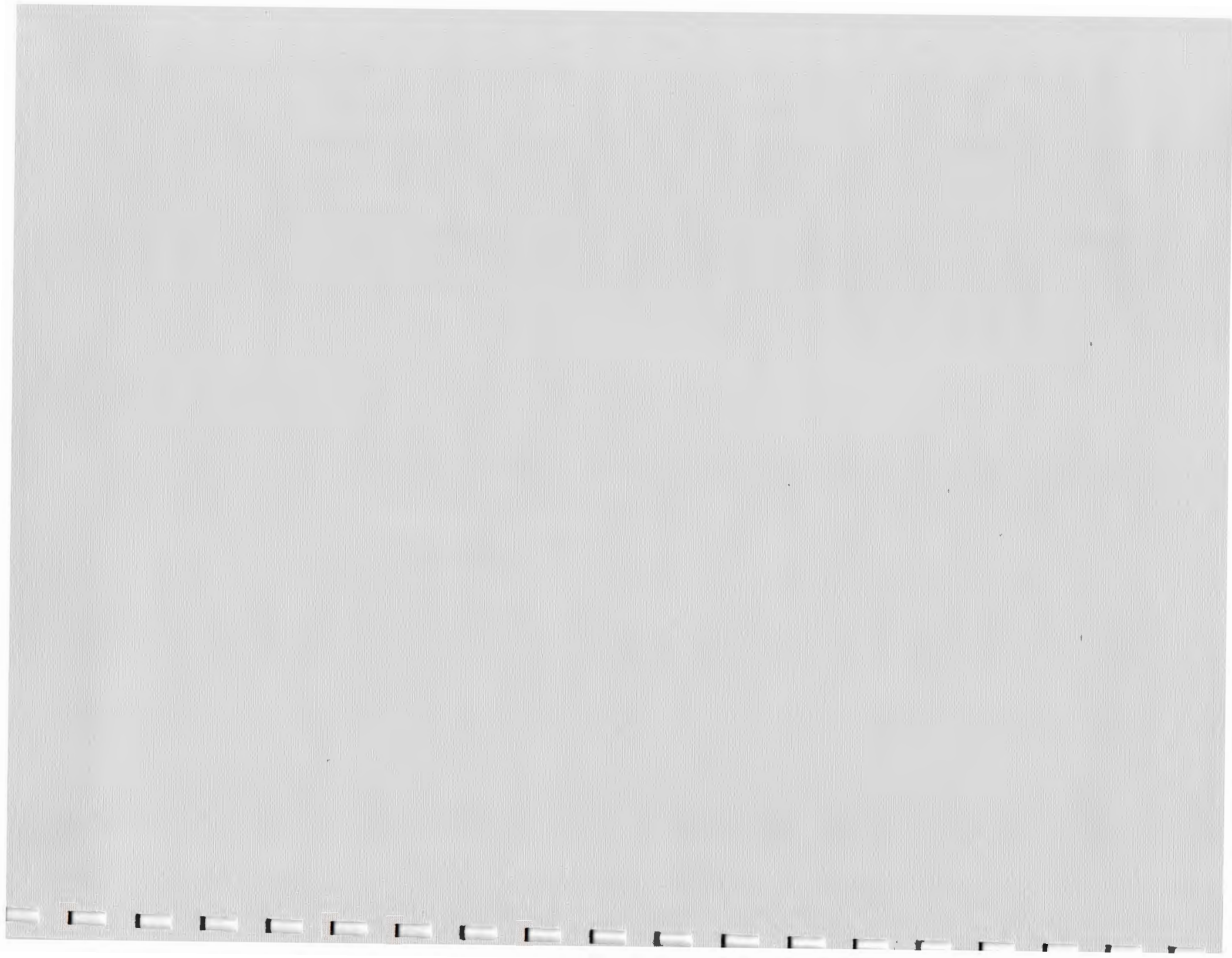
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**INTRODUCTORY
SECTION**





City of Arnold

2101 JEFFCO BOULEVARD • ARNOLD, MISSOURI 63010-2746

Finance Director
(314) 296-6533
(Fax) 282-2399

February 22, 1994

To the Honorable Mayor and City Council, and
The Citizens of Arnold, Missouri

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Arnold, Missouri for the fiscal year ended August 31, 1994, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, the individual fund and account group financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo a single audit in conformance with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report.

This report includes all funds and account groups of the City of Arnold. The City provides a full range of services including police protection; health and sanitation services; construction and maintenance of streets and infrastructure; parks and recreation services; city planning and building inspection; and administration. In addition to general government activities, the City exercises oversight of the Sewer System and the Police Pension Plan; therefore, these activities are included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

The City is centrally located on the eastern border of the State of Missouri, south of the Meramec River at its confluence with the Mississippi River. The central business district of the City of St. Louis is about 17 miles to the north. Interstate Highway 55, U.S. Highway 61-67, State Highways 141 and 231 provide access to St. Louis City and St. Louis County.

The economic condition and outlook of the City of Arnold have improved during the past three years. Several large retailers and food stores form a retail nucleus that buffer the sluggish economy due to the necessity of the goods sold. Arnold's housing stock, geographic location and variety of services have kept real estate marketable. Commercial vacancies remain modest while the potential for further retail and industrial development appears favorable within the next five years.

The citizens of Arnold secure employment with business and industry throughout the St. Louis metropolitan area. Employment levels in the metropolitan St. Louis area have been and are expected to remain relatively stable due to the variety of business and industry.

Arnold's tax structure relies mainly on sales taxes and utility taxes. Sales tax receipts are expected to maintain steady growth at a pace slightly greater than the rate of inflation. Utility tax receipts are likely to increase at a modest rate. Significant reductions are not expected from either source in the upcoming five years. The City has demonstrated its ability to compress government expenditures in the past to accommodate a tight economy or temporary downturns in revenue. It is anticipated this trait will continue.

MAJOR GOALS AND PROJECTS

The City Council and administrative staff regularly develop and update improvement plans designed to improve the quality of community life while maintaining the financial stability of the City. The growth and direction of the City during the past fiscal year has been greatly affected by these improvement plans.

Goal - Extend Sanitary Sewer Facilities:

The City of Arnold sanitary sewer subdistrict program has been effective in replacing septic systems with sewer lines. During the year, seven sanitary sewer subdistricts were completed, thereby replacing 276 septic systems. The elimination of septic systems and the related health hazard has been and remains a primary concern for the City.

Financing for the sewer subdistricts was provided by \$1,270,000 of sewer revenue bonds issued June 1992 in connection with a grant/loan program called Missouri State Revolving Fund (SRF).

The SRF program purchased the City's revenue bonds. The interest costs for this bond issue are subsidized by the earnings of a reserve fund established with contributions from the Missouri Department of Natural Resources and the U.S. Environmental Protection Agency. The net rate on the bonds for the City is less than 4 percent. In addition, the SRF program provides a 15 percent grant toward eligible costs. These projects eliminate the health hazards accruing from the discharge of inadequately treated sewage. Each project reaching completion contributes to a safer environment for City residents.

Goal - Road Improvements:

Increased traffic and outdated design of some existing roads have prompted long range planning of road improvements. Current road projects include the relocation of portions of Pomme Road and Arnold Tenbrook Road, replacement of two bridges on Old Lemay Ferry Road and Starling Road, and a feasibility study for a new road into the Tenbrook industrial area. The completion of these projects will greatly improve the safety of motorists traveling these sections of road.

Goal - Preserve the Quality of Residential Neighborhoods:

People are Arnold's greatest asset, and the neighborhoods in which they reside are one of the more important responsibilities of government. The provision of quality basic services of police, fire, road maintenance, parks, and solid waste collection are critical for their continued desirability. The existing housing inspection program prescribes minimum maintenance requirements for structures and premises to assure safety and provide for abatement of potential hazards. This program helps assure the preservation of the City's neighborhoods.

Goal - Cooperative Opportunities:

The Jefferson County E-911 emergency service results from the collective efforts of the City of Arnold Police Department along with fire and ambulance districts and other municipal police departments in Jefferson County, and the Jefferson County Sheriff's Department, to establish the Jefferson County 911/Central Dispatch District. Citizens now benefit from faster emergency service response times. In addition, the City of Arnold continues to provide space for the Jefferson County Fox/Windsor Library in the City's municipal complex.

Goal - Disaster Recovery:

During July and August, 1993, portions of the City of Arnold suffered severe flooding from the Mississippi and Meramec Rivers. Protective measures initiated by the City included supplying materials for construction of sandbag levies, pumping of storm and sanitary sewers, as well as security for the evacuated areas. The recovery effort began in August, 1993, with removal of sandbags and flood debris. The Federal Government declared the area eligible for disaster assistance. The City has been awarded federal grants to buyout flood damaged structures. Structures acquired through the buyout program will be demolished and the land will remain as open space. The recovery effort will continue for many months.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund are included in the annual budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of general fund revenues for the fiscal year ended August 31, 1994 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 1993</u>	<u>Percent of Increase</u>
Taxes	\$5,714,338	62.4	\$ 573,902	11.2
Special Assessments	208,318	2.3	30,212	17.0
Licenses and permits	288,693	3.1	51,328	21.6
Fines and Court costs	252,962	2.8	6,461	2.6
Intergovernmental	1,707,256	18.7	1,114,507	188.0
Charges for services	537,164	5.9	22,488	4.4
Interest	122,505	1.3	33,052	36.9
Miscellaneous	<u>322,927</u>	<u>3.5</u>	<u>97,846</u>	<u>43.5</u>
Total	<u>\$9,154,163</u>	<u>100.0</u>	<u>1,929,796</u>	<u>26.7</u>

With the City's present tax structure, the largest share of general revenue is provided by the City's one cent sales tax and a gross receipts tax on utilities. Collections from the City's one cent sales tax increased \$186,151 to \$2,453,708, a 8.2% increase. This increase results from new retail development in the City along with the effects of inflation on retail pricing. Collections from the gross receipts tax on utilities increased \$100,701, or 8.1%, to \$1,345,534.

In addition, the City receives capital improvements sales tax as shared by Jefferson County per contractual agreement. The monies received from this source are on a reimbursement basis for qualifying capital improvement expenditures. Capital improvement sales tax received in fiscal 1994 totaled \$747,060, an increase of \$203,853 or 37.5% over the prior year.

Special assessment collections can fluctuate significantly from year to year. Collections of special assessments for sanitary sewer subdistricts are typically higher during the first year of the ten year assessment due to prepayments. Fiscal year 1994 included first year assessments for two subdistricts.

The license and permit revenue increased as a result of increased license and permit volume.

Fines and court costs have risen as a result of more aggressive judgments in the municipal court.

In recent years, intergovernmental revenue has not been significant. In fiscal 1994, the majority of intergovernmental revenue is \$1,633,368 in reimbursements from the Federal Emergency Management Agency (FEMA) for the City's disaster recovery expenses and buyout program expenses related to the summer 1993 flood disaster.

The City's charges for services increased moderately in fiscal 1994 and are comprised mainly of fees for trash collection. Net income of \$67,794 on gross revenue of \$457,807 was realized during the fiscal year. Solid waste collection in the City is provided under a contract with Meramec Hauling, a subsidiary of Waste Management, Inc.

The increase in interest income results from both higher interest rates available on short term investments and higher average cash balances.

The following schedule presents a summary of general fund expenditures for the fiscal year ended August 31, 1994 and the percentage increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1993</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$2,990,274	35.0	\$1,575,666	111.4
Public Safety	2,652,954	31.1	224,154	9.2
Public Works	301,829	3.5	6,195	2.1
Highways and Streets	1,360,285	15.9	357,369	35.6
Parks and Recreation	431,731	5.1	78,400	22.2
Health and Sanitation	571,777	6.7	26,127	4.8
Capital Outlay	<u>232,990</u>	<u>2.7</u>	<u>(431,129)</u>	<u>(64.9)</u>
Total	<u>\$8,541,840</u>	<u>100.0</u>	<u>\$1,836,782</u>	<u>27.4</u>

Expenditures in the General Government category include \$1,727,991 related to protective measures during the 1993 flood emergency as well as the buyout of flood damaged structures. The flood related expenditures account for the increase in General Government spending.

Spending for Public Safety increased with the addition of staff and replacement of equipment.

Street Department increased expenditures relate to road improvement projects which qualify for reimbursement from the Jefferson County capital improvement sales tax.

Capital Outlay expenditures consist of engineering and construction of sanitary sewer subdistricts.

General Fund Balance. The fund balance of the General Fund increased \$1,054,380 during the year to a balance of \$3,685,237 at August 31, 1994. This increase reflects revenues in excess of expenditures, as well as a transfer of funds from the Enterprise Fund of \$442,057.

Enterprise Operations. The City's enterprise operation is comprised of the sanitary sewer system. Providing sanitary sewer services throughout the City has been a major priority since the City's inception. Construction of sewer subdistricts for existing housing subdivisions and requiring developers to construct sewers for new developments has rapidly added new tap-ons to the system.

The system continues to have net losses after depreciation, however, cash flow has been positive and the regular addition of customers serves to reduce these annual losses.

Single Audit. As a recipient of Federal financial assistance, the City is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. As part of the City's single audit, tests are performed to determine the adequacy of the internal control structure including the portion related to federal financial assistance programs. The results of the City's single audit for the fiscal year ended August 31, 1994 found no instances of material weaknesses in the internal control structure.

Pension Trust Fund Operations. The operations of the City of Arnold Police Pension Plan remained stable during fiscal 1994. The plan was amended during fiscal year 1992 to provide an increased maximum retirement benefit of 75% of final average salary vs. the previous limit of 50%. The annual actuarial valuation continues to reflect a positive trend in the City's and employee's funding of the Police Pension Plan.

Debt Administration. At August 31, 1994, the City had two major debt issues outstanding. These issues are \$2,000,000 of certificates of participation (municipal complex), and \$3,481,667 of sewer revenue bonds. The City has no general obligation bonded debt. Under current Missouri statutes, the City's legal general obligation debt limit, based on ten percent of the City's total assessed valuation of real and personal property is \$13,541,145.

During September 1993, the City issued \$1,135,000 of sewer revenue bonds. These bonds were issued in conjunction with the Missouri Department of Natural Resources State Revolving Fund Program (SRF). Under the SRF program, the U.S. Environmental Protection Agency and the Missouri Department of Natural Resources provide a reserve fund equal to 50% of the bonds outstanding. The earnings from this reserve fund subsidize the City's interest costs.

During March 1994, the City called \$340,000 of sewer revenue bonds dated December 1, 1977 for early redemption. Also in March 1994, the city issued \$1,240,000 of sewer revenue bonds for the purpose of refunding \$1,355,000 of sewer revenue bonds dated March 1, 1986. This debt restructuring has significantly lowered the city's future debt service requirements.

Cash Management. Cash temporarily idle during the year was invested in repurchase agreements and certificates of deposit. Interest earned on repurchase agreements and certificates of deposit totaled \$261,213 for all funds for the year. The pension trust fund is invested in New England Life Insurance Company's General Investment Account. Earnings for the pension fund totaled \$94,564 for the year.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by a financial institution's trust department in the City's name.

Risk Management. The City of Arnold has been a member of Missouri Intergovernmental Risk Management Association (MIRMA) since July 1, 1983. MIRMA is a statewide governmental self-insurance pool providing property, liability, and workers' compensation coverages to its members. The financial condition of MIRMA is excellent. The Association has been able to significantly increase its self-insurance capacity and services, thereby providing its membership superior coverage and cost savings.

The City, assisted by MIRMA, seeks to provide supervisory and employee training, and identification of hazardous conditions or procedures. The Police Department, in particular, utilizes computerized legal training prepared by a professional police legal advisor for all officers covering constitutional law as it relates to critical tasks performed by police officers.

OTHER INFORMATION

Independent Audit. Missouri statutes require an annual audit by independent certified public accountants. The certified public accounting firm of Coopers & Lybrand L.L.P. was selected by the City Council to perform this year's audit. The auditors' report on the general purpose financial statements and individual fund statements and schedules is included in the financial section of this report.

Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arnold for its comprehensive annual financial report for the fiscal year ended August 31, 1993. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

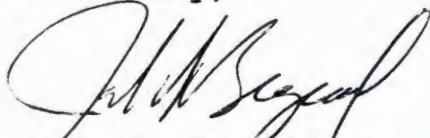
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Arnold has received a Certificate of Achievement for the last five consecutive fiscal years ended 1989 to 1993. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements. The preparation of the comprehensive annual financial report was made possible by the cooperation of the entire administrative staff of the various departments of the City. I would also like to acknowledge the assistance of our independent public accountants, Coopers & Lybrand L.L.P. in formulating this report.

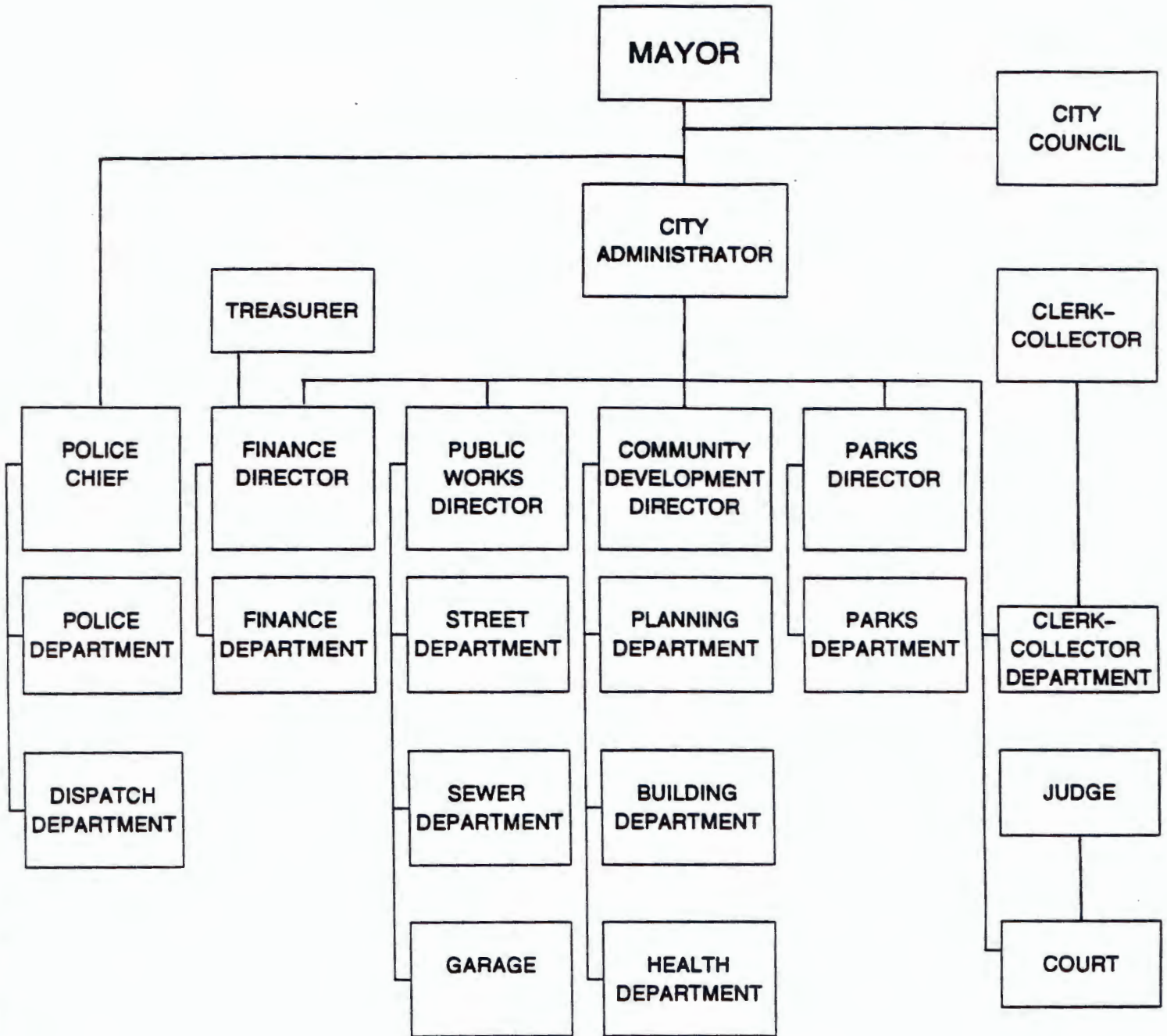
In closing, without the support of the Mayor and Council preparation of this report would not have been possible.

Sincerely,



John A. Brazeal
Finance Director

CITY OF ARNOLD, MISSOURI - ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Arnold,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 1993

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



President

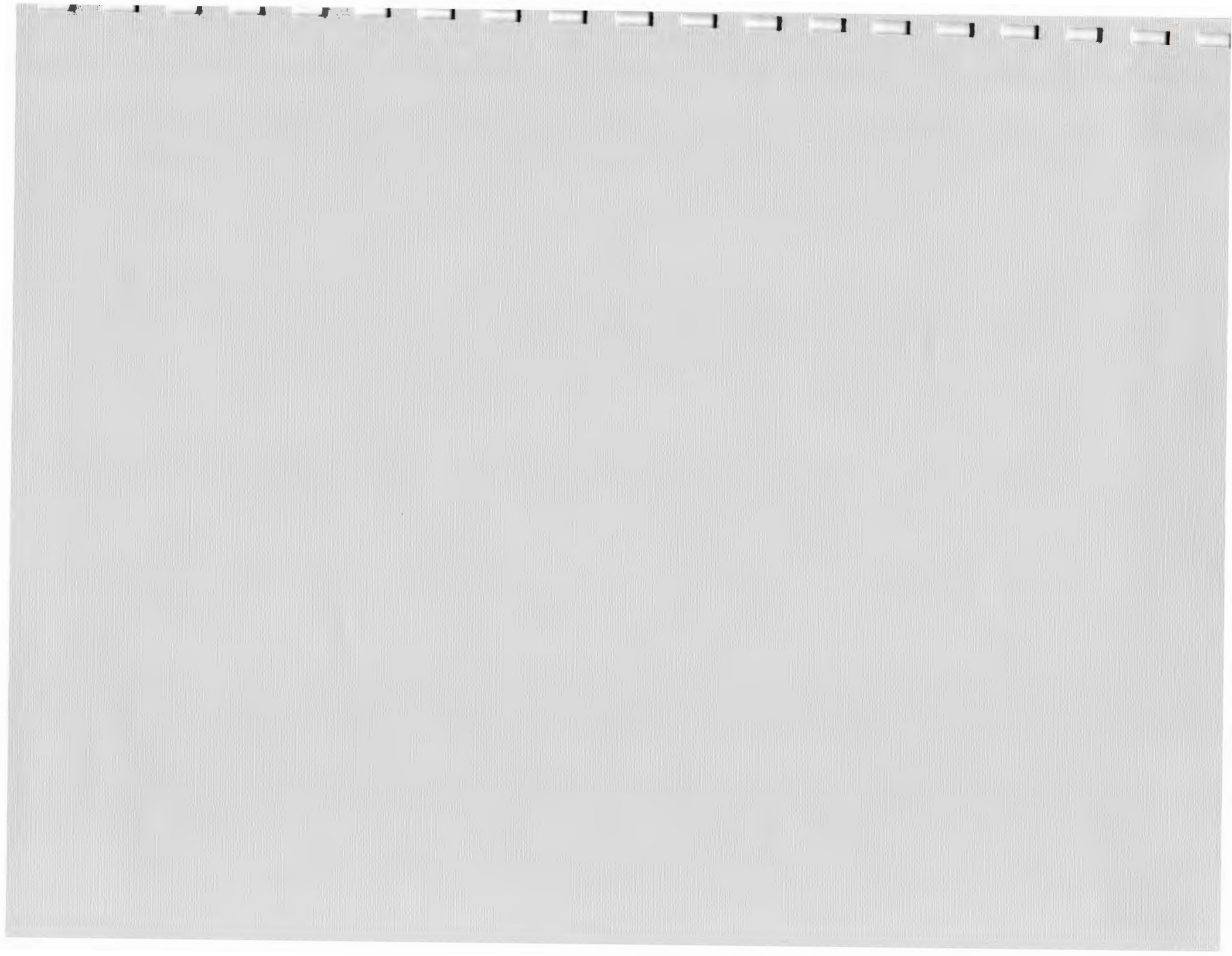
Executive Director

CITY OF ARNOLD, MISSOURI
LIST OF PRINCIPAL OFFICIALS
August 31, 1994

Marion Becker	Mayor
Joe Pounds	Council, Ward One
Glen Portell	Council, Ward One
Michael W. Wright	Council, Ward Two
Ronald J. Voss	Council, Ward Two
Vernon Sullivan	Council, Ward Three
John Miller	Council, Ward Three
David Fogelbach	Council, Ward Four
Mark Powell	Council, Ward Four
Diane Bast	Clerk-Collector
Sandra Kohler	Treasurer
Robert Eisenhauer	Judge
Eric G. Knoll	City Administrator
John A. Brazeal	Finance Director
B. J. Nelson	Chief of Police
Robert Eade	Public Works Director
Michael J. DeRuntz	Community Development Director
Llewellyn A. Lewis, Jr.	Parks & Recreation Director



FINANCIAL
SECTION



REPORT OF INDEPENDENT ACCOUNTANTS

To The Honorable Mayor and City Council
The City of Arnold, Missouri:

We have audited the accompanying general purpose financial statements of the City of Arnold, Missouri (the "City") as of August 31, 1994 and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the City of Arnold's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the City of Arnold, Missouri as of August 31, 1994 and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information listed as supplemental schedules in the foregoing table of contents, which is also the responsibility of the City's management, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Arnold, Missouri. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

Coopers & Lybrand LLP

St. Louis, Missouri
November 18, 1994

CITY OF ARNOLD, MISSOURI
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

August 31, 1994

(With Comparative Totals for August 31, 1993)

ASSETS AND OTHER DEBITS	Governmental	Proprietary	Fiduciary	Account Groups		Total	
	Fund Type	Fund Type	Fund Type	General	General	(Memorandum Only)	
	General	Enterprise	Trust and Agency	Fixed Assets	Long-Term Debt	1994	1993
Assets:							
Cash and cash equivalents	\$1,209,621	\$ 476,769	\$2,867,880			\$ 4,554,270	\$4,636,052
Receivables (net of allowance for uncollectibles):							
Taxes	536,665					536,665	501,105
Special assessments	1,469,581					1,469,581	1,522,918
Sewer service fees		32,196				32,196	24,304
Grants	218,062					218,062	530,970
Miscellaneous	39,948	4,798				44,746	37,385
Due from other funds	563,756		8,921			572,677	239,252
Prepaid expenditures	157,974					157,974	150,987
Investments	1,000,000	100,000				1,100,000	900,000
Restricted assets:							
Cash and cash equivalents	37,056	2,056,483				2,093,539	211,465
Capital improvements sales tax receivable	744,046					744,046	859,922
Investments	190,000	450,000				640,000	640,000
Property, plant and equipment:							
Land, buildings and improvements		135,118		\$4,937,412		5,072,530	3,607,143
Machinery and equipment		295,887		995,299		1,291,186	1,206,139
Automotive equipment				723,346		723,346	646,594
Furniture and fixtures				134,635		134,635	117,826
Treatment plants, building and improvements		2,168,330				2,168,330	2,168,330
Sewer lines		13,706,220				13,706,220	11,966,301
Construction-in-process		86,909				86,909	903,444
Less accumulated depreciation		(3,626,871)				(3,626,871)	(3,275,978)
Other debits:							
Amount available for debt service					\$ 200,000	200,000	200,000
Amount to be provided for retirement of general long-term debt					1,800,000	1,800,000	1,880,000
Total assets and other debits	\$6,166,709	\$15,885,839	\$2,876,801	\$6,790,692	\$2,000,000	\$33,720,041	\$29,674,159

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities:						
Accounts payable	\$ 240,353	\$ 17,834		\$ 258,187	\$ 304,991	
Accrued payroll and compensated absences payable	284,207	19,016		303,223	326,250	
Accrued interest payable	72,636			72,636	75,270	
Due to other funds	8,921	563,756		572,677	239,252	
Deferred revenue	1,875,355			1,875,355	2,134,534	
Sewer service fees collected in advance		73,876		73,876	68,334	
Capital lease obligation				\$2,000,000	2,080,000	
Revenue bonds payable, net of bond discounts		3,395,795		3,395,795	2,886,322	
Deferred compensation benefits payable			\$ 197,609	197,609	153,679	
Note payable - SRF		415,401		415,401	163,376	
Total liabilities	<u>2,481,472</u>	<u>4,485,678</u>	<u>197,609</u>	<u>2,000,000</u>	<u>9,164,759</u>	<u>8,432,008</u>
Equity and other credits:						
Investment in general fixed assets			\$6,790,692	6,790,692	5,146,697	
Contributed capital		13,883,590		13,883,590	12,960,206	
Retained earnings (accumulated deficit):						
Reserved in accordance with revenue bond agreements		519,500		519,500	464,500	
Unreserved		(3,002,929)		(3,002,929)	(2,285,583)	
Fund balances:						
Reserved for prepaid expenditures	157,974			157,974	150,987	
Reserved for encumbrances	641,145			641,145	631,900	
Reserved for sewer subdistrict projects	1,269,162			1,269,162	482,509	
Reserved for street projects	927			927	927	
Reserved for escrow deposit - Capital lease	200,000			200,000	200,000	
Reserved for employees retirement system			3,070,816	3,070,816	2,853,772	
Reserved for data processing acquisitions	103,837			103,837	48,837	
Reserved for furniture	20,000			20,000	10,000	
Unreserved, undesignated	<u>1,292,192</u>		<u>(391,624)</u>	<u>900,568</u>	<u>577,399</u>	
Total equity and other credits	<u>3,685,237</u>	<u>11,400,161</u>	<u>2,679,192</u>	<u>6,790,692</u>	<u>24,555,282</u>	<u>21,242,151</u>
Total liabilities, equity and other credits	<u>\$6,166,709</u>	<u>\$15,885,839</u>	<u>\$2,876,801</u>	<u>\$6,790,692</u>	<u>\$23,720,041</u>	<u>\$29,674,159</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND

for the fiscal year ended August 31, 1994

(With Comparative Totals for the fiscal year ended August 31, 1993)

	<u>1994</u>	<u>1993</u>
Revenues:		
Taxes	\$5,714,338	\$5,140,436
Special assessments	208,318	178,106
Licenses and permits	288,692	237,365
Fines and court costs	252,962	246,501
Intergovernmental	1,707,256	592,749
Charges for services	537,164	514,676
Interest	122,505	89,453
Miscellaneous	322,927	<u>225,081</u>
Total revenues	<u>9,154,163</u>	<u>7,224,367</u>
Expenditures:		
Current:		
General government	2,990,274	1,414,608
Public safety	2,652,954	2,428,800
Public works	301,829	295,634
Highway and streets	1,360,285	1,002,916
Parks and recreation	431,731	353,331
Health and sanitation	571,777	545,650
Capital outlay	232,990	<u>664,119</u>
Total expenditures	<u>8,541,840</u>	<u>6,705,058</u>
Revenues over expenditures	612,323	519,309
Fund balance, beginning of year	2,630,857	1,795,735
Transfer from other funds	<u>442,057</u>	<u>315,813</u>
Fund balance, end of year	<u>\$3,685,237</u>	<u>\$2,630,857</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL
FUND TYPE - GENERAL FUND

for the fiscal year ended August 31, 1994

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$5,187,654	\$5,714,338	\$ 526,684
Special assessments	300,000	208,318	(91,682)
Licenses and permits	217,300	288,693	71,393
Fines and court costs	225,000	252,962	27,962
Intergovernmental	45,000	1,707,256	1,662,256
Charges for services	504,200	537,164	32,964
Interest	70,000	122,505	52,505
Miscellaneous	<u>187,400</u>	<u>322,927</u>	<u>135,527</u>
Total revenues	<u>6,736,554</u>	<u>9,154,163</u>	<u>2,417,609</u>
Expenditures:			
Current:			
General government	1,295,471	2,990,274	(1,694,803)
Public safety	2,625,018	2,652,954	(27,936)
Public works	307,773	301,829	5,944
Highway and streets	1,108,415	1,360,285	(251,870)
Parks and recreation	426,558	431,731	(5,173)
Health and sanitation	572,891	571,777	1,114
Capital outlay	<u> </u>	<u>232,990</u>	<u>(232,990)</u>
Total expenditures	<u>6,336,126</u>	<u>8,541,840</u>	<u>(2,205,714)</u>
Revenues over (under) expenditures	400,428	612,323	211,895
 Fund balance, beginning of year	 2,630,857	 2,630,857	
Transfers from other funds	<u> </u>	<u>442,057</u>	<u>442,057</u>
Fund balance, end of year	<u>\$3,031,285</u>	<u>\$3,685,237</u>	<u>\$ 653,952</u>

The accompanying notes are an integral part of the financial statements.

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN ACCUMULATED DEFICIT/FUND BALANCE - PROPRIETARY
FUND TYPE AND SIMILAR TRUST FUND

for the fiscal year ended August 31, 1994

(With Comparative Totals for the fiscal year ended August 31, 1993)

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Pension</u> <u>Trust</u>	<u>1994</u>	<u>1993</u>
Operating revenues:				
Sewer service fees	\$ 856,927		\$ 856,927	\$ 828,136
Sewer connection fees	71,050		71,050	48,160
Employer contributions		\$ 163,910	163,910	100,697
Employee contributions		96,827	96,827	96,441
Dividends and interest		94,564	94,564	112,148
Other	<u>15,763</u>		<u>15,763</u>	<u>14,961</u>
Total operating revenues	<u>943,740</u>	<u>355,301</u>	<u>1,299,041</u>	<u>1,200,543</u>
Operating expenses:				
Costs of services	543,332		543,332	520,604
Administration	109,670		109,670	102,904
Benefits				117,297
Refunds		1,583	1,583	
Depreciation and amortization	<u>358,377</u>		<u>358,377</u>	<u>333,545</u>
Total operating expenses	<u>1,011,379</u>	<u>1,583</u>	<u>1,012,962</u>	<u>1,074,350</u>
Operating income (loss)	<u>(67,639)</u>	<u>353,718</u>	<u>286,079</u>	<u>126,193</u>
Nonoperating revenues (expenses):				
Interest revenue	138,708		138,708	86,767
Interest expense	<u>(291,358)</u>		<u>(291,358)</u>	<u>(211,273)</u>
Total nonoperating revenues (expenses)	<u>(152,650)</u>		<u>(152,650)</u>	<u>(124,506)</u>
Net income (loss)	(220,289)	353,718	133,429	1,687
(Accumulated deficit) fund balance, beginning of year	(1,821,083)	2,325,474	504,391	818,517
Transfer to other fund	<u>(442,057)</u>		<u>(442,057)</u>	<u>(315,813)</u>
(Accumulated deficit) fund balance, end of year	<u>\$(2,483,429)</u>	<u>\$2,679,192</u>	<u>\$ 195,763</u>	<u>\$ 504,391</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE -
ENTERPRISE FUND

for the fiscal year ended August 31, 1994

(With Comparative Amounts for the
fiscal year ended August 31, 1993)

	<u>1994</u>	<u>1993</u>
Cash flows from operating activities:		
Operating loss	\$ (67,639)	\$ (65,796)
Adjustment to reconcile operating loss to net cash provided by operating activities - Depreciation and amortization	358,377	333,545
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(11,811)	11,236
(Decrease) increase in accounts payable	(23,145)	4,408
Increase in accrued payroll and compensated absences payable	7,002	1,901
Increase in deferred revenue	5,542	1,833
Increase (decrease) in amount due to other funds	338,352	(200,137)
Increase in deferred expenses	<u>(5,505)</u>	
Net cash provided by operating activities	<u>601,173</u>	<u>86,990</u>
Cash flows from capital and related financing activities:		
Acquisitions and construction of capital assets	(923,384)	(1,165,142)
Proceeds from Bond Issue	2,342,494	574
Proceeds from SRF Loan	252,025	163,376
Principal paid on revenue bonds	(1,835,000)	(128,333)
Interest paid on revenue bonds	(291,358)	(211,273)
Capital contributed by developers	690,393	501,023
Capital contributed by customers	<u>232,991</u>	<u>664,119</u>
Net cash provided (used) for capital and related financing activities	<u>468,161</u>	<u>(175,656)</u>
Cash flows from noncapital and related financing activities - Transfer to General Fund	<u>(442,057)</u>	<u>(315,813)</u>
Net cash used for noncapital and related financing activities	<u>(442,057)</u>	<u>(315,813)</u>
Cash flows from investing activities:		
Interest on investments	138,708	86,767
Purchase of investments	(1,850,000)	(2,150,000)
Sale of investments	<u>2,050,000</u>	<u>2,050,000</u>
Net cash provided (used) for investing activities	<u>338,708</u>	<u>(13,233)</u>
Net increase (decrease) in cash and cash equivalents	965,985	(417,712)
Cash and cash equivalents, beginning of year	<u>1,567,267</u>	<u>1,984,979</u>
Cash and cash equivalents, end of year	<u>\$2,533,252</u>	<u>\$ 1,567,267</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

The financial statements of the City of Arnold, Missouri (the "City") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity:

The GASB issued Statement No. 14, The Financial Reporting Entity, which provides standards for defining the financial reporting entity and identifying entities to be included in general purpose financial statements. GASB No. 14 requirements for inclusion have been more specifically defined based upon financial accountability. GASB No. 14 has had no effect on the City's financial reporting entity. Based upon the application of GASB No. 14 criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Included within the operating entity:

City of Arnold, Missouri Sewer System - The City of Arnold, Missouri Sewer System is governed by the Council of the City. The rates for user charges and bond issuance authorizations also are approved by the City's Council and the legal liability for the Sewer System's debt remains with the City.

City of Arnold, Missouri Police Pension Plan - The City's organized police force employees participate in the City of Arnold, Missouri Police Pension Plan. The plan functions for the benefit of these employees and is governed by the City's Council. The City and the plan participants are obligated to fund all the plan's costs based upon actuarial valuations. The City is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

A. Reporting Entity, continued:

Excluded from the reporting entity:

Consolidated School District #6, Rock Community Fire Protection District, Rock Township Ambulance District, Public Water Supply District #1 and Public Water Supply District #10 - These potential component units have separate elected boards and provide services to residents of the City. These potential component units are excluded from the reporting entity because the City does not have the ability to exercise influence over their daily operations, approve budgets or provide funding.

B. Fund Accounting:

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect available net expendable financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities. The general fund is used to account for all activities of the City not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to assure sound financial administration. Goods or services from such activities are provided to outside parties.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

B. Fund Accounting, continued:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The agency fund is used to account for assets that the City holds on behalf of others as their agent.

C. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the general fund for payments to be made early in the following year.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

C. Basis of Accounting, continued:

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

D. Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

E. Cash and Cash Equivalents:

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

F. Investments:

State statutes authorize the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest-bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or of the City, or time certificates of deposit; provided however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the City's name at third-party banking institutions.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market value.

G. Interfund Receivables/Payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Prepaid Expenses:

Payments made to vendors for services that will benefit periods beyond August 31, 1994 are recorded as prepaid expenses.

I. Restricted Assets:

Certain funds generated by the sewer system are classified as restricted assets on the balance sheet because their use is limited by the sewer system revenue bond ordinances. The "bond account" is used

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

I. Restricted Assets, continued:

only for the payment of principal and interest on the revenue bonds. The "depreciation and replacement account" is to be expended only for repairs or replacements to the sewer system. The "bond reserve account" is to be used only to pay bonds at maturity or interest as it accrues when and to the extent other funds are not available for this purpose. The "contingent account" is to be used only for unforeseen contingencies and to meet emergencies arising from the operation and maintenance of the sewage system. The "rehabilitation account" is to be used for the costs of rehabilitating the existing sewerage system.

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

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.

J. Fixed Assets:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

J. Fixed Assets, continued:

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

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of treatment plants, sewer lines and equipment in the proprietary fund type is computed using the straight-line method.

K. Property Taxes:

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

The City's property tax calendar is as follows:

1. Property is assessed by the County on January 1 each year.
2. The tax levy ordinance is adopted and filed with the county clerk on or before September 1.
3. Property taxes are due to be collected on or before December 31. A lien is placed on any property which has delinquent taxes.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

L. Compensated Absences:

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrued to employees. In accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

M. Long-Term Obligations:

Long-term debt related to capital lease obligations is reported in the General Long-Term Debt Account Group. Revenue bonds which have been issued to fund capital projects of the Enterprise Fund are to be repaid from revenues of the Enterprise Fund. Such debt is recorded in the Enterprise Fund.

N. Fund Equity:

Contributed capital recorded in the proprietary fund represents capital grants or contributions received from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

O. Sewer Connection Fees:

Sewer connection fees are accounted for as revenues only to the extent the fees equal the cost of physical connection to the system. Amounts that substantially exceed the cost to connect are accounted for as additions to contributed capital.

P. Bond Discounts:

Bond discounts for the proprietary fund type are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable.

NOTES TO FINANCIAL STATEMENTS, Continued

1. Summary of Significant Accounting Policies, continued:

Q. Interfund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

R. Comparative Data:

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's financial statements.

S. Memorandum Only - Total Columns:

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO FINANCIAL STATEMENTS, Continued

2. Legal Compliance - Budgets:

Annually, on or before July 8, all departments submit requests for appropriation to the City's budget committee so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. During August, the budget is presented to the City Council for review. Prior to September 1, the budget is enacted by City Council through passage of an ordinance. Expenditures may not legally exceed budgeted appropriations within the organizational unit. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original budget ordinance. All amendments to the budget must be approved by the City Council.

3. Cash, Cash Equivalents and Investments:

At August 31, 1994, cash, cash equivalents and investments consisted of the following:

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Pension Trust and Agency Funds</u>
Petty cash	\$ 1,083	\$ 1,083		
Cash in banks	102,388	68,184	\$ 34,204	
Certificates of deposit	190,000		190,000	
Mutual funds	29,475	19,475	10,000	
Repurchase agreements	3,210,000	2,697,648	512,352	
Guaranteed investment contracts	1,986,983		1,986,983	
Investment in pension plan pooled investments	2,671,305			\$2,671,305
Investment in deferred compensation mutual fund	<u>196,575</u>			<u>196,575</u>
 Total cash, cash equivalents and investments	 <u>\$8,387,809</u>	 <u>\$2,786,390</u>	 <u>\$2,733,539</u>	 <u>\$2,867,880</u>

Deposits - At year-end, the carrying amount of the City's deposits was \$177,132 and the bank balance was \$292,420 which was entirely covered by federal depository insurance.

NOTES TO FINANCIAL STATEMENTS, Continued

3. Cash, Cash Equivalents and Investments, continued:

Investments - The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

	Categories			Carrying Amount	Market Value
	1	2	3		
Repurchase agreements	None	\$2,760,000	None	\$2,760,000	\$2,760,000
Guaranteed investment contracts				1,986,983	1,986,983
Mutual funds				21,808	21,808
Investment in pension plan pooled investments				2,671,305	2,671,305
Investment in deferred compensation mutual fund				196,575	196,575
Total investments				\$7,636,671	\$7,636,671

Statutes require collateral pledged for deposits to be held in the City's name by the trust department.

4. Receivables:

Receivables at August 31, 1994 consist of the following:

	General	Enterprise	Total
Receivables:			
Taxes	\$ 548,859		\$ 548,859
Special assessments	1,469,581		1,469,581
Sewer service fees		\$ 60,059	60,059
Miscellaneous	270,206	4,798	275,004
Gross receivables	2,288,646	64,857	2,353,503
Less allowance for uncollectibles	(24,390)	(27,863)	(52,253)
Net total receivables	\$2,264,256	\$ 36,994	\$2,301,250

NOTES TO FINANCIAL STATEMENTS, Continued

4. Receivables, continued:

The delinquent real estate taxes receivable account represents the past twenty years of uncollected tax levies. The allowance for estimated uncollectible real estate taxes is 80% of the total delinquent real estate taxes receivable at August 31, 1994.

5. Fixed Assets:

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	<u>September 1,</u> <u>1993</u>	<u>Additions</u>	<u>Retire-</u> <u>ments</u>	<u>August 31,</u> <u>1994</u>
Land, building and improvements	\$3,472,025	\$1,465,387		\$4,937,412
Machinery and equipment	910,251	98,402	\$13,354	995,299
Automotive equipment	646,595	138,650	61,899	723,346
Furniture and fixtures	<u>117,826</u>	<u>16,809</u>	<u> </u>	<u>134,635</u>
	<u>\$5,146,697</u>	<u>\$1,719,248</u>	<u>\$75,253</u>	<u>\$6,790,692</u>

The following is a summary of proprietary fund-type fixed assets at August 31, 1994:

	<u>Enterprise</u> <u>Funds</u>
Land, buildings and improvements	\$ 135,118
Machinery and equipment	295,887
Treatment plants, buildings and improvements	2,168,330
Sewer lines	13,706,220
Construction-in-process	86,909
Less accumulated depreciation	<u>(3,626,871)</u>
Net fixed assets	<u>\$12,765,593</u>

In the proprietary fund, the following estimated useful lives are used to compute depreciation:

Land, buildings and improvements	10 - 30 years
Machinery and equipment	8 years
Treatment plants, buildings and improvements	10 - 30 years
Sewer lines	50 years

NOTES TO FINANCIAL STATEMENTS, Continued

6. Risk Management:

The City is a member of the Missouri Intergovernmental Risk Management Association ("MIRMA"), a state-wide governmental self-insurance pool which provides property, liability and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 1995.

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. The City paid an assessment totaling \$181,184 for MIRMA's fiscal year ended June 30, 1994 and has paid an assessment totaling \$189,569 for the year ending June 30, 1995.

7. Capital Lease:

The City entered into a lease-purchase agreement for financing the construction of a municipal building complex. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The complex has been recorded in the General Fixed Asset Account Group at a cost of \$2,590,998. The lessor financed the lease through Certificates of Participation totaling \$2,420,000. The City's payment under this lease will be an amount sufficient to pay off the Certificates of Participation. A reserve fund of \$200,000 has been recorded in the General Fund under terms of the agreement and will be used to make the final payment in April 2006.

The following is a schedule of future minimum lease payments under the capital lease, and the present value of the net minimum lease payments as of August 31, 1994:

NOTES TO FINANCIAL STATEMENTS, Continued

7. Capital Lease, continued:

<u>Fiscal Year Ending</u> <u>August 31,</u>		
1995	\$	264,326
1996		267,126
1997		273,376
1998		268,312
1999 - 2001		784,750
2002 - 2006		<u>1,528,752</u>
Total minimum lease payments		3,386,642
Less amount representing interest		<u>(1,386,642)</u>
Present value of future minimum lease payments		<u>\$ 2,000,000</u>

During the year ended August 31, 1994, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>September 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31</u>
Capital leases	\$2,080,000		\$80,000	\$2,000,000

8. Long-Term Debt:

The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. In 1991 and 1992, the voters of the City approved the issuance of \$1,500,000 and \$2,000,000, respectively, of sewer system revenue bonds to finance the costs of constructing extensions to the sewer system. Bonds totaling \$1,270,000 and \$1,135,000 were issued in 1992 and 1993, respectively. The 1992 and 1993 revenue bonds were issued in connection with a grant/loan program called Missouri State Revolving Fund. The interest costs for these bond issues are subsidized by the earnings of reserve funds established with no-interest loans from the Missouri Department of Natural Resources and the U.S. Environmental Protection Agency. The 1992 bonds are in denominations of \$5,000 each and bear interest at rates of 4.25% to 6.55%. The 1993 bonds are in denominations of \$1,000 each, or multiples thereof, and bear interest at rates of 3.4% to 5.4%.

NOTES TO FINANCIAL STATEMENTS, Continued

8. Long-Term Debt, continued:

In 1994, the City issued \$1,240,000 of sewer system refunding revenue bonds. The bonds were issued for the purpose of refunding \$1,355,000 aggregate principal amount of the City's outstanding sewer revenue bonds dated March 1, 1986, which were issued for the purpose of extending and improving the system (See also Note 17, Refunded Debt). The City transferred the proceeds of the refunding bonds in the amount of \$1,240,000, together with an additional amount of \$180,006 of available funds of the City, for deposit in an escrow fund. Such monies deposited with the escrow agent were used to purchase direct obligations of the United States of America maturing in such amounts and at such times as shall be sufficient, together with the interest to accrue thereon, to pay the principal of and interest on the outstanding 1986 bonds that shall become due and payable on September 1, 1994, and to redeem and pay the principal of and accrued interest on the 1986 bonds remaining outstanding on September 1, 1994 at a redemption price equal to 103% of the principal amount thereof. The 1994 bonds are in denominations of \$5,000 each, or multiples thereof, and bear interest at rates of 3.0% to 5.3%.

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

<u>Redemption Dates</u>	<u>Redemption Prices</u>
June 1, 2002 and December 1, 2002	102%
June 1, 2003 and December 1, 2003	101
June 1, 2004 and thereafter	100

The revenue bonds dated August 1, 1993 maturing after January 1, 2003 may be called for redemption and payment prior to maturity in whole or in part on each June 1 and December 1 commencing June 1, 2003, at redemption prices set forth below (expressed as percentages of principal amount) plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
June 1, 2003 and December 1, 2003	102%
June 1, 2004 and December 1, 2004	101
June 1, 2005 and thereafter	100

NOTES TO FINANCIAL STATEMENTS, Continued

8. Long-Term Debt, continued:

The revenue bonds dated March 1, 1994 maturing after September 1, 2001 may be called for redemption and payment prior to maturity in whole or in part on any interest payment date, commencing September 1, 2000, at a redemption price equal to 100% of the principal amount plus accrued interest thereon to the date of redemption.

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

The ordinances also requires the City to deposit specified amounts in the following accounts:

"Bond Account" - A monthly deposit is to be made in this account for the payment of principal and interest. At August 31, 1994, no balance existed.

"Depreciation and Replacement Account" - A monthly deposit of \$3,150 is to be made in this account until \$163,500 has been accumulated. A restricted asset and related reserve for \$163,500 has accumulated as of August 31, 1994.

"Bond Reserve Account" - A monthly deposit of \$1,500 is to be made in this account until \$275,000 has been accumulated. A restricted asset and related reserve for \$252,000 has accumulated as of August 31, 1994.

"Contingent Account" - A \$500 monthly deposit is to be made in this account until \$50,000 has been accumulated. A restricted asset and related reserve for \$50,000 has accumulated as of August 31, 1994.

"Rehabilitation Account" - \$500 monthly deposits were to be made to this account until August 1, 1987. A restricted asset and related reserve for \$54,000 has accumulated as of August 31, 1994.

Any surplus remaining after making the required deposits and necessary disbursements described above shall be allocated to the following accounts by order of the City Council:

NOTES TO FINANCIAL STATEMENTS, Continued

8. Long-Term Debt, continued:

"Bond Redemption Account" - Deposits of not less than 25% of the surplus are to be made to this account. Funds are to be used for the redemption of sewage system revenue bonds prior to their stated maturities.

"Extension and Improvement Account" - The remainder of the surplus is to be deposited in this account. Sums are to be used for the construction of extensions to and improvements in the sewage system.

As of August 31, 1994, there was no surplus in the Sewer System Fund to allocate to the two accounts above.

The principal maturity of the bonds, excluding amounts maturing after August 31, 1994, which were remitted prior to the current fiscal year-end, are as follows:

	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>Total</u>
1995	\$ 100,000	\$ 32,083	\$ 14,584	\$ 146,667
1996	100,000	38,000	40,000	178,000
1997	100,000	39,000	40,000	179,000
1998	125,000	40,000	40,000	205,000
1999 - 2001	295,000	132,000	140,000	567,000
2002 - 2014	<u>415,000</u>	<u>851,000</u>	<u>940,000</u>	<u>2,206,000</u>
	1,135,000	1,132,083	1,214,584	3,481,667
Less unamortized discounts	<u>(23,968)</u>	<u>(30,020)</u>	<u>(31,884)</u>	<u>(85,872)</u>
Net revenue bonds outstanding	<u>\$1,111,032</u>	<u>\$1,102,063</u>	<u>\$1,182,700</u>	<u>\$3,395,795</u>

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

NOTES TO FINANCIAL STATEMENTS, Continued

8. Long-Term Debt, continued:

In conjunction with the bonds dated August 1, 1993 a reserve account has been established with a no interest loan funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, this loan (reserve account) will be funded in an amount equal to seventy percent (70%) of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve account will be reduced such that the reserve account will equal seventy percent (70%) of the remaining principal balance of such bonds.

The number of customers served by the sewer system at August 31, 1993 and August 31, 1994 was 6,285 and 6,638, respectively.

9. Deficit Fund Balance:

At August 31, 1994, the enterprise fund had an unreserved accumulated deficit of \$3,002,929. This deficit is expected to be replenished from future operations.

10. Interfund Assets/Liabilities:

Due from/to other funds at August 31, 1994, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$563,756
Agency	General	8,921

11. Segment Information - Enterprise Fund:

The government maintains one enterprise fund which is intended to be self-supporting through sewer system user fees charged for services to the public. Financial segment information as of and for the year ended August 31, 1994 is presented below:

Operating revenues	\$ 943,740
Depreciation and amortization expense	358,377
Operating loss	(67,639)
Net loss	(220,289)
Current capital contributions	923,384
Property, plant and equipment additions	1,739,919
Net working capital	545,697
Total assets	15,885,839
Bonds payable, net of bond discount	3,811,196
Total equity	11,400,161

NOTES TO FINANCIAL STATEMENTS, Continued

12. Contributed Capital:

During the fiscal year ended August 31, 1994, the enterprise fund's contributed capital increased by the following amounts:

<u>Source</u>	
Customers - Sewer lines	\$ 232,991
Developers - Sewer lines	<u>690,393</u>
Total	923,384
Contributed capital, August 31, 1993	<u>12,960,206</u>
Contributed capital, August 31, 1994	<u>\$13,883,590</u>

13. Contingent Liabilities:

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 a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

14. Deferred Compensation Plan:

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The City reserves the right to amend or cancel the plans. The City has no responsibility for loss due to the investment or failure of investment of funds and assets in the plans, but does have the duty of due care that would be required of an ordinary prudent investor.

NOTES TO FINANCIAL STATEMENTS, Continued

14. Deferred Compensation Plan, continued:

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plans are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City believes that it is unlikely that it will use these assets to satisfy the claims of general creditors in the future.

Investments are managed by the plans' trustees under one of eleven investment options or a combination thereof. The choice of the investment option(s) is made by the participants.

15. Employee Retirement Systems:

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, a multiple-employer, cost-sharing public employee pension plan which covers all of the City's full-time employees except for members of the police force.

City of Arnold, Missouri Police Pension Plan ("Plan"):

Plan Description and Provisions:

All of the City's full-time police employees participate in the Plan, a single-employer, defined benefit pension plan. The payroll for employees covered by the Plan for the year ended August 31, 1994, was \$1,185,178 and the City's total payroll was \$2,993,762. Membership in the Plan is comprised of the following:

<u>Group</u>	<u>September 1, 1993</u>
Active employees:	
Vested	25
Nonvested	13

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 benefits.

NOTES TO FINANCIAL STATEMENTS, Continued

15. Employee Retirement Systems, continued:

City of Arnold, Missouri Police Pension Plan ("Plan"),

continued:

Plan Description and Provisions, continued:

Each member is required to contribute 8-1/2% of gross salary. The City is required to contribute the remaining amounts necessary to fund the Plan.

Funding Status and Progress:

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the Plan's funding status on a going concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due and (iii) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the Plan. The pension benefit obligation was determined as part of an actuarial valuation of the Plan as of September 1, 1993. Significant actuarial assumptions used in determining the pension benefit obligation include: (a) a rate of return on the investment of present and future assets of 7 1/2% per year compounded annually and (b) projected salary increases of 5% per year compounded annually, attributable to inflation.

Contributions Required and Contributions Made:

Whereas the annual valuations provide for actuarial assumptions upon which funding is based, actual contributions are based upon appropriations in the annual budget of the City in accordance with the ordinance adopting the Plan. Therefore, the expected actuarially determined status of the Plan varies from the actual results.

For 1994, contributions totaling \$257,757 were required to be made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at September 1, 1993 using the frozen entry age actuarial cost method. The unfunded actuarial accrued liability is amortized using a standard amortization at an assumed rate of 7% over 30 years.

NOTES TO FINANCIAL STATEMENTS, Continued

15. Employee Retirement Systems, continued:

Contributions Required and Contributions Made, continued:

These contributions consisted of (a) \$181,424 normal cost (15.3% of current covered payroll) and (b) \$76,333 amortization of the unfunded actuarial accrued liability (6.4% of current covered payroll).

The City's actual contribution to the Plan for 1994 was \$163,910. Employee contributions amounted to \$100,740.

The employer and employee contributions represented 13.8% and 8.5%, respectively, of current year covered payroll.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

Trend Information:

Trend information for the three years ended August 31, 1991, 1992 and 1993, respectively, is as follows: available assets were sufficient to fund 89%, 75% and 76% of the pension benefit obligation. The unfunded pension benefit obligation represented 23%, 67% and 66% of the annual payroll for employees covered by the Plan for 1991, 1992 and 1993, respectively. Presenting the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended August 31, 1991, 1992 and 1993, the City's contributions to the Plan in accordance with actuarially determined contributions were 9%, 9%, and 14%, respectively, of annual covered payroll. Ten-year trend information is presented in the supplemental information included in this report.

NOTES TO FINANCIAL STATEMENTS, Continued

15. Employee Retirement Systems, continued:

Missouri Local Government Retirement System ("LAGERS"):

Plan Description and Provisions:

All of the government's full-time employees except police officers participate in LAGERS, an agent multiple-employer public employee pension plan that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by State statute. The payroll for employees covered by LAGERS for the year ended August 31, 1994 was \$1,576,049; the City's total payroll was \$2,993,762.

<u>Group</u>	<u>February 28,</u> <u>1994</u>
Retirees and beneficiaries currently receiving benefits	10
Vested terminated employees	17
Active employees:	
Vested	47
Nonvested	14

Employees who retire on or after age 60 with five or more years of service are entitled to an allowance for life based upon the benefit program then in effect. The allowance is equal to a benefit factor multiplied by the final average salary multiplied by the number of years of service. LAGERS also provides early retirement, death and disability benefits.

Description of Funding Policy:

The City selected a noncontributory option for its membership thereby requiring the City to contribute the full amount required by statute necessary to finance the coverage of its employees. The contribution level is actuarially determined annually and is expressed as a percentage of covered payroll. The contribution requirement for the year ended August 31, 1994 was \$142,321 (9% of covered payroll).

NOTES TO FINANCIAL STATEMENTS, Continued

15. Employee Retirement Systems, continued:

Description of Funding Policy, continued:

The amount reported below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to assist users in their assessment of the Plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan performed as of February 28, 1994. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% per year compounded annually, (b) projected salary increases of 4% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 3.4% per year, depending on age, attributable to seniority/merit, and (d) pre- and post-retirement mortality based on the 1984 Group Annuity Mortality Table set back no years for men and six years for women.

The obligation for the retirees and beneficiaries has been transferred to LAGERS as a whole.

Actuarially Determined Contribution Requirements and

Contributions Made:

The City is obligated by State statute to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. The prior service costs are amortized over an initial amortization period of 40 years and the amounts of additional unfunded obligations created due to increases in plan benefits over 30 years. Any refunds are amortized over 15 years.

The significant actuarial assumptions used to determine the actuarially determined employer contribution requirements are the same as those used to compute the pension benefit obligation.

NOTES TO FINANCIAL STATEMENTS, Continued

15. Employee Retirement Systems, continued:

Actuarially Determined Contribution Requirements and
Contributions Made, continued:

The City's contribution for 1994 of \$142,321 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of February 28, 1994. This contribution consisted of (a) \$90,374 normal cost (5.7% of current covered payroll) and (b) \$51,947 amortization of prior service costs (3.3% of current covered payroll).

Trend Information:

For the three years ended February 28, 1992, 1993 and 1994, respectively, available assets were sufficient to fund 67%, 71% and 55% of the pension benefit obligation. The unfunded pension benefit obligation represented 27%, 25% and 54% of the annual payroll for 1991, 1992 and 1993, respectively. Showing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended February 28, 1992, 1993 and 1994, the City's contributions, all made in accordance with actuarially determined requirements, was 8% for all years of annual covered payroll.

Multi-year historical trend information presenting the progress in accumulating sufficient assets to pay benefits when due is presented in the accompanying supplemental schedules.

Pension Benefit Obligation:

The combined unfunded pension benefit obligation was determined as follows:

	Plan September 1, <u>1993</u>	LAGERS Feb. 28, <u>1994</u>	Combined <u>Total</u>
Pension Benefit Obligation:			
Terminated employees not yet receiving benefits		\$ 134,952	\$ 134,952
Current employees:			
Accumulated employee contributions including allocated investment income	\$ 815,600		815,600
Employer financed - Vested	932,900	1,743,375	2,676,275
Employer financed - Nonvested	<u>1,322,316</u>	<u>144,995</u>	<u>1,467,311</u>
Total pension benefit obligation	3,070,816	2,023,322	5,094,138
Total assets available for benefits, at cost (market value of "Plan" and "LAGERS" assets at August 31, 1994, \$2,671,305 and \$1,133,942, respectively)			
	<u>2,321,498</u>	<u>1,119,698</u>	<u>3,441,196</u>
Unfunded pension benefit obligation	<u>\$ 749,318</u>	<u>\$ 903,624</u>	<u>\$1,652,942</u>

NOTES TO FINANCIAL STATEMENTS, Continued

16. Interfund Administration Fee:

During the year, the Sewer System Fund paid \$108,000 to the General Fund for administrative costs incurred by the General Fund relating to the operation of the Sewer System Fund. This fee is included in miscellaneous revenue in the General Fund.

17. Refunded Debt:

In March 1994, the City refunded \$1,355,000 of revenue bonds with interest rates of 4.25% to 7.5% and issued \$1,240,000 of revenue bonds (refunding issue) with interest rates of 3.0 - 5.3%. The proceeds of the refunding issue have been used to purchase U.S. Government securities that were placed in separate irrevocable trust funds. The investments and fixed earnings from the investments in the trust funds will be used to redeem in whole the outstanding Series 1986 Bonds on September 1, 1994. The reduction in cash flow requirements to service the refunding issue is approximately \$210,000.

As the refunded bonds were in substance defeasance transactions at the date of occurrence, the refunded bonds and related trust assets were removed from the combined financial statements as of March 22, 1994.

GENERAL FUND

The general fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND
TYPE - GENERAL FUND

for the fiscal year ended August 31, 1994

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Property	\$ 477,000	\$ 491,016	\$ 14,016
Sales	2,969,655	3,380,911	411,256
Public utilities gross receipts	1,258,999	1,345,534	86,535
Motor fuel	396,000	402,270	6,270
Other	<u>86,000</u>	<u>94,607</u>	<u>8,607</u>
Total taxes	<u>5,187,654</u>	<u>5,714,338</u>	<u>526,684</u>
Special assessments	300,000	208,318	(91,682)
Licenses and permits	217,300	288,693	71,393
Fines and court costs	225,000	252,962	27,962
Intergovernmental	45,000	1,707,256	1,662,256
Charge for services	504,200	537,164	32,964
Interest	70,000	122,505	52,505
Other revenue:			
Sewer administration	108,000	108,070	70
Insurance claims	1,000	6,125	5,125
Animal shelter	4,000	5,305	1,305
Other	<u>74,400</u>	<u>203,427</u>	<u>129,027</u>
Total other revenue	<u>187,400</u>	<u>322,927</u>	<u>135,527</u>
Total revenues	<u>6,736,554</u>	<u>9,154,163</u>	<u>2,417,609</u>
Expenditures:			
General government:			
General and administrative	682,813	647,651	35,162
Mayor and council	61,757	63,540	(1,783)
Municipal court	56,602	55,288	1,314
Administrator	101,469	105,402	(3,933)
Treasurer	16,834	17,180	(346)
Finance	122,581	128,129	(5,548)
Collector of revenue	122,164	117,724	4,440
Attorney	69,460	55,930	13,530
Elections	5,000	14,594	(9,594)
Planning commission	56,557	56,845	(288)
Flood emergency	<u>234</u>	<u>1,727,991</u>	<u>(1,727,757)</u>
Total general government	<u>1,295,471</u>	<u>2,990,274</u>	<u>(1,694,803)</u>

Continued

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GOVERNMENTAL FUND
TYPE - GENERAL FUND, Continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures, continued:			
Public safety:			
Police	\$2,121,718	\$2,180,304	\$ (58,586)
Police board	3,768	511	3,257
Dispatching	257,444	245,478	11,966
Building commission	242,088	226,661	15,427
Total public safety	<u>2,625,018</u>	<u>2,652,954</u>	<u>(27,936)</u>
Public works	<u>307,773</u>	<u>301,829</u>	<u>5,944</u>
Highway and streets	<u>1,108,415</u>	<u>1,360,285</u>	<u>(251,870)</u>
Parks and recreation	<u>426,558</u>	<u>431,731</u>	<u>(5,173)</u>
Health and sanitation:			
Health department	82,822	84,430	(1,608)
Rabies control	94,414	79,639	14,775
Vector control	15,875	17,695	(1,820)
Solid waste	379,780	390,013	(10,233)
Total health and sanitation	<u>572,891</u>	<u>571,777</u>	<u>1,114</u>
Capital outlay	<u> </u>	<u>232,990</u>	<u>(232,990)</u>
Total expenditures	<u>6,336,126</u>	<u>8,541,840</u>	<u>(2,205,714)</u>
Revenue (under) over expenditures	400,428	612,323	211,895
Fund balance, beginning of year	2,630,857	2,630,857	
Transfer from other funds	<u> </u>	<u>442,057</u>	<u>442,057</u>
Fund balance, end of year	<u>\$3,031,285</u>	<u>\$3,685,237</u>	<u>\$ 653,952</u>

MISSOURI LOCAL GOVERNMENT RETIREMENT SYSTEM (LAGERS)

ANALYSIS OF FUNDING PROGRESS

last ten fiscal years

(Required Supplementary Information)

<u>Valuation Date</u>	<u>Pension Benefit Obligation (PBO)</u>	<u>Net Assets Available for Benefits</u>	<u>Assets as a Percentage of PBO</u>	<u>Unfunded PBO</u>	<u>Covered Payroll</u>	<u>Unfunded PBO as a Percentage of Covered Payroll</u>
2/28/85	\$ 342,647	\$ 107,058	31%	\$235,589	\$1,141,865	21%
2/28/86	411,908	193,812	47%	218,096	1,058,890	21%
2/28/87	636,744	300,634	47%	336,110	1,178,121	29%
2/29/88	841,746	455,126	54%	386,620	1,313,462	29%
2/28/89	894,738	511,503	57%	383,235	1,357,505	28%
2/28/90	999,822	600,188	60%	399,634	1,429,622	28%
2/28/91	1,106,183	704,945	64%	401,238	1,348,579	30%
2/29/92	1,185,051	795,309	67%	389,742	1,437,807	27%
2/28/93	1,363,806	973,996	71%	389,810	1,540,493	25%
2/28/94	2,023,322	1,119,698	55%	903,624	1,669,927	54%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

MISSOURI LOCAL GOVERNMENT RETIREMENT SYSTEM (LAGERS)

EXPENSES BY TYPE

last ten fiscal years

(Required Supplementary Information)

<u>Fiscal Year</u>	<u>Benefits</u>
1985	\$ 807
1986	4,954
1987	8,284
1988	8,748
1989	10,539
1990	15,614
1991	22,248
1992	22,801
1993	27,182
1994	36,228

MISSOURI LOCAL GOVERNMENT RETIREMENT SYSTEM (LAGERS)

REVENUES BY SOURCE

last ten fiscal years

(Required Supplementary Information)

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	<u>Total Revenue</u>	<u>Employer Contributions as a Percentage of Covered Payroll</u>
1985	\$ 92,051	\$ 9,490	\$101,541	9%
1986	86,839	24,750	111,589	11%
1987	104,887	40,058	144,945	12%
1988	134,440	28,695	163,135	10%
1989	115,137	43,762	158,899	8%
1990	115,063	62,250	177,313	8%
1991	114,232	46,100	160,332	8%
1992	120,742	61,092	181,834	8%
1993	130,128	108,348	238,476	8%
1994	142,321	90,449	232,770	8%

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

Police Pension Fund - This fund is used to account for the accumulation of resources for pension benefit payments to qualified public safety employees.

Deferred Compensation Fund - This fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

TRUST AND AGENCY FUNDS
 COMBINED BALANCE SHEET
 as of August 31, 1994
 (With Comparative Totals
 as of August 31, 1993)

	<u>Police Pension Trust</u>	<u>Deferred Compensation Agency</u>	<u>Totals</u>	
			<u>1994</u>	<u>1993</u>
Assets:				
Investments	\$2,671,305	\$196,575	\$2,867,880	\$2,465,699
Due from other funds	<u>7.887</u>	<u>1.034</u>	<u>8.921</u>	<u>13.454</u>
Total assets	<u>\$2,679,192</u>	<u>\$197,609</u>	<u>\$2,876,801</u>	<u>\$2,479,153</u>
Liabilities - Deferred compensation benefits payable		<u>\$197,609</u>	<u>\$ 197,609</u>	<u>\$ 153,679</u>
Total liabilities		<u>197,609</u>	<u>197,609</u>	<u>153,679</u>
Fund balance:				
Reserved for employees retirement system	\$3,070,816		3,070,816	2,853,772
Unreserved	<u>(391,624)</u>		<u>(391,624)</u>	<u>(528,298)</u>
Total fund balances	<u>2,679,192</u>	<u> </u>	<u>2,679,192</u>	<u>2,325,474</u>
Total liabilities and fund balances	<u>\$2,679,192</u>	<u>\$197,609</u>	<u>\$2,876,801</u>	<u>\$2,479,153</u>

POLICE PENSION TRUST FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
 for the fiscal year ended August 31, 1994

Operating revenues:	
Employer contributions	\$ 163,910
Employee contributions	96,827
Dividends and interest	<u>94,564</u>
Total operating revenues	355,301
Operating expense - Refund	<u>1,583</u>
Net income	353,718
Fund balance, beginning of year	<u>2,325,474</u>
Fund balance, end of year	<u>\$2,679,192</u>

POLICE PENSION TRUST FUND
 ANALYSIS OF FUNDING PROGRESS
 last ten fiscal years
 (Required Supplementary Information)

Valuation Date	Pension Benefit Obligation (PBO)	Net Assets Available for Benefits	Assets as a Percentage of PBO	Unfunded PBO	Covered Payroll	Unfunded PBO as a Percentage of Covered Payroll
8/31/84	\$ 652,793	\$ 527,555	81%	\$125,238	\$ 681,725	18%
8/31/85*	1,075,712	693,578	64%	382,134	754,975	51%
8/31/86	1,235,616	872,151	71%	363,465	778,768	47%
8/31/87	1,353,773	1,013,777	75%	339,996	847,035	40%
8/31/88	1,587,891	1,284,412	81%	303,479	894,388	34%
8/31/89	1,628,107	1,482,378	91%	145,729	950,115	15%
8/31/90	1,806,590	1,553,227	86%	253,363	999,514	25%
8/31/91	2,059,293	1,826,987	89%	232,306	1,016,996	23%
8/31/92**	2,853,772	2,129,903	75%	723,869	1,076,019	67%
8/31/93	3,070,816	2,321,498	76%	749,318	1,129,963	66%

*Normal retirement age reduced from 60 to 55.

**Benefit formula amended to increase the maximum credited service from 20 years to 30 years.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

POLICE PENSION TRUST FUND
 EXPENSES BY TYPE
 last ten fiscal years
 (Required Supplementary Information)

<u>Fiscal Year</u>	<u>Expenses by Type</u>			<u>Total Expenses</u>
	<u>Refunds</u>	<u>Benefits</u>	<u>Administration</u>	
1985	\$ 2,738			\$ 2,738
1986	2,765	\$ 66,898	\$3,523	73,186
1987		113,465	5,968	119,433
1988	16,635			16,635
1989	18,181	87,603	7,819	113,603
1990	15,150	186,336	6,277	207,763
1991	23,833			23,833
1992	8,695			8,695
1993		117,297		117,297
1994	1,583			1,583

POLICE PENSION TRUST FUND

REVENUES BY SOURCE

last ten fiscal years

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Dividend and Interest Income</u>	<u>Total Revenue</u>	<u>Employer Contributions as a Percentage of Covered Payroll</u>
1985*	\$ 75,000	\$ 30,199	\$ 63,562	\$168,761	10%
1986	100,000	70,390	81,369	251,759	13%
1987	105,000	71,998	84,061	261,059	12%
1988	115,000	76,023	95,647	286,670	13%
1989	115,000	80,773	106,469	302,242	12%
1990	95,000	84,929	111,131	291,060	10%
1991	88,250	86,566	122,899	297,715	9%
1992	94,660	91,771	125,489	311,920	9%
1993	100,697	96,441	112,148	309,286	9%
1994	163,910	96,827	94,564	355,301	14%

*Normal retirement age reduced from 60 to 55.

DEFERRED COMPENSATION AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 for the fiscal year ended August 31, 1994

	Balance September 1, <u>1993</u>	<u>Additions</u>	<u>Deletions</u>	Balance August 31, <u>1994</u>
Assets:				
Investments	\$151,323	\$51,320	\$(6,068)	\$196,575
Due from other funds	<u>2,356</u>	<u>1,034</u>	<u>(2,356)</u>	<u>1,034</u>
Total assets	<u>\$153,679</u>	<u>\$52,354</u>	<u>\$(8,424)</u>	<u>\$197,609</u>
Liabilities - Deferred compensation benefits payable	<u>\$153,679</u>	<u>\$52,354</u>	<u>\$(8,424)</u>	<u>\$197,609</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS
BY SOURCE

August 31, 1994 and 1993

	<u>1994</u>	<u>1993</u>
General fixed assets:		
Land, buildings and improvements	\$4,937,412	\$3,472,025
Machinery and equipment	995,299	910,252
Automotive equipment	723,346	646,594
Furniture and fixtures	<u>134,635</u>	<u>117,826</u>
Total general fixed assets	<u>\$6,790,692</u>	<u>\$5,146,697</u>
Investment in general fixed assets by source - General fund	<u>\$6,790,692</u>	<u>\$5,146,697</u>

SCHEDULE OF FIXED ASSETS - BY FUNCTION AND ACTIVITY

August 31, 1994

<u>Function and Activity</u>	<u>Land, Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Automotive Equipment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
General government:					
General and administrative	\$4,650,571	\$122,602		\$ 27,194	\$4,800,367
Mayor and council				4,662	4,662
Municipal court				3,603	3,603
Administrator			\$ 13,646	2,834	16,480
Finance		3,852		27,560	31,412
Collector of revenue				10,199	10,199
Attorney				2,865	2,865
Planning commission				2,587	2,587
Total general government	<u>4,650,571</u>	<u>126,454</u>	<u>13,646</u>	<u>81,504</u>	<u>4,872,175</u>
Public safety:					
Police		213,626	209,777	34,280	457,683
Police board				176	176
Dispatching		190,609		1,288	191,897
Building commission		9,991	58,520	6,663	75,174
Total public safety		<u>414,226</u>	<u>268,297</u>	<u>42,407</u>	<u>724,930</u>
Public works		61,239	80,321	6,874	148,434
Highways and streets		310,899	253,007	974	564,880
Parks and recreation	286,841	69,653	68,898	1,148	426,540
Health and sanitation:					
Health department		716	11,902	1,728	14,346
Rabies control		4,184	14,715		18,899
Vector control		7,928	12,560		20,488
Total health and sanitation		<u>12,828</u>	<u>39,177</u>	<u>1,728</u>	<u>53,733</u>
Total general fixed assets	<u>\$4,937,412</u>	<u>\$995,299</u>	<u>\$723,346</u>	<u>\$134,635</u>	<u>\$6,790,692</u>

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS -
BY FUNCTION AND ACTIVITY

for the fiscal year ended August 31, 1994

<u>Function and Activity</u>	<u>General Fixed Assets August 31, 1993</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>General Fixed Assets August 31, 1994</u>
General government:					
General and administrative	\$3,334,980	\$1,465,387			\$4,800,367
Mayor and council	4,662				4,662
Municipal court	3,603				3,603
Administrator	16,480				16,480
Finance	29,817	1,595			31,412
Collector of revenue	8,960	1,239			10,199
Attorney	2,865				2,865
Planning commission	2,587				2,587
Total general government	<u>3,403,954</u>	<u>1,468,221</u>			<u>4,872,175</u>
Public safety:					
Police	403,569	143,024	\$16,145	\$(72,765)	457,683
Police board	176				176
Dispatching	191,897				191,897
Building commission	72,375		25,080	27,879	75,174
Total public safety	<u>668,017</u>	<u>143,024</u>	<u>41,225</u>	<u>(44,886)</u>	<u>724,930</u>
Public works	<u>115,711</u>		<u>12,163</u>	<u>44,886</u>	<u>148,434</u>
Highways and streets	<u>532,729</u>	<u>45,507</u>	<u>13,356</u>		<u>564,880</u>
Parks and recreation	<u>374,844</u>	<u>51,696</u>			<u>426,540</u>
Health and sanitation:					
Health department	14,346				14,346
Rabies control	16,608	10,801	8,510		18,899
Vector control	20,488				20,488
Total health and sanitation	<u>51,442</u>	<u>10,801</u>	<u>8,510</u>		<u>53,733</u>
Total general fixed assets	<u>\$5,146,697</u>	<u>\$1,719,249</u>	<u>\$75,254</u>	<u>\$ -</u>	<u>\$6,790,692</u>

SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

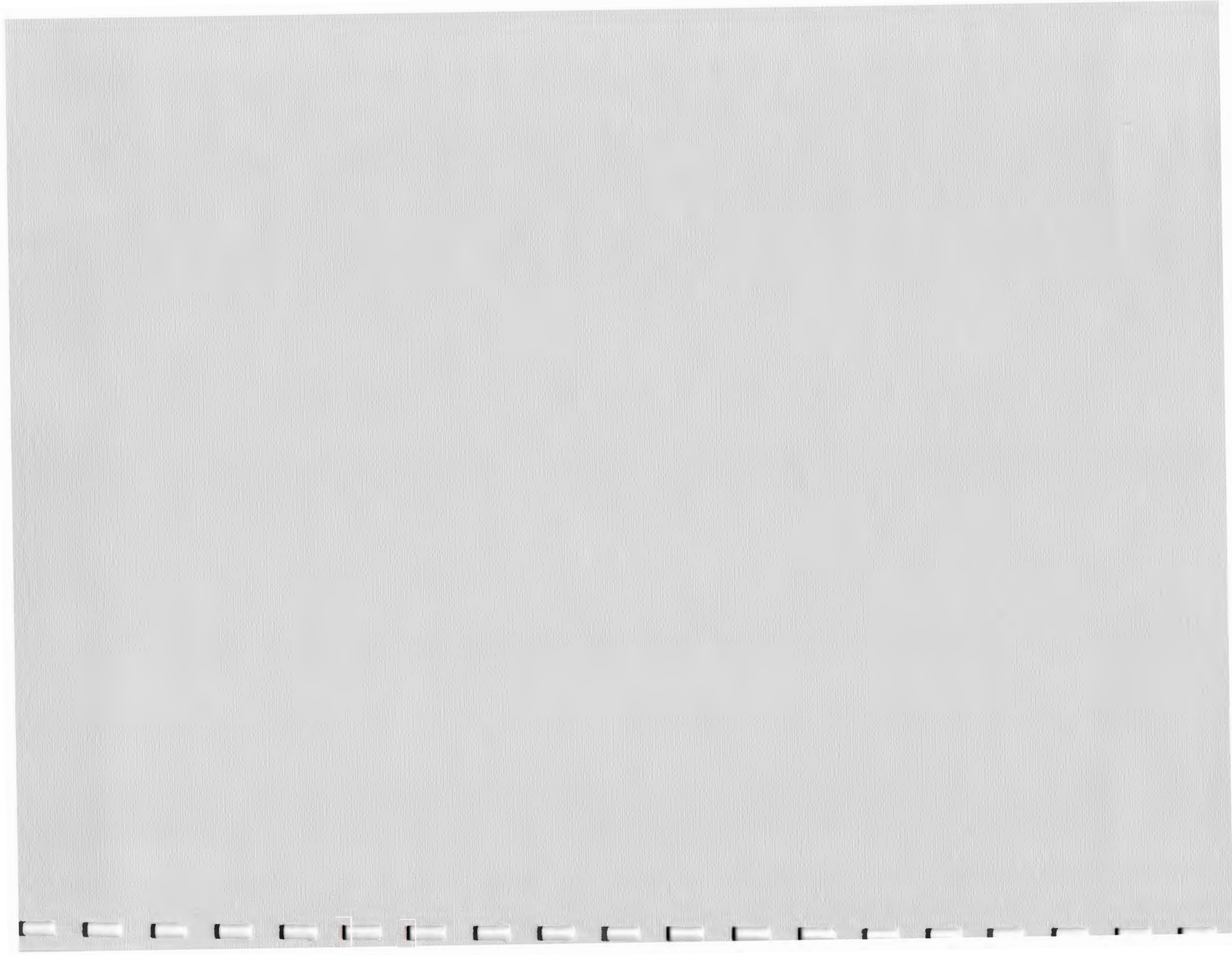
for the fiscal year ended August 31, 1994

Federal Grantor/Pass-Through Grantor/ Program Title	Total Grant Amount	CFDA(1) Number	Pass-Through Agency Number	Accrued or (Deferred) Revenue, August 31, 1993	Receipts or Receivables	Disbursements/ Expenditures	(Deferred)/ Accrued Revenue, August 31, 1994
Major Federal Assistance Programs:							
Federal Emergency Management Agency	\$1,142,827		995	\$440,980	\$ 630,978	\$ 154,029	\$(35,969)
Community Development Block Grant	1,284,213	14-219	93-DR-10		370,921	479,771	108,850
Federal Emergency Management Agency	1,830,000	83-519	995		883,447	985,616	102,169
Total Federal Emergency Management Agency				<u>440,980</u>	<u>1,885,346</u>	<u>1,619,416</u>	<u>175,050</u>
Nonmajor Federal Assistance Programs:							
U.S. Department of Justice:							
Division of Highway Safety	2,000	20-600	93-HB-04	692	1,472	780	
Division of Highway Safety	2,000	20-600	94-J6-03			396	396
Total Department of Justice				<u>692</u>	<u>1,472</u>	<u>1,176</u>	<u>396</u>
U.S. Department of Transportation:							
Federal Aid Urban Bridge Replacement		20-205	BRM-5461(601)	17,970			17,970
Federal Aid Urban Bridge Replacement		20-205	BRM-5474(602)	12,781			12,781
Total Department of Transportation				<u>30,751</u>			<u>30,751</u>
Environmental Protection Agency							
Environmental Protection Agency		66-458	C295097-01		190,417	190,417	
Environmental Protection Agency		66-458	C295097-02		19,603	19,603	
Total Environmental Protection Agency					<u>210,020</u>	<u>210,020</u>	
Total Federal Assistance				<u>\$472,423</u>	<u>\$2,096,838</u>	<u>\$1,830,612</u>	<u>\$206,197</u>

(1) Catalog of Federal Domestic Assistance



STATISTICAL
SECTION



GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

last ten fiscal years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Highways and Street</u>	<u>Parks and Recreation</u>	<u>Health and Sanitation</u>	<u>Capital Outlay (1)</u>	<u>Total</u>
1985	\$ 682,991	\$1,608,288	\$152,083	\$ 592,041	\$291,502	\$386,508	\$ 214,557	\$3,927,970
1986	771,026	1,725,079	162,959	712,448	228,280	387,658		3,987,450
1987	916,611	1,808,796	192,557	672,446	283,409	473,124	960,654	5,307,597
1988	1,059,869	1,956,097	219,318	550,149	275,550	475,297	2,371,450	6,907,730
1989	1,066,971	2,160,608	233,505	1,340,155	265,166	463,420	1,051,515	6,581,340
1990	1,163,727	2,026,376	263,605	1,161,482	297,679	476,441	259,022	5,648,332
1991	1,136,027	2,100,552	250,707	627,779	298,359	508,555	21,047	4,943,026
1992	1,561,120	2,311,619	269,059	781,554	322,224	518,080	326,633	6,090,289
1993	1,414,608	2,428,800	295,634	1,002,916	353,331	545,650	664,119	6,705,058
1994	2,990,274	2,652,954	301,829	1,360,285	431,731	571,777	232,990	8,541,840

(1) Capital outlay includes the construction of the municipal complex during fiscal years 1987 - 1989. Funding for this project was provided through the proceeds of a capital lease in the amount of \$2,420,000.

GENERAL GOVERNMENTAL REVENUES BY SOURCE

last ten fiscal years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>Licenses and Permits</u>	<u>Fines and Court Costs</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
1985	\$3,140,389	\$ 31,286	\$ 69,897	\$ 52,447	\$ 240,567	\$ 66,426	\$ 72,660	\$ 88,911	\$3,762,583
1986	3,399,191	53,780	93,610	64,021	244,952	59,235	95,854	92,507	4,103,150
1987	3,758,912	112,663	89,076	65,911	42,545	54,377	106,095	105,989	4,335,568
1988	3,829,050	305,373	95,116	88,724	3,496	51,487	237,450	175,349	4,786,045
1989	4,552,201	141,924	101,992	95,661	30,022	60,609	153,291	169,900	5,305,600
1990	4,470,199	397,464	181,681	127,560	29,307	78,036	109,340	148,569	5,542,156
1991	4,334,196	216,170	213,846	162,900	24,749	364,333	118,900	155,725	5,590,819
1992	4,637,459	210,240	222,763	192,010	427,276	499,956	135,320	187,160	6,512,184
1993	5,140,436	178,106	237,365	246,501	592,749	514,676	89,453	225,081	7,224,367
1994	5,714,338	208,318	288,693	252,962	1,707,256	537,164	122,505	322,927	9,154,163

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

last ten fiscal years

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Public Utility Gross Receipts Tax</u>	<u>Motor Fuel Tax</u>	<u>Other</u>	<u>Total</u>
1985	\$332,135	\$1,613,506	\$1,011,714	\$181,736	\$ 1,298	\$3,140,389
1986	352,098	1,765,189	1,092,137	185,169	4,598	3,399,191
1987	351,102	2,016,855	1,171,057	212,040	7,858	3,758,912
1988	363,697	1,935,774	1,183,832	300,582	45,165	3,829,050
1989	406,281	2,655,760	1,145,833	312,342	31,985	4,552,201
1990	427,325	2,549,627	1,136,065	312,315	44,867	4,470,199
1991	439,575	2,315,553	1,203,407	299,449	76,212	4,334,196
1992	457,042	2,573,869	1,208,230	319,322	78,996	4,637,459
1993	477,296	2,969,250	1,244,833	361,306	87,751	5,140,436
1994	491,016	3,380,911	1,345,534	402,270	94,607	5,714,338

PROPERTY TAX LEVIES AND COLLECTIONS

last ten fiscal years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax (and Penalties) Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1985	\$298,498	\$261,949	87.8%	\$37,028	\$298,977	100.2%	\$12,262	4.11%
1986	324,831	290,483	89.4%	32,794	323,277	99.5%	15,425	4.75%
1987	320,485	286,073	89.3%	39,609	325,682	101.6%	14,623	4.56%
1988	335,341	288,050	85.9%	49,176	337,226	100.6%	16,305	4.86%
1989	368,506	329,469	89.4%	31,680	361,149	98.0%	22,626	6.14%
1990	403,939	366,071	90.6%	37,462	403,533	99.9%	26,941	6.67%
1991	422,135	305,261	72.3%	134,643	439,904	104.2%	14,984	3.55%
1992	456,743	416,681	91.2%	40,415	457,096	100.1%	17,069	3.74%
1993	474,443	331,877	69.9%	146,464	478,341	100.8%	16,024	3.38%
1994	490,378	442,916	90.3%	50,660	493,576	100.7%	15,220	3.10%

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

last ten fiscal years

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>
1985	\$33,279,169	N/A	N/A
1986*	72,971,899	\$323,612,367	22.5%
1987	73,051,612	325,440,367	22.4%
1988	76,787,372	334,733,706	22.9%
1989	83,407,445	361,485,478	23.1%
1990	90,727,362	389,306,290	23.3%
1991	94,888,430	409,022,336	23.2%
1992	97,179,362	423,109,883	23.0%
1993	98,785,800	428,748,081	23.0%
1994	101,989,700	444,160,674	23.0%

* A state reassessment went into effect during the fiscal year 1986. Since that time, property has an assessed value to estimated actual value as follows: commercial real estate 32%, residential real estate 19%, agricultural real estate 12%, personal property 33-1/3%. Estimated actual property values prior to this time are not available.

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 is it not available.

PROPERTY TAX RATES PER \$100 ASSESSED VALUE -
DIRECT & OVERLAPPING GOVERNMENTS

last ten fiscal years

	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	⁽¹⁾ <u>1986</u>	<u>1985</u>
City of Arnold	<u>\$0.48</u>	<u>\$0.48</u>	<u>\$0.47</u>	<u>\$0.47</u>	<u>\$0.47</u>	<u>\$0.48</u>	<u>\$0.48</u>	<u>\$0.48</u>	<u>\$0.48</u>	<u>\$1.00</u>
Overlapping governments:										
State of Missouri	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Jefferson County	0.53	0.54	0.52	0.50	0.50	0.51	0.48	0.50	0.42	0.76
Consolidated School No. 6 of Jefferson County	2.98	2.98	2.93	3.06	2.92	2.92	2.93	2.95	1.98	3.14
Rock Community Fire Protection District	0.67	0.67	0.66	0.66	0.66	0.66	0.66	0.67	0.44	0.85
Rock Township Ambulance District	0.22	0.22	0.21	0.21	0.21	0.21	0.21	0.21	0.13	0.25
The Junior College District of Jefferson County	0.21	0.21	0.21	0.22	0.24	0.25	0.26	0.28	0.28	0.49
The Jefferson County Library District	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>						
Total overlapping governments	<u>4.84</u>	<u>4.85</u>	<u>4.76</u>	<u>4.88</u>	<u>4.56</u>	<u>4.58</u>	<u>4.57</u>	<u>4.64</u>	<u>3.28</u>	<u>5.52</u>
Total city and overlapping governments	<u>\$5.32</u>	<u>\$5.33</u>	<u>\$5.23</u>	<u>\$5.35</u>	<u>\$5.03</u>	<u>\$5.06</u>	<u>\$5.05</u>	<u>\$5.12</u>	<u>\$3.76</u>	<u>\$6.52</u>

(1) A state reassessment went into effect during the fiscal year 1986. That reassessment procedure required a corresponding rollback in tax rates, such that net collections by the taxing authorities remained the same before and after reassessment.

PRINCIPAL TAXPAYERS

August 31, 1994

<u>Taxpayer</u>	<u>Type of Business</u>	<u>1994 Tax Paid</u>
Union Electric Company	Electric Utility	\$852,683
Southwestern Bell Telephone	Telephone Utility	253,796
Midwest Missouri Gas	Gas Utility	239,055
Valcour Development	Shopping Center	18,307
Metal Container Corporation	Aluminum Can Manufacturer	13,385
Red River Plaza	Shopping Center	11,010
Wal-Mart	Retail Store	8,878
Arnold Park Mall Associates	Shopping Center	6,912
Mark Twain Banks	Apartment Complex	6,325
Larry Jones	Commercial Buildings	5,773
Roxbury Realty	Apartment Complex	5,391
Gramex	Retail Store	5,255

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

last ten fiscal years

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected (1)</u>
1985	\$ 18,298	\$ 31,286
1986	24,661	53,780
1987	50,451	112,663
1988	114,281	305,373
1989	86,285	141,924
1990	170,806	397,464
1991	121,912	216,170
1992	114,832	210,240
1993	119,070	178,106
1994	117,229	208,318

(1) Includes prepayments

COMPUTATION OF LEGAL DEBT MARGIN

August 31, 1994

		City Purposes Basic <u>Limit (1)</u>	Street Improvement Additional <u>Limit (2)</u>
Assessed value for calendar year 1993:			
Real property	\$101,989,700	\$101,989,700	
Personal property	<u>33,421,756</u>	<u>33,421,756</u>	
	135,411,456	135,411,456	
Authorized debt limit 10% of assessed value		<u>\$13,541,145</u>	<u>\$13,541,145</u>
Debt applicable to limitation:			
Total bonded debt	5,481,677		
Less exempt debt:			
Sewer revenue bonds	(3,481,677)		
Certificates of participation (municipal complex)	<u>(2,000,000)</u>		
Total debt applicable to limitation	<u>-</u>		
Legal debt margin		<u>\$13,541,145</u>	<u>\$13,541,145</u>

(1) Section 26(b) and (c) Article VI of the State constitution of 1945 permits any city, by vote of two-thirds of the qualified electors thereof voting thereon, to incur indebtedness for city purposes not to exceed 10% of the value of taxable tangible property therein as shown by the last completed assessment.

(2) Section 26(d) Article VI of the State constitution of 1945 permits any city by a vote of two-thirds of the qualified electors thereof voting thereon, to become indebted not exceeding in the aggregate an additional 10% of the value of the taxable tangible property for the purpose of acquiring rights-of-way, constructing, extending and improving the streets and avenues and acquiring rights-of-ways, constructing, extending and improving sanitary or storm sewer systems.

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT -
GENERAL OBLIGATION BONDS

August 31, 1994

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct - City of Arnold		100%	
Overlapping:			
The Junior College District of Jefferson City	\$ 5,665,000	10.9%	\$ 617,485
Consolidated School District No. 6 of Jefferson County	<u>8,950,000</u>	41.5%	<u>3,714,250</u>
	<u>\$14,615,000</u>		<u>\$4,331,735</u>

REVENUE BOND COVERAGE -
ENTERPRISE FUND

last ten fiscal years

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
1985	\$ 596,813	\$434,020	\$162,793	\$ 40,000	\$ 66,716	\$106,716	1.53
1986	636,259	460,605	175,654	65,000	113,809	178,809	0.98
1987	769,750	458,133	311,617	65,000	169,382	234,382	1.33
1988	849,498	575,615	273,883	70,000	163,762	233,762	1.17
1989	845,739	573,225	272,514	75,000	157,643	232,643	1.17
1990	897,380	556,800	340,580	85,000	151,022	236,022	1.44
1991	906,103	515,658	390,445	100,000	143,402	243,402	1.60
1992	903,570	613,022	290,548	95,000	146,059	241,059	1.21
1993	978,024	623,508	354,516	128,333	211,273	339,606	1.04
1994	1,082,448	653,062	429,446	595,000	291,358	886,358	0.48

(1) Total operating expenses exclusive of depreciation.

(2) Represents sewer revenue bonds.

DEMOGRAPHIC STATISTICS

(five-year intervals)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(2) Median Age</u>	<u>(2) Education Level in Years of Formal Schooling</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
1980	19,141	\$ 6,960	29.7	12.2	N/A	7.4%
1985	19,545	N/A	N/A	N/A	8,614	7.6
1990	18,828	12,689	31.8	12.0	9,252	9.0

Data Sources:

- (1) Census Bureau, City of Arnold Community Development Department
- (2) Census Bureau
- (3) Consolidated School District No. 6
- (4) Missouri Department of Labor

PROPERTY VALUE AND CONSTRUCTION

Last ten fiscal years

Fiscal Year	Property Value (1)				Commercial Construction (2)		Residential Construction (2)	
	Commercial	Residential	Agriculture	Total	Number of Units	Value	Number of Units	Value
1985	N/A	N/A	N/A	N/A	3	900,000	38	1,169,986
1986	\$100,810,047	\$222,540,279	\$262,042	\$323,612,368	14	6,317,880	382	8,960,075
1987	99,886,378	225,309,089	244,900	325,440,367	14	4,304,763	173	4,833,573
1988	104,934,013	229,600,526	199,167	334,733,706	11	2,627,429	155	4,544,094
1989	114,803,478	246,462,000	220,000	361,485,478	9	3,175,075	151	5,400,236
1990	129,065,194	259,965,263	275,833	389,306,290	10	8,529,276	139	5,782,795
1991	132,255,407	276,495,263	271,666	409,022,336	15	3,675,889	98	4,363,570
1992	127,783,874	295,056,842	269,167	423,109,883	8	1,976,000	93	4,767,052
1993	133,410,625	295,055,789	281,667	428,748,081	7	1,509,600	118	6,492,665
1994	137,025,937	304,074,737	3,060,000	444,160,674	4	775,000	211	14,398,494

Data Sources:

- (1) Estimated Actual Value from Table 4
(2) City of Arnold Community Development Department

MISCELLANEOUS STATISTICS

August 31, 1994

Date of incorporation	September 1972	
Form of government	Mayor/Council/Administrator	-
Number of full-time employees (excluding police)	52	
Area in square miles	11.5	
City of Arnold facilities and services:		
Miles of streets	52.9	
Culture and recreation:		
Community centers	1	
Parks	4	
Park acreage	229	-
Swimming pools	1	
Tennis courts	1	
Police protection:		
Number of stations	1	
Number of commissioned police officers	38	
Number of other police personnel	11	-
Number of patrol units	16	
Number of law violations:		
Physical arrests	956	-
Traffic violations	3,383	
Sewerage system:		
Miles of sanitary sewers	74.8	-
Miles of storm sewers	7.3	
Number of treatment plants	1	
Number of pumping stations	6	-
Number of service connections	6,638	
Daily average treatment in gallons	1.4 million	
Maximum daily capacity in gallons	3.0 million	-
Facilities and services not included in the reporting entity:		
Education:		
Number of elementary schools	9	
Number of elementary school instructors	300	
Number of secondary schools	4	-
Number of secondary school instructors	185	
Number of community college	1	

Continued

MISCELLANEOUS STATISTICS, Continued

Facilities and services not included in the
reporting entity, continued:

Fire protection:

Number of stations	3
Number of full-time fire personnel and officers	39
Number of volunteer fire personnel	40
Number of calls answered	2,211
Number of inspections conducted	1,986

Emergency ambulance services:

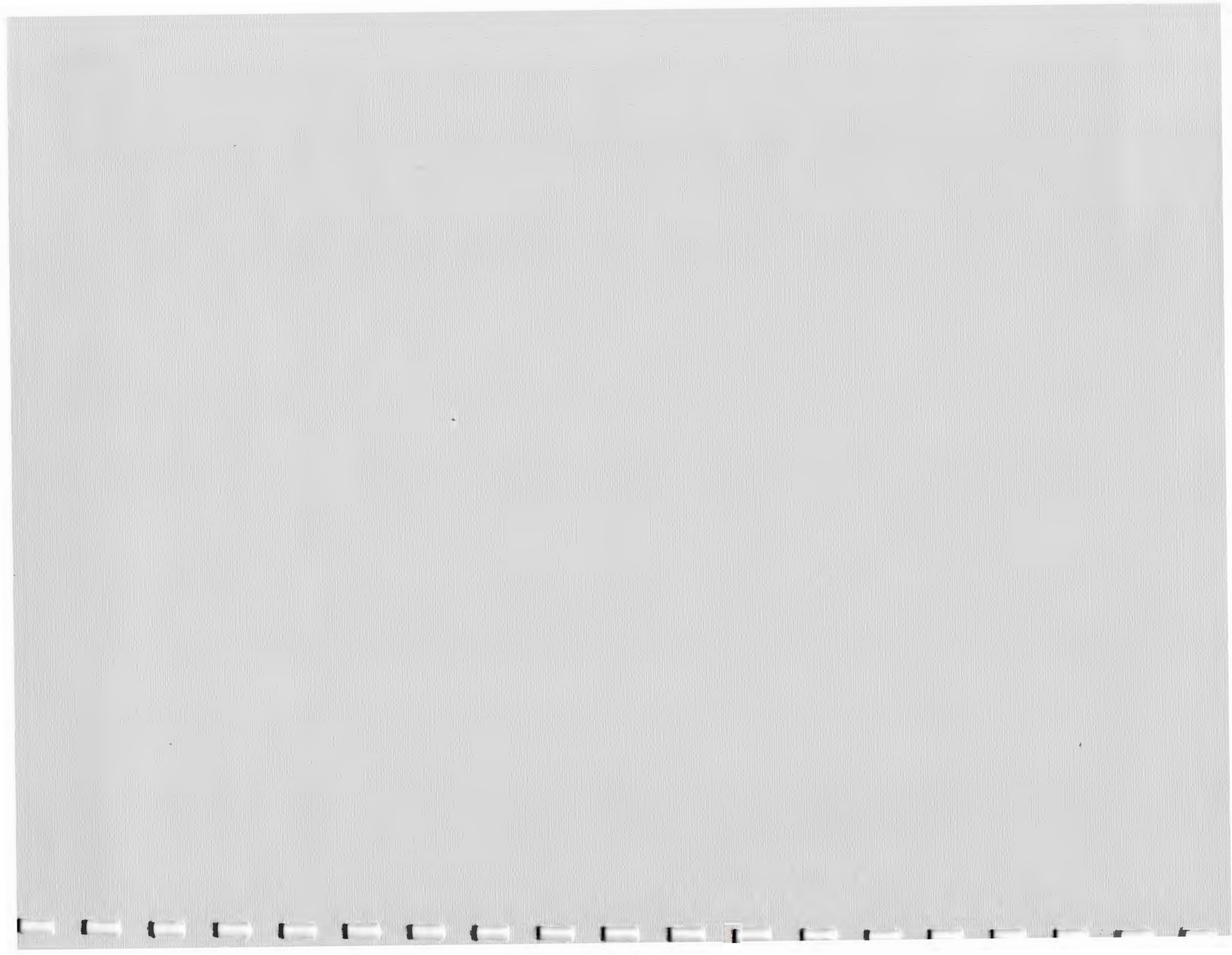
Number of stations	1
Number of emergency medical personnel and officers	33
Number of ambulance units	4
Number of calls answered	2,632

Water system:

Miles of water mains	89.3
Number of service connections	5,800
Number of fire hydrants	576
Daily average consumption in gallons	2.1 million
Maximum daily capacity in gallons	2.7 million



SINGLE AUDIT
SECTION



REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Honorable Mayor and City Council
The City of Arnold, Missouri:

We have audited the general purpose financial statements of the City of Arnold, Missouri as of and for the year ended August 31, 1994, and have issued our report thereon dated November 18, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City of Arnold, Missouri is the responsibility of the City of Arnold, Missouri's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Arnold, Missouri's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Arnold, Missouri complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Arnold, Missouri, had not complied, in all material respects, with those provisions.

This report is intended for the information of the Mayor, City Council, management and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

Coopers & Lybrand LLP

St. Louis, Missouri
November 18, 1994

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and City Council
The City of Arnold, Missouri:

We have audited the general purpose financial statements of the City of Arnold, Missouri, as of and for the year ended August 31, 1994 and have issued our report thereon dated November 18, 1994.

We have also audited the City of Arnold, Missouri's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching or level of effort; reporting requirements; public hearings held on proposed use of federal financial assistance and hiring requirements of low to moderate income individuals that are applicable to its major federal financial assistance program and reimbursements, which are identified in the schedule of federal financial assistance, for the year ended August 31, 1994. The management of the City of Arnold, Missouri is responsible for the City of Arnold, Missouri's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and Office Management and Budget Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Arnold, Missouri's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the City of Arnold, Missouri complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching or level of effort; reporting requirements; claims for reimbursements; public hearing held on proposed use of federal financial assistance and hiring requirements of low to moderate income individuals, that are applicable to its major federal financial assistance program, for the year ended August 31, 1994.

This report is intended for the information of the Mayor, City Council, management and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

Cooper & Lybrand LLP

St. Louis, Missouri
November 18, 1994

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH
THE GENERAL REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and City Council
The City of Arnold, Missouri:

We have audited the general purpose financial statements of the City of Arnold, Missouri, as of and for the year ended August 31, 1994 and have issued our report thereon dated November 18, 1994.

We have applied procedures to test the City of Arnold, Missouri's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the schedule of federal financial assistance, for the year ended August 31, 1994. The general requirements are:

- Political activity
- Civil rights
- Drug free workplace
- Cash management
- Federal financial reports

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Arnold, Missouri's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Arnold, Missouri had not complied, in all material respects, with those requirements.

This report is intended for the information of the Mayor, City Council, management and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

Coopers & Lybrand LLP

St. Louis, Missouri
November 18, 1994

REPORT OF INDEPENDENT ACCOUNTANTS ON THE
INTERNAL CONTROL STRUCTURE IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
The City of Arnold, Missouri:

We have audited the general purpose financial statements of the City of Arnold, Missouri, as of and for the year ended August 31, 1994, and have issued our report thereon dated November 18, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the City of Arnold, Missouri for the year ended August 31, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the City of Arnold, Missouri is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Internal Accounting Control Categories:

A. Cycles of the City's Activity:

- Treasury/Finance
- Revenue/Receipts
- Purchases/Disbursements
- External financial reporting

B. Financial Statement Captions:

- Cash and investments
- Receivables
- Utility plant
- Payables and accrued liabilities
- Debt
- Equity/Capital

C. Accounting Applications:

- Billings
- Receivables
- Cash receipts
- Purchasing and receiving
- Accounts payable
- Cash disbursements
- Payroll
- General ledger

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Mayor, City Council, management and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

Coopers & Lybrand LLP

St. Louis, Missouri
November 18, 1994

REPORT OF INDEPENDENT ACCOUNTANTS ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL
FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and City Council
The City of Arnold, Missouri:

We have audited the general purpose financial statements of the City of Arnold, Missouri, as of and for the year ended August 31, 1994 and have issued our report thereon dated November 18, 1994. We have also audited the City of Arnold, Missouri's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 18, 1994.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Government. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the City of Arnold, Missouri complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended August 31, 1994, we considered the internal control structure of the City of Arnold, Missouri in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the City of Arnold, Missouri and on the compliance of the City of Arnold, Missouri with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated November 18, 1994.

The management of the City of Arnold, Missouri is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General Requirements

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Drug-free workplace

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Special requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended August 31, 1994, the City of Arnold, Missouri expended 88 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements and general requirements that are applicable to the City of Arnold, Missouri's major federal financial assistance program, which is identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Mayor, City Council, management and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

Coopers & Lybrand LLP

St. Louis, Missouri
November 18, 1994