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Comprehensive Annual Financial Report, 1997

City of Arnold

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CITY OF ARNOLD, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended August 31, 1997**

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

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FINANCIAL REPORT

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City of Arnold

2101 JEFFCO BOULEVARD • ARNOLD, MISSOURI 63010 2740

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

January 6, 1998

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 (the City) for the fiscal year ended August 31, 1997, 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 and U.S. Office of Management and Budget Circular A-133. Information related to this single audit, including the schedule of federal awards 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. 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 have been stable in recent years. Several large retailers and food stores form a retail nucleus that buffer the local economy due to the necessity of the goods sold. The City'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 the City 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.

The City's tax structure relies heavily 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 expenditure in the past to accommodate a tight economy or temporary downturns in revenue. It is anticipated this trait will continue.

MAJOR GOALS

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's sanitary sewer subdistrict program has been effective in replacing septic systems with sewer lines. During the year, three sanitary sewer subdistrict projects were completed, thereby replacing 74 septic systems. Several other sanitary sewer subdistricts were in various stages of completion. 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 sewer revenue bonds issued in connection with a 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%. 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. Replacement of two bridges on Old Lemay Ferry Road and Starling Road were completed. Construction began on 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 the City'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 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 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 have been demolished and the land will remain as open space. The recovery effort was completed in December 1996.

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, 1997 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 (Decrease) From 1996</u>	<u>Percent Of Increase (Decrease)</u>
Taxes	\$ 6,086,870	57.4%	\$ 709,374	13.2%
Special Assessments	357,203	3.4	74,682	26.4
Licenses and permits	297,466	2.8	13,025	4.6
Fines and court costs	379,466	3.6	37,659	11.0
Intergovernmental	2,340,801	22.1	1,022,692	77.6
Charges for services	580,148	5.4	1,927	0.3
Interest	283,246	2.7	80,953	40.0
Miscellaneous	<u>276,510</u>	<u>2.6</u>	<u>(43,260)</u>	<u>(13.5)</u>
Total	<u>\$10,601,710</u>	<u>100.0%</u>	<u>1,897,052</u>	<u>21.8%</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 \$123,504 to \$2,741,521, a 4.7% increase. This increase results from the effects of inflation on retail pricing. Collections from the gross receipts tax on utilities increased \$9,217 or 0.6% to \$1,435,129.

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 1997 totaled \$514,926, an increase of \$514,926 or 100% 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 1997 included first year assessments for three subdistricts.

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

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

In recent years, the primary source of intergovernmental revenue has related to the 1993 flood disaster. However, in fiscal 1997, the majority of intergovernmental revenue consists of \$1,521,095 in reimbursements from the Economic Development Administration (EDA) for the City's Tenbrook Industrial Road Project. Completion of this project is anticipated during fiscal 1998.

The City's charges for services increased slightly in fiscal 1997 and are comprised mainly of fees for trash collection. Net profits of \$2,891 on gross revenue of \$487,806 were 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, 1997 and the percentage increases and decreases in relation to prior year amounts.

<u>Expenditure</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 1996</u>	<u>Percent Of Increase (Decrease)</u>
General government	\$ 1,757,224	17.3%	(\$1,158,379)	(39.7%)
Public safety	2,849,882	28.1	(20,977)	(0.7)
Public works	300,416	2.9	12,156	4.2
Highways and streets	4,173,537	41.2	3,102,797	289.8
Parks and recreation	414,899	4.1	(23,870)	(5.4)
Health and sanitation	<u>645,971</u>	<u>6.4</u>	<u>9,153</u>	1.4
Total	<u>\$10,141,929</u>	<u>100.0%</u>	<u>1,920,880</u>	23.4%

Expenditures in the General Government category decreased due to the completion of the buyout and demolition of flood-damaged structures. The decrease in flood-related expenditures from \$1,104,187 in the prior year accounts for the decrease in General Government spending.

Spending for Public Safety decreased due to reduced spending for equipment.

Street Department expenditures increased due to construction activity on major road improvement projects. A bridge on Old Lemay Ferry Road was replaced at a cost of \$765,367. A bridge replacement on Starling Road was in progress with expenditures to date totaling \$401,466. The Tenbrook Industrial Road Project was in progress with expenditures to date totaling \$2,131,807.

Health and Sanitation expenditures increased due to increased costs for solid waste collection.

General Fund Balance

The fund balance of the General Fund increased \$459,781 during the year to a balance of \$5,128,200 at August 31, 1997. This increase reflects revenues in excess of expenditures.

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 connections 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, 1997 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 1997. 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, 1997, the City had two major debt issues outstanding. These issues are \$1,695,000 of certificates of participation (municipal complex), and \$2,938,000 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 10% of the City's total assessed valuation of real and personal property is \$16,802,102.

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 \$384,691 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 \$112,028 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 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. MIRMA 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 Hochschild, Bloom & Company LLP, 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 for its comprehensive annual financial report for the fiscal year ended August 31, 1996. 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.

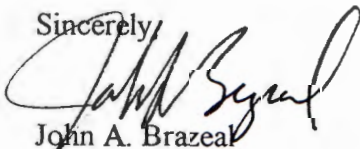
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last eight consecutive fiscal years ended 1989 to 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

Acknowledgments

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 of Hochschild, Bloom & Company LLP 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

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, 1996

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.



Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

CITY OF ARNOLD, MISSOURI
PRINCIPAL OFFICIALS

Ronald J. Voss Mayor

Council

Joe Pounds	Ward One
Lavaughn King	Ward One
James Edwards	Ward Two
David Palmer	Ward Two
Vernon Sullivan	Ward Three
Robert Taylor	Ward Three
David Fogelbach	Ward Four
Phillis Roberts	Ward Four

Rita Thompson Clerk-Collector

Sandra Kohler Treasurer

Robert Eisenhauer Judge

Robert Sweeney City Attorney

Eric G. Knoll City Administrator

John A. Brazeal Finance Director

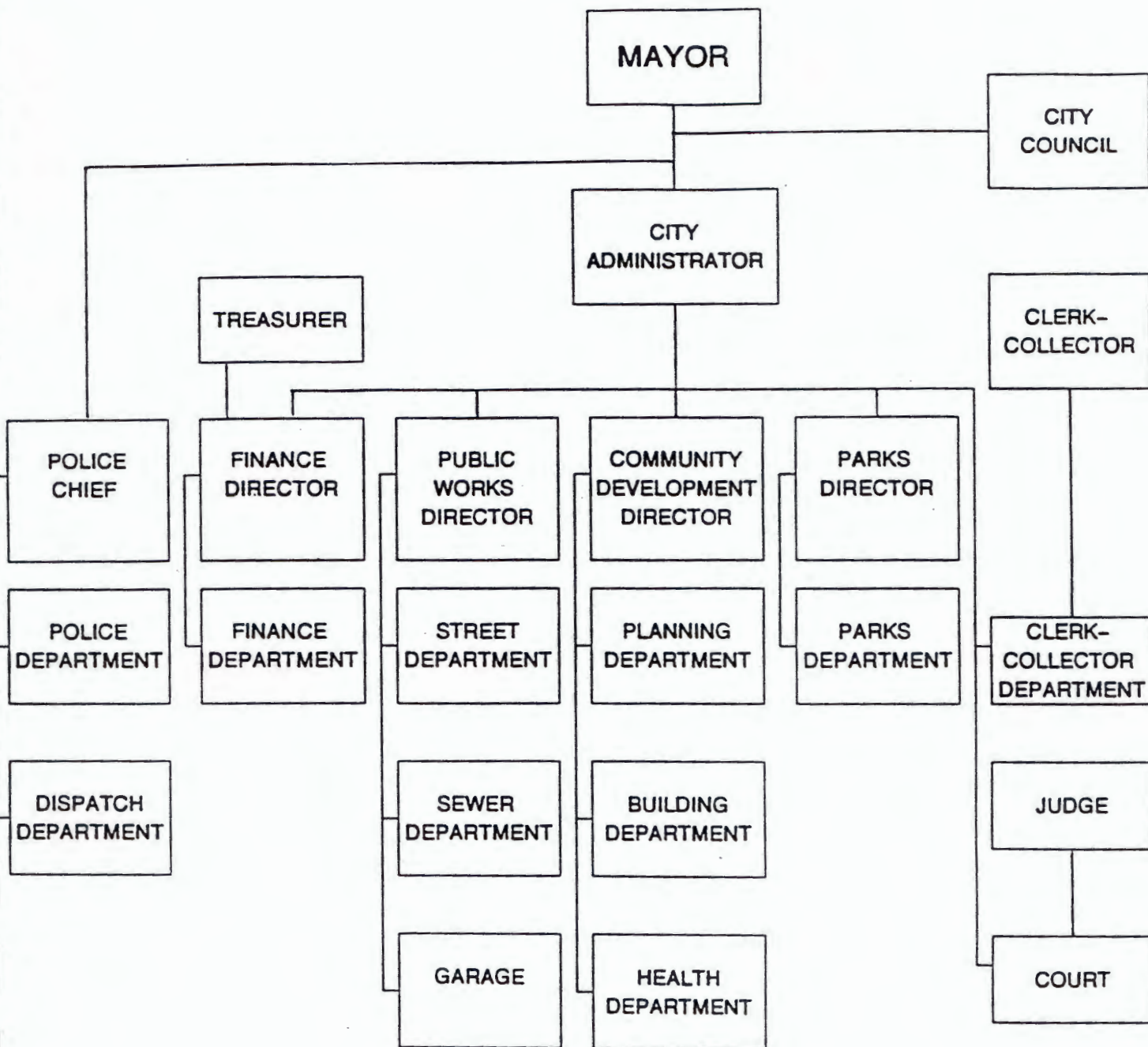
B. J. Nelson Chief of Police

Robert Eade Public Works Director

Michael J. DeRuntz Community Development Director

Llewellyn A. Lewis, Jr. Parks & Recreation Director

CITY OF ARNOLD, MISSOURI - ORGANIZATIONAL CHART





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

INDEPENDENT AUDITORS' REPORT

November 7, 1997

Honorable Mayor and City Council
CITY OF ARNOLD, MISSOURI

We have audited the accompanying general purpose financial statements of the **CITY OF ARNOLD, MISSOURI** (the City) as of and for the year ended August 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the City'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of August 31, 1997, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 1997 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the 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.

- 16100 Chesterfield Parkway South, Suite 125, Chesterfield, Missouri 63017-4829, 314-532-9525, Fax 314-532-9055
- 1000 Washington Square, P.O. Box 225, Washington, Missouri 63090-0225, 314-239-4785, Fax 314-239-5448

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ARNOLD, MISSOURI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR AUGUST 31, 1996

	Governmental	Proprietary	Fiduciary	Account Groups		Totals	
	Fund Type	Fund Type	Fund Types	General	General	(Memorandum Only)	
	General	Enterprise	Trust And Agency	Fixed Assets	Long-Term Debt	1997	1996
ASSETS AND OTHER DEBITS							
Cash and cash equivalents	\$ 1,527,794	391,203	-	-	-	1,918,997	4,722,049
Investments	3,004,141	251,321	3,277,247	-	-	6,532,709	2,250,000
Receivables (net of allowances for uncollectibles):							
Taxes	976,357	-	-	-	-	976,357	583,991
Special assessments	1,563,529	-	-	-	-	1,563,529	1,781,863
Sewer service fees	-	77,056	-	-	-	77,056	48,643
Intergovernmental	535,610	-	-	-	-	535,610	1,190,822
Miscellaneous	80,196	5,018	-	-	-	85,214	76,131
Due from other funds	130,479	-	24,683	-	-	155,162	320,435
Prepaid items	145,550	-	-	-	-	145,550	111,828
Restricted assets:							
Cash and cash equivalents	44,661	1,848,223	-	-	-	1,892,884	1,909,568
Capital improvements sales tax receivable	1,214,621	-	-	-	-	1,214,621	1,334,683
Investments	200,000	251,321	-	-	-	451,321	440,000
Property, plant and equipment:							
Land, buildings and improvements	-	2,320,948	-	9,965,945	-	12,286,893	12,039,830
Machinery and equipment	-	359,574	-	1,239,338	-	1,598,912	1,598,913
Automotive equipment	-	-	-	856,900	-	856,900	884,734
Furniture and fixtures	-	-	-	133,949	-	133,949	131,040
Sewer lines	-	15,254,886	-	-	-	15,254,886	14,210,880
Construction-in-process	-	245,341	-	-	-	245,341	251,052
Less accumulated depreciation	-	(4,743,897)	-	-	-	(4,743,897)	(4,364,758)
Other debits:							
Amount available for debt service	-	-	-	-	200,000	200,000	200,000
Amount to be provided for retirement of general long-term debt	-	-	-	-	1,570,001	1,570,001	1,702,039
Total Assets And Other Debits	\$ 9,422,938	16,260,994	3,301,930	12,196,132	1,770,001	42,951,995	41,423,743

CITY OF ARNOLD, MISSOURI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR AUGUST 31, 1996

	Governmental	Proprietary	Fiduciary	Account Groups		Totals	
	Fund Type	Fund Type	Fund Types	General	General	(Memorandum Only)	
	General	Enterprise	Trust And Agency	Fixed Assets	Long-Term Debt	1997	1996
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities							
Accounts payable	\$ 1,113,572	96,831	-	-	-	1,210,403	484,469
Accrued payroll and compensated absences payable	276,447	17,836	-	-	-	294,283	319,733
Due to other funds	24,683	130,479	-	-	-	155,162	320,435
Accrued interest payable	61,853	-	-	-	-	61,853	65,991
Deferred revenues	2,818,183	80,756	-	-	-	2,898,939	3,234,498
Notes payable	-	639,343	-	-	-	639,343	666,643
Revenue bonds payable, net of bond discounts	-	2,878,361	-	-	-	2,878,361	3,049,391
Capital lease payable	-	-	-	-	1,770,001	1,770,001	1,902,039
Deferred compensation benefits payable	-	-	430,249	-	-	430,249	329,759
Total Liabilities	4,294,738	3,843,606	430,249	-	1,770,001	10,338,594	10,372,958
Fund Equity and Other Credits							
Investment in general fixed assets	-	-	-	12,196,132	-	12,196,132	11,973,995
Contributed capital	-	15,590,688	-	-	-	15,590,688	14,552,395
Retained earnings (deficit):							
Reserved	-	290,000	-	-	-	290,000	290,000
Unreserved	-	(3,463,300)	-	-	-	(3,463,300)	(3,173,351)
Fund balances:							
Reserved for prepaid items	145,550	-	-	-	-	145,550	111,828
Reserved for encumbrances	828,807	-	-	-	-	828,807	59,500
Reserved for escrow deposit	200,000	-	-	-	-	200,000	200,000
Reserved for employee retirement benefits	-	-	2,871,681	-	-	2,871,681	2,739,327
Unreserved:							
Designated for sewer subdistrict projects	1,046,644	-	-	-	-	1,046,644	1,501,828
Designated for street projects	81,666	-	-	-	-	81,666	-
Designated for data processing acquisitions	65,002	-	-	-	-	65,002	65,002
Designated for furniture	37,091	-	-	-	-	37,091	40,000
Designated for community complex	500,000	-	-	-	-	500,000	676,506
Designated for use tax refunds	522,852	-	-	-	-	522,852	522,852
Designated for neighborhood improvement projects	424,081	-	-	-	-	424,081	84,062
Designated for stormwater projects	208,298	-	-	-	-	208,298	-
Designated for police vehicles	50,000	-	-	-	-	50,000	-
Undesignated	1,018,209	-	-	-	-	1,018,209	1,406,841
Total Fund Equity And Other Credits	5,128,200	12,417,388	2,871,681	12,196,132	-	32,613,401	31,050,785
Total Liabilities, Fund Equity And Other Credits	\$ 9,422,938	16,260,994	3,301,930	12,196,132	1,770,001	42,951,995	41,423,743

CITY OF ARNOLD, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1996

	Totals (Memorandum Only)	
	1997	1996
REVENUES		
Taxes	\$6,086,870	5,377,496
Special assessments	357,203	282,521
Licenses and permits	297,466	284,441
Fines and court costs	379,466	341,807
Intergovernmental	2,340,801	1,318,109
Charges for services	580,148	578,221
Interest	283,246	202,293
Miscellaneous	276,510	319,770
Total Revenues	10,601,710	8,704,658
EXPENDITURES		
Current:		
General government	1,368,316	2,549,763
Public safety	2,847,853	2,870,859
Public works	300,416	288,260
Highways and streets	4,110,097	1,070,740
Parks and recreation	414,899	438,769
Health and sanitation	645,971	636,818
Capital outlay	454,377	365,840
Total Expenditures	10,141,929	8,221,049
REVENUES OVER EXPENDITURES	459,781	483,609
FUND BALANCE, SEPTEMBER 1	4,668,419	4,184,810
FUND BALANCE, AUGUST 31	\$5,128,200	4,668,419

CITY OF ARNOLD, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 1997

	Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$6,166,283	6,086,870	(79,413)
Special assessments	240,000	357,203	117,203
Licenses and permits	350,000	297,466	(52,534)
Fines and court costs	318,000	379,466	61,466
Intergovernmental	2,480,631	2,340,801	(139,830)
Charges for services	566,600	580,148	13,548
Interest	162,500	283,246	120,746
Miscellaneous	174,500	276,510	102,010
Total Revenues	10,458,514	10,601,710	143,196
EXPENDITURES			
Current:			
General government	1,335,366	1,368,316	32,950
Public safety	2,940,343	2,847,853	(92,490)
Public works	287,555	300,416	12,861
Highways and streets	4,583,709	4,110,097	(473,612)
Parks and recreation	414,610	414,899	289
Health and sanitation	676,442	645,971	(30,471)
Capital outlay	248,968	454,377	205,409
Total Operating Expenses	10,486,993	10,141,929	(345,064)
REVENUES OVER (UNDER) EXPENDITURES	(\$28,479)	459,781	488,260
FUND BALANCE, SEPTEMBER 1		4,668,419	
FUND BALANCE, AUGUST 31		\$ 5,128,200	

CITY OF ARNOLD, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN DEFICIT - PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1996

	1997	1996
OPERATING REVENUES		
Sewer service fees	\$1,011,190	933,583
Sewer connection fees	48,410	46,334
Other	-	10,903
Total Operating Revenues	1,059,600	990,820
OPERATING EXPENSES		
Cost of services	827,631	708,597
Administration	114,000	113,935
Depreciation and amortization	387,359	389,698
Total Operating Expenses	1,328,990	1,212,230
OPERATING LOSS	(269,390)	(221,410)
NONOPERATING REVENUES (EXPENSES)		
Investment income	155,873	163,385
Interest expense	(176,432)	(182,707)
Total Nonoperating Revenues (Expenses)	(20,559)	(19,322)
NET LOSS	(289,949)	(240,732)
DEFICIT, SEPTEMBER 1	(2,883,351)	(2,642,619)
DEFICIT, AUGUST 31	(\$3,173,300)	(2,883,351)

CITY OF ARNOLD, MISSOURI
STATEMENT OF CHANGES IN PLAN NET ASSETS -
FIDUCIARY FUND TYPE - PENSION TRUST FUND
FOR THE YEAR ENDED AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1997

	1997	1996
ADDITIONS		
Employer contributions	\$ 188,294	228,375
Employee contributions	118,104	108,170
Investment income	112,028	111,659
Total Additions	418,426	448,204
DEDUCTIONS		
Administration	12,054	19,757
Benefits	274,018	550,624
Refunds	-	51,962
Total Deductions	286,072	622,343
NET INCREASE (DECREASE)	132,354	(174,139)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, SEPTEMBER 1	2,739,327	2,913,466
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, AUGUST 31	\$2,871,681	2,739,327

CITY OF ARNOLD, MISSOURI
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1996

	1997	1996
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Operating loss	(\$269,390)	(221,410)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	387,359	389,698
(Increase) decrease in:		
Accounts receivable	(28,634)	(10,041)
Increase (decrease) in:		
Accounts payable	(10,201)	62,757
Accrued payroll and compensated absences payable	(990)	1,172
Due to other funds	(140,680)	(526,983)
Deferred revenue	2,354	3,550
Total Adjustments	209,208	(79,847)
Net Cash Used In Operating Activities	(60,182)	(301,257)
Cash flows from capital and related financing activities:		
Proceeds from notes payable	-	205,037
Principal paid on notes payable	(27,300)	(51,100)
Principal paid on revenue bonds payable	(179,250)	(178,250)
Interest paid on revenue bonds payable	(176,432)	(182,707)
Payments for capital acquisitions	(1,038,293)	(180,890)
Capital contributed by customers	1,038,293	163,392
Net Cash Used In Capital And Related Financing Activities	(382,982)	(224,518)
Cash flows provided by investing activities:		
Proceeds from sale of investments	1,999,143	2,400,000
Purchases of investments	(2,001,785)	(2,350,000)
Interest received on investments	155,873	163,385
Net Cash Provided By Investing Activities	153,231	213,385
NET DECREASE IN CASH AND CASH EQUIVALENTS	(289,933)	(312,390)
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	2,529,359	2,841,749
CASH AND CASH EQUIVALENTS, AUGUST 31	\$2,239,426	2,529,359

See notes to financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The general purpose financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City.

2. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the general purpose financial statements as follows:

GOVERNMENTAL FUND

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

PROPRIETARY FUND

Enterprise Funds -- Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City's enterprise fund is the sewer fund.

FIDUCIARY FUNDS

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting (Continued)

governments and/or other funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUP

General Fixed Assets -- The general fixed assets used in the City's operations are to be accounted for in the General Fixed Assets Account Group rather than in the governmental funds.

General Long-Term Debt -- Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Their expenditures are generally recognized when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

4. Budgets and Budgetary Accounting

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

- a. On or before July 8, all departments submit requests for appropriations to the City's budget committee so that a budget may be prepared.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Budgets and Budgetary Accounting (Continued)

- b. During August, the operating budget is presented to the City Council for review. The operating budget includes proposal expenditures and the means of financing them.
- c. Public hearing meetings are held to obtain taxpayer comments.
- d. Prior to September 1, the budget is adopted by the City Council.
- e. Budgets are adopted on a basis generally consistent with generally accepted accounting principles. Expenditures modified for some year-end accrual may not legally exceed budgeted appropriations at the department level.
- f. Current year budget includes amendments. Budget amendments must be approved by the City Council.

5. Cash, Cash Equivalents and Investments

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the government to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds and repurchase agreements. The Pension Trust Fund is also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property and other evidence of indebtedness or ownership, but excluding any debt of the City itself, and individual insurance policies. Investments are stated at cost or amortized cost, except for investments in the Employees Deferred Compensation Agency Fund which are reported at market value.

6. Prepaid Expenses

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

7. Fixed Assets

General fixed assets acquired for general governmental purposes are recorded as expenditures in the governmental funds. Assets are valued at original or estimated original cost. Contributed fixed assets are stated at estimated fair market value at the date of contribution.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets, sidewalks and drainage systems, have not been capital

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fixed Assets (Continued)

ized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets. Assets acquired under lease/purchase agreements are recorded at the inception of the agreement.

Property, plant and equipment owned by the Enterprise Funds are stated at cost or, in the case of contributed fixed assets, at the estimated fair market value at the date of contribution. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Asset	Years
Machinery and equipment	8
Treatment plants, buildings and improvements	10-30
Sewer Lines	50

Depreciation expense for the year ended August 31, 1997 was \$379,140.

8. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund type. 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.

9. Due To/From Other Funds

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.

10. 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. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions 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.

12. 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.

13. Bond Discounts

Bond discounts for the proprietary fund type are deferred and amortized over the term of the bonds. Bond discounts are presented as a reduction of the face amount of bonds payable.

Amortization expenses for the year ended August 31, 1997 was \$8,219.

14. Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers. Such transfers are reported as other financing sources (uses) in the governmental fund types and operating transfers in the proprietary fund type.

Nonrecurring or nonroutine transfers of equity between funds are recorded as equity transfers and, accordingly, are reported as additions or deductions from fund balances of governmental fund types and additions or deductions of contributed capital or retained earnings, as appropriate, of the proprietary fund type.

15. 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 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Restricted Assets (Continued)

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.

16. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

17. Comparative Data

Comparative data for the prior year have been presented in the accompanying general purpose 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 in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

18. Allowance for Doubtful Accounts

Allowance for uncollectible receivables is as follows:

General Fund	\$12,194
Enterprise Fund	<u>27,863</u>
	<u>\$40,057</u>

19. Reclassifications

Certain reclassifications have been made to the August 31, 1996 general purpose financial statements in order to conform to the presentation of the August 31, 1997 general purpose financial statements.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

1. Deposits

The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMO 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of August 31, 1997, the City's bank deposits were fully secured.

2. Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end as: (1) insured or registered with securities held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the financial institution's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the financial institution's trust department, the broker-dealer, but not in the City's name.

	Categories			August 31, 1997	
	1	2	3	Carrying Amount	Market Value
	Repurchase agreements	\$ -	5,695,783	-	5,695,783
Investment in pension plan pooled investments				2,848,312	2,848,312
Guaranteed investment contracts				1,765,126	1,765,126
Deferred compensation fund				<u>428,935</u>	<u>428,935</u>
Total Investments				<u>\$10,738,156</u>	<u>10,760,977</u>

NOTE C – FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	For The Year Ended August 31, 1997			
	Balance August 31, 1996	Additions	Reductions	Balance August 31, 1997
Land, buildings and improvements	\$ 9,718,882	247,063	-	9,965,945
Machinery and equipment	1,239,339	-	-	1,239,339
Automotive equipment	884,734	64,209	92,044	856,899
Furniture and fixtures	<u>131,040</u>	<u>2,909</u>	<u>-</u>	<u>133,949</u>
	<u>\$11,973,995</u>	<u>314,181</u>	<u>92,044</u>	<u>12,196,132</u>

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D – LONG-TERM DEBT

Long-term debt consisted of the following:

General Long-Term Debt Account Group

	<u>August 31, 1997</u>
Capital lease \$2,400,000 Certificates of Participation for construction of municipal building complex, 1986 due in annual installments through April 1, 2006, interest payable at 8.75%.	\$1,695,000
Capital lease \$102,377, computer hardware and software, 1996, due in monthly installments through January 2001, interest payable at 6.4%.	<u>75,001</u>
	<u>\$1,770,001</u>

A schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of August 31, 1997 is as follows:

<u>For The Years Ended August 31</u>	<u>Municipal Complex</u>	<u>Computer</u>	<u>Total</u>
1998	\$ 268,312	25,960	294,272
1999	262,812	23,963	286,775
2000	261,876	23,963	285,839
2001	260,062	9,983	270,045
2002	256,542	-	256,542
2003-2006	<u>1,198,054</u>	-	<u>1,198,054</u>
Total Minimum Lease Payments	2,507,658	83,869	2,591,527
Less - Amount representing interest	<u>812,658</u>	<u>8,868</u>	<u>821,526</u>
Present Value of Future Minimum Lease Payments	<u>\$1,695,000</u>	<u>75,001</u>	<u>1,770,001</u>

A summary of changes in general long-term debt is as follows:

	<u>For The Year Ended August 31, 1997</u>			
	<u>Balance August 31, 1996</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 1997</u>
Capital leases	<u>\$1,902,039</u>	<u>-</u>	<u>132,038</u>	<u>1,770,001</u>

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D – LONG-TERM DEBT (Continued)

Enterprise Funds

Revenue Bonds:	<u>August 31, 1997</u>
\$1,270,000 Sewerage System Revenue Bonds, Series 1992, due in annual installments through July 1, 2012, interest payable at 4.25% to 6.55%.	\$1,090,000
\$1,135,000 Sewerage System Revenue Bonds, Series 1993 due in annual installments through July 1, 2012, interest payable at 3.4% to 5.4%.	1,013,000
\$1,240,000 Sewerage System Refunding Revenue bonds, Series 1994 due in annual installments through December 1, 2004, interest payable at 3.0% to 5.3%.	<u>835,000</u>
	2,938,000
Less – Unamortized debt discount	<u>59,639</u>
	<u>\$2,878,361</u>

The principal maturity of the bonds, excluding amounts maturing after August 31, 1997, which were remitted prior to the current fiscal year-end, are as follows:

<u>For The Years Ended August 31</u>	<u>Series 1994</u>	<u>Series 1993</u>	<u>Series 1992</u>	<u>Total</u>
1998	\$125,000	30,000	10,000	165,000
1999	100,000	42,000	45,000	187,000
2000	70,000	44,000	45,000	159,000
2001	125,000	46,000	50,000	221,000
2002	125,000	48,000	55,000	228,000
2003-2014	<u>290,000</u>	<u>803,000</u>	<u>885,000</u>	<u>1,978,000</u>
	835,000	1,013,000	1,090,000	2,938,000
Less – Unamortized discounts	<u>12,785</u>	<u>22,797</u>	<u>24,057</u>	<u>59,639</u>
Net Revenue Bonds Outstanding	<u>\$822,215</u>	<u>990,203</u>	<u>1,065,943</u>	<u>2,878,361</u>

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:

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D – LONG-TERM DEBT (Continued)

<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

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.

Notes payable:	<u>August 31, 1997</u>
SRF – 1992, no interest	\$418,870
SRF – 1993, no interest	<u>220,473</u>
	<u>\$639,343</u>

NOTE D – LONG-TERM DEBT (Continued)

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 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 50% of the remaining principal balance of such bonds.

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 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 70% of the remaining principal balance of such bonds.

The City is in compliance with significant requirements regarding deposits and debt service payments.

NOTE E – EMPLOYEE RETIREMENT SYSTEMS AND PLANS

The City maintains a single-employer, defined benefit pension plan (City of Arnold, Missouri Police Pension Plan) which covers all members of the organized police force and participates in the state-wide Missouri Local Government Retirement System, 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.

NOTE E – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

1. City of Arnold Police Pension Plan

Plan Description and Provisions

The Plan is a single employer defined benefit pension plan that covers all of the City's full-time police employees. The Plan was created and is governed by City ordinance. The payroll for employees covered by the Plan for the year ended August 31, 1997, was \$1,389,449 and the City's total payroll was \$3,424,547.

The Plan does not issue a separate stand-alone financial report. The financial information is included as a Trust Fund in the City's general purpose financial statements. Information about the Plan is provided in a summary plan description.

Current membership in the Plan is comprised of the following:

<u>Group</u>	<u>August 31, 1997</u>
Retirees and beneficiaries currently receiving benefits	0
Vested terminated employees and active employees	42

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

City ordinance requires each member to contribute 8½% of gross salary. The ordinance requires the City to contribute the actuarially computed amounts, which together with employee contributions and investment income, will cover the costs of the Plan.

Funding Status and Progress

<u>Pension Plan</u>			
<u>Valuation For The</u> <u>Actuarial Years</u> <u>Ended August 31</u>	<u>Actuarial</u> <u>Value Of</u> <u>Assets</u>	<u>Actuarial Accrued</u> <u>Liability (AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>
1997	\$2,871,681	\$3,702,791	\$831,110
1996	2,739,327	3,608,958	869,631
1995	2,913,402	3,588,335	674,933
1994	2,679,128	3,393,453	714,325

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

1. City of Arnold Police Pension Plan (Continued)

<u>Pension Plan</u>			
<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As A Percentage Of Covered Payroll</u>
1997	77.6%	\$1,389,449	59.8%
1996	75.9	1,272,593	68.3
1995	81.2	1,343,422	50.2
1994	78.9	1,184,870	60.3

<u>Schedule of Employer Contributions</u>			
<u>For The Years Ended August 31</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
1997	\$215,788	\$188,294	87.2%
1996	234,880	228,375	97.2
1995	170,795	182,400	106.8
1994	160,930	163,910	101.9

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

Actuarial cost method	Frozen entry age
Amortization method	Using assumed rate of 7% over 30 years
Asset valuation method	At contract value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.5%

Annual Pension Cost

Current year annual pension costs for the Plan are shown in the trend information. Annual required contributions were not made by the Plan. There is a net pension obligation for the Plan. Unless otherwise indicated, information is provided as of the latest actuarial valuation, August 31, 1997.

Trend Information

The historical trend information about the Plan is presented herewith to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating

NOTE E – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

1. City of Arnold Police Pension Plan (Continued)

assets to pay benefits when due and make comparison with other Public Employee Retirement Systems (PERS).

<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Pension Plan</u>		
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
1997	\$215,788	87.2%	\$831,110
1996	234,880	97.2	869,631
1995	170,795	106.8	674,933

2. Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

The City participates in LAGERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate is 11.9% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Annual Pension Cost

For 1997, the City's annual pension cost of \$209,928 was equal to the required and actual contributions. The required contribution was determined as part of the February 28/29, 1995 and/or 1996 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

future assets of 7.0% per year, compounded annually, before retirement and 4.0% per year, compounded annually, after retirement; (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 4.0% 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 6 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 1997 was 27 years.

Three-year trend information follows:

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
1997	\$209,928	100%
1996	200,893	100
1995	168,307	100

Schedule of funding progress follows:

<u>For The Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability UAL</u>
1997	\$1,913,543	\$3,014,899	\$1,101,356
1996	1,681,692	3,033,985	1,352,293
1995	1,321,061	2,493,328	1,172,267

<u>For The Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL As A Percentage Of Covered Payroll</u>
1997	63%	\$1,645,155	67%
1996	55	1,798,708	75
1995	53	1,569,811	75

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE G - ENTERPRISE FUNDS

The City 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, 1997 is presented below:

Operating revenues	\$1,059,600
Depreciation and amortization expense	387,359
Operating loss	(269,390)
Net loss	(289,949)
Current capital contributions	1,038,293
Property, plant and equipment additions	1,044,005
Net working capital	358,610
Total assets	16,260,994
Bonds payable, net of bond discount	2,878,361
Total equity	12,417,388

NOTE H - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

<u>Receivable Fund</u>	<u>Due From/To Other Funds</u> <u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$130,479
Police Pension Trust Fund	General Fund	23,369
Deferred Compensation Agency Fund	General Fund	<u>1,314</u>
		<u>\$155,162</u>

NOTE I – PROPERTY TAXES

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

The City's property tax calendar is as follows:

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

NOTE J – INSURANCE

The City is a member of the Missouri Intergovernmental Risk Management Association ("MIRMA"), a 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, 1997.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE J – INSURANCE (Continued)

risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$134,193 for MIRMA's fiscal year ended June 30, 1997 and has paid an assessment totaling \$174,660 for the year ending June 30, 1998.

NOTE K - DEFICIT BALANCES

The Enterprise Fund had a deficit retained earnings balance of \$3,173,300. The fund deficit is offset by contributed capital.

NOTE L – INTERFUND ADMINISTRATION FEE

During the year, the Sewer System Fund paid \$114,000 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.

NOTE M – CONTRIBUTED CAPITAL

During the fiscal year ended August 31, 1997, the enterprise fund's contributed capital increased as follows:

<u>Source</u>	
Contributed capital, August 31, 1996	\$14,552,395
Developers - sewer lines added during year	901,920
Customers - sewer lines added during year	<u>136,373</u>
Contributed capital, August 31, 1997	<u>\$15,590,688</u>

NOTE N – CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already col-

NOTE N – CONTINGENCIES AND COMMITMENTS (Continued)

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

SUPPLEMENTAL INFORMATION SECTION

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION -
GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 1997

	Budget	Actual	Over (Under) Budget
TAXES			
Property	\$ 546,500	567,528	21,028
Sales and use tax	3,712,783	3,459,780	(253,003)
Public utilities gross receipts	1,345,000	1,435,129	90,129
Motor fuel	490,000	523,122	33,122
Other	72,000	101,311	29,311
Total Taxes	6,166,283	6,086,870	(79,413)
SPECIAL ASSESSMENTS	240,000	357,203	117,203
LICENSES AND PERMITS	350,000	297,466	(52,534)
FINES AND COURT COSTS	318,000	379,466	61,466
INTERGOVERNMENTAL	2,480,631	2,340,801	(139,830)
CHARGES FOR SERVICES	566,600	580,148	13,548
INTEREST	162,500	283,246	120,746
OTHER			
Sewer administration	114,000	114,000	-
Other	60,500	162,510	102,010
Total Other	174,500	276,510	102,010
TOTAL REVENUE	\$10,458,514	10,601,710	143,196

**CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - GENERAL FUND -
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 1997**

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT			
General and administrative	\$ 726,267	713,089	(13,178)
Mayor and council	67,993	63,638	(4,355)
Municipal court	75,805	65,848	(9,957)
Administrator	119,473	114,936	(4,537)
Treasurer	20,046	21,450	1,404
Finance	113,367	113,116	(251)
Collector of revenue	90,705	84,135	(6,570)
Attorney	38,745	56,268	17,523
Elections	14,500	17,876	3,376
Planning commission	68,465	69,384	919
Flood emergency	-	48,576	48,576
Total General Government	1,335,366	1,368,316	32,950
PUBLIC SAFETY			
Police	2,374,622	2,347,059	(27,563)
Police board	3,012	2,117	(895)
Dispatching	295,242	268,310	(26,932)
Building commission	267,467	230,367	(37,100)
Total Public Safety	2,940,343	2,847,853	(92,490)
PUBLIC WORKS			
	287,555	300,416	12,861
HIGHWAYS AND STREETS			
	4,583,709	4,110,097	(473,612)
PARKS AND RECREATION			
	414,610	414,899	289
HEALTH AND SANITATION			
Health department	93,804	74,446	(19,358)
Rabies control	39,363	61,013	21,650
Vector control	19,375	25,597	6,222
Solid waste	523,900	484,915	(38,985)
Total Health And Sanitation	676,442	645,971	(30,471)
CAPITAL OUTLAY			
	248,968	454,377	205,409
TOTAL EXPENDITURES	\$10,486,993	10,141,929	(345,064)

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - FIDUCIARY FUND TYPES
TRUST AND AGENCY FUNDS - COMBINING BALANCE SHEET
AUGUST 31, 1997
WITH COMPARATIVE TOTALS FOR AUGUST 31, 1996

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>	<u>Totals</u>	
	<u>Police Employees</u>	<u>Deferred Compensa- tion Plan</u>	<u>1997</u>	<u>1996</u>
ASSETS				
Investments	\$2,848,312	428,935	3,277,247	3,019,810
Due from other funds	23,369	1,314	24,683	49,276
Total Assets	<u>\$2,871,681</u>	<u>430,249</u>	<u>3,301,930</u>	<u>3,069,086</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Deferred compensation payable	\$ -	430,249	430,249	329,759
Fund Equity				
Fund balance:				
Reserved for employees' retirement system	2,871,681	-	2,871,681	2,739,327
Total Liabilities And Fund Equity	<u>\$2,871,681</u>	<u>430,249</u>	<u>3,301,930</u>	<u>3,069,086</u>

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - FIDUCIARY FUND TYPE -
DEFERRED COMPENSATION AGENCY FUND -
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED AUGUST 31, 1997

	<u>Balance August 31, 1996</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 1997</u>
ASSETS				
Investments	\$ 326,381	121,756	19,202	428,935
Due from other funds	3,378	-	2,064	1,314
Total Assets	<u>\$ 329,759</u>	<u>121,756</u>	<u>21,266</u>	<u>430,249</u>
LIABILITIES				
Deferred compensation payable	<u>\$ 329,759</u>	<u>121,756</u>	<u>21,266</u>	<u>430,249</u>

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - COMPARATIVE SCHEDULES
OF GENERAL FIXED ASSETS - BY SOURCE
AUGUST 31, 1997 AND 1996

	1997	1996
GENERAL FIXED ASSETS		
Land, buildings and improvements	\$ 9,965,945	9,718,882
Machinery and equipment	1,239,338	1,239,339
Automotive equipment	856,900	884,734
Furniture and fixtures	133,949	131,040
Total General Fixed Assets	\$12,196,132	11,973,995
 INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE		
General Fund	\$12,196,132	11,973,995

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF
GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
AUGUST 31, 1997

<u>Function And Activity</u>	<u>Land, Buildings and Improve- ments</u>	<u>Machinery and Equipment</u>	<u>Automotive Equipment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
General Government:					
General and administrative	\$ 9,679,105	337,576	-	23,599	10,040,280
Mayor and council	-	-	-	7,571	7,571
Municipal court	-	-	-	3,603	3,603
Administrator	-	-	12,386	2,834	15,220
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>9,679,105</u>	<u>341,428</u>	<u>12,386</u>	<u>80,818</u>	<u>10,113,737</u>
Public Safety:					
Police	-	238,496	249,806	34,280	522,582
Police board	-	-	-	176	176
Dispatching	-	190,609	-	1,288	191,897
Building commission	-	9,991	41,432	6,663	58,086
Total Public Safety	<u>-</u>	<u>439,096</u>	<u>291,238</u>	<u>42,407</u>	<u>772,741</u>
Public Works	<u>-</u>	<u>62,425</u>	<u>51,809</u>	<u>6,874</u>	<u>121,108</u>
Highways and Streets	<u>-</u>	<u>313,909</u>	<u>360,239</u>	<u>974</u>	<u>675,122</u>
Parks and Recreation	<u>286,840</u>	<u>69,653</u>	<u>101,459</u>	<u>1,148</u>	<u>459,100</u>
Health and Sanitation:					
Health department	-	715	12,494	1,728	14,937
Rabies control	-	4,184	14,715	-	18,899
Vector control	-	7,928	12,560	-	20,488
Total Health And Sanitation	<u>-</u>	<u>12,827</u>	<u>39,769</u>	<u>1,728</u>	<u>54,324</u>
Total General Fixed Assets	<u>\$ 9,965,945</u>	<u>1,239,338</u>	<u>856,900</u>	<u>133,949</u>	<u>12,196,132</u>

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
AUGUST 31, 1997

<u>Function And Activity</u>	<u>Balance August 31, 1996</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 1997</u>
General Government:				
General and administrative	\$ 9,793,217	247,063	-	10,040,280
Mayor and council	4,662	2,909	-	7,571
Municipal court	3,603	-	-	3,603
Administrator	15,220	-	-	15,220
Finance	31,412	-	-	31,412
Collector of revenue	10,199	-	-	10,199
Attorney	2,865	-	-	2,865
Planning commission	2,587	-	-	2,587
Total General Government	<u>9,863,765</u>	<u>249,972</u>	<u>-</u>	<u>10,113,737</u>
Public Safety:				
Police	520,872	1,710	-	522,582
Police board	176	-	-	176
Dispatching	191,897	-	-	191,897
Building commission	73,048	-	14,962	58,086
Total Public Safety	<u>785,993</u>	<u>1,710</u>	<u>14,962</u>	<u>772,741</u>
Public Works	<u>165,994</u>	<u>-</u>	<u>44,886</u>	<u>121,108</u>
Highways and Streets	<u>644,819</u>	<u>62,500</u>	<u>32,197</u>	<u>675,122</u>
Parks and Recreation	<u>459,100</u>	<u>-</u>	<u>-</u>	<u>459,100</u>
Health and Sanitation:				
Health department	14,937	-	-	14,937
Rabies control	18,899	-	-	18,899
Vector control	20,488	-	-	20,488
Total Health And Sanitation	<u>54,324</u>	<u>-</u>	<u>-</u>	<u>54,324</u>
Total General Fixed Assets	<u>\$11,973,995</u>	<u>314,182</u>	<u>92,045</u>	<u>12,196,132</u>

CITY OF ARNOLD, MISSOURI
GENERAL GOVERNMENT 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 Streets</u>	<u>Parks And Recreation</u>	<u>Health And Sanitation</u>	<u>Capital Outlay (1)</u>	<u>Total</u>
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
1995	6,005,996	2,860,774	306,690	946,103	421,626	624,088	490,526	11,655,803
1996	2,549,763	2,870,859	288,260	1,070,740	438,769	636,818	365,840	8,221,049
1997	1,368,316	2,847,853	300,416	4,110,097	414,899	645,971	454,377	10,141,929

(1) Capital outlay includes the construction of the municipal complex during fiscal years 1988 and 1989. Funding for this project was provided through the proceeds of a capital lease in the amount of \$2,420,000.

CITY OF ARNOLD, MISSOURI
GENERAL GOVERNMENT 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>Intergovernmental</u>	<u>Charges For Services</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
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
1995	5,701,074	237,361	267,284	335,820	4,648,881	566,582	146,063	252,311	12,155,376
1996	5,377,496	282,521	284,441	341,807	1,318,109	578,221	202,293	319,770	8,704,658
1997	6,086,870	357,203	297,466	379,466	2,340,801	580,148	283,246	276,510	10,601,710

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

Fiscal Year	Property Taxes	Sales Taxes	Public Utility Gross Receipts Taxes	Motor Fuel Tax	Other Taxes	Total
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
1995	488,468	3,397,419	1,269,851	443,743	101,593	5,701,074
1996	522,735	2,890,690	1,425,912	465,774	72,385	5,377,496
1997	567,527	3,459,780	1,435,129	523,123	101,311	6,086,870

CITY OF ARNOLD, MISSOURI
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 Collected As Current</u>	<u>Delinquent Tax (And Penalties) Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent Of Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent Of Levy</u>
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	70.0	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
1995	486,110	471,523	97.0	20,944	492,467	101.3	11,395	2.34
1996	525,276	467,869	89.1	52,355	520,224	99.0	17,318	3.29
1997	565,117	526,297	93.1	40,723	567,020	100.3	17,826	3.15

CITY OF ARNOLD, MISSOURI
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>
1988	\$ 76,787,372	\$ 334,733,706	22.9%
1989	83,407,445	361,485,478	23.1%
1990	90,728,362	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%
1995	104,735,900	458,432,133	22.8%
1996	108,097,300	487,008,416	22.2%
1997	115,317,000	516,289,419	22.3%

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%.

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

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

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

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</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>\$0.49</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	0.48	0.51	0.50	0.50	0.52	0.54	0.53	0.45	0.48	0.49
Consolidated School No. 6 of Jefferson County	2.93	2.92	2.92	3.06	2.93	2.98	2.98	3.03	3.78	3.78
Rock Community Fire Protection District	0.66	0.66	0.66	0.66	0.66	0.67	0.67	0.70	0.73	0.73
Rock Township Ambulance District	0.21	0.21	0.21	0.21	0.21	0.22	0.22	0.23	0.24	0.24
The Junior College District of Jefferson County	0.26	0.25	0.24	0.22	0.21	0.21	0.21	0.22	0.23	0.23
The Jefferson County Library District	-	-	-	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Total overlapping governments	<u>4.57</u>	<u>4.58</u>	<u>4.56</u>	<u>4.88</u>	<u>4.76</u>	<u>4.85</u>	<u>4.84</u>	<u>4.86</u>	<u>5.69</u>	<u>5.70</u>
Total city and overlapping governments	<u>\$ 5.05</u>	<u>\$ 5.06</u>	<u>\$ 5.03</u>	<u>\$ 5.35</u>	<u>\$ 5.23</u>	<u>\$ 5.33</u>	<u>\$ 5.32</u>	<u>\$ 5.34</u>	<u>\$ 6.17</u>	<u>\$ 6.19</u>

CITY OF ARNOLD, MISSOURI
PRINCIPAL TAXPAYERS
AUGUST 31, 1997

<u>Taxpayer</u>	<u>Type of Business</u>	<u>1997 Tax Paid</u>
Union Electric Company	Utility	\$ 879,694
Southwestern Bell Telephone	Utility	292,760
Midwest Missouri Gas	Utility	262,675
Valcour Development	Shopping Center	15,908
Metal Container Corporation	Aluminum Can Manufacturer	13,666
Wal-Mart	Retail Store	10,976
Suellentrop Family Partnership LP	Industrial Center	10,805
Glincher Co.	Shopping Center	8,546
GHF Holdings LLC	Industrial Center	7,474
Arnold Park Mall Associates	Shopping Center	7,056

CITY OF ARNOLD, MISSOURI
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected (1)</u>
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
1995	161,956	237,361
1996	198,111	282,521
1997	188,568	357,203

(1) Includes prepayments

CITY OF ARNOLD, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
AUGUST 31, 1997

ASSESSED VALUE, AS OF JANUARY 1, 1997:		
REAL PROPERTY	\$115,317,000	
PERSONAL PROPERTY	52,704,024	
		\$168,021,024
DEBT LIMIT - 10% OF ASSESSED VALUE (*)		\$ 16,802,102
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:		
TOTAL BONDED DEBT	\$ 4,633,000	
LESS EXEMPT DEBT:		
SEWER REVENUE BONDS	(2,938,000)	
CERTIFICATES OF PARTICIPATION(MUNICIPAL COMPLEX)	(1,695,000)	
NET AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		-
LEGAL DEBT MARGIN		\$ 16,802,102

(*) Under Article VI, Sections 26(b) and 26(c) of the Missouri Constitution, the City by vote of 2/3 of the qualified electors thereof, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed 10% of the assessed valuation of taxable intangible property within the City as asserted by the last completed assessment for state or county purposes. Under Section 26(d) of said Article VI, the City may incur general obligation indebtedness not exceeding in the aggregate an additional 10% of the aforesaid assessed valuation for the purposes of acquiring rights-of-way, constructing and improving sanitary or storm sewer systems; and under Section 26(e) of said Article VI, additional general obligation indebtedness may be incurred for purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the City, provided that the general obligation indebtedness of the City shall not exceed 20% of the assessed valuation.

CITY OF ARNOLD, MISSOURI
COMPUTATION OF DIRECT AND OVERLAPPING DEBT (1)
GENERAL OBLIGATION BONDED DEBT
AUGUST 31, 1997

<u>Name of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Arnold</u>	<u>Amount Applicable to City of Arnold</u>
The Junior College District of Jefferson County	\$ 6,135,000	11.60 %	\$ 711,660
Consolidated School District No. 6 of Jefferson County	7,250,000	39.40	2,856,500
City of Arnold	-	100.00	-
			<u>\$ 3,568,160</u>

CITY OF ARNOLD, MISSOURI
REVENUE BOND COVERAGE - ENTERPRISE FUND
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Operating Expenses</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	653,002	429,446	595,000	291,358	886,358	0.48
1995	1,113,170	697,938	415,232	186,167	191,326	377,493	1.10
1996	1,154,205	822,532	331,673	178,250	182,707	360,957	0.92
1997	1,215,473	941,631	273,842	179,250	176,432	355,682	0.77

**CITY OF ARNOLD, MISSOURI
DEMOGRAPHIC STATISTICS
FIVE-YEAR INTERVALS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (1)</u>	<u>Education Level In Years Of Formal Schooling (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1980	19,141	6,960	29.5	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%
1995	20,053	N/A	N/A	N/A	9,507	5.2%

(1) Source - Census Bureau, City of Arnold Community Develop

(2) Source - Census Bureau

(3) Source - Consolidated School District No. 6

(2) Source - Missouri Department of Labor

CITY OF ARNOLD, MISSOURI
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
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
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
1995	137,276,563	318,124,737	3,030,833	458,432,133	7	1,320,011	145	10,856,574
1996	121,302,188	362,797,895	2,908,333	487,008,416	5	949,839	148	20,957,246
1997	134,044,375	379,334,211	2,910,833	516,289,419	7	2,786,390	129	10,702,387

(1) Estimated actual value from page 42.

(2) Source - City of Arnold Community Development Department.

CITY OF ARNOLD, MISSOURI
MISCELLANEOUS STATISTICAL DATA
AUGUST 31, 1997

Date of incorporation	September, 1972
Form of government	Mayor/Council/Administrator
Number of full-time employees (excluding police)	59
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	44
Number of other police personnel	12
Number of patrol units	16
Number of law violations:	
Physical arrests	1,511
Traffic violations	4,475
Sewerage system:	
Miles of sanitary sewers	74.8
Miles of storm sewers	7.3
Number of treatment plants	1
Number of pumping stations	6
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	318
Number of secondary schools	4
Number of secondary school instructors	307
Number of community colleges	1

(Continued)

CITY OF ARNOLD, MISSOURI
MISCELLANEOUS STATISTICAL DATA (CONTINUED)
AUGUST 31, 1997

Fire protection:

Number of stations	3
Number of full-time fire personnel and officers	31
Number of volunteer fire personnel	23
Number of calls answered	2,842
Number of inspections conducted	808

Emergency ambulance services:

Number of stations	3
Number of emergency medical personnel and officers	50
Number of ambulance units	6
Number of calls answered	4,439

Water system:

Miles of water mains	99.7
Number of service connections	6,565
Number of fire hydrants	705
Daily average consumption in gallons	2.25 million
Maximum daily capacity in gallons	2.94 million



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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

November 7, 1997

Honorable Mayor and City Council
CITY OF ARNOLD, MISSOURI

We have audited the general purpose financial statements of the **CITY OF ARNOLD, MISSOURI** (the City) as of and for the year ended August 31, 1997, and have issued our report thereon dated November 7, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

- 16100 Chesterfield Parkway South, Suite 125, Chesterfield, Missouri 63017-4829, 314-532-9525, Fax 314-532-9055
- 1000 Washington Square, P.O. Box 225, Washington, Missouri 63090-0225, 314-239-4785, Fax 314-239-5448

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the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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 over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated November 7, 1997.

This report is intended for the information of management and all applicable regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ARNOLD, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1997

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Commerce:			
EDA	11.307	05-19-61250	\$ <u>1,521,095</u>
U.S. Department of Transportation:			
Missouri Department of Transportation:			
Highway Planning and Construction	20.205	BRM-5474(602)	268,818
Highway Planning and Construction	20.205	BRM-5461(601)	215,169
Missouri Division of Highway Safety	20.600		<u>1,742</u>
			<u>485,729</u>
Federal Emergency Management Agency:			
Missouri Emergency Management Agency	83.516	995-DR-MO	109,324
Missouri Emergency Management Agency	83.516	DR-995	<u>56,818</u>
			<u>166,142</u>
U.S. Department of Justice:			
Community Oriented Policing Services	16.710	95-CFWX1072	<u>73,174</u>
U.S. Department of Housing and Urban Development:			
Missouri Housing Development Commission	14.219	94-MHDC-112	37,892
Missouri Department of Economic Development	14.219	93-DR-010	<u>35,179</u>
			<u>73,071</u>
Total Awards Expended			<u>\$2,319,211</u>

NOTES:

1. General

The schedule of federal awards (schedule) presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note A to the City's general purpose financial statements. Federal financial assistance received directly from federal agencies, as well as passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The schedule is presented using the modified accrual basis of accounting, which is described in Note A of the City's general purpose financial statements.



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

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

November 7, 1997

Honorable Mayor and City Council
CITY OF ARNOLD, MISSOURI

Compliance

We have audited the compliance of the **CITY OF ARNOLD, MISSOURI** (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 1997. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 1997.

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Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Hochschild, Bloom & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ARNOLD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AUGUST 31, 1997

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

- I. Summary of the auditors' results:
- A. The type of report issued on the general purpose financial statements of the auditee: Unqualified opinion.
 - B. Reportable conditions in internal control were disclosed by the audit of the general purpose financial statements, however, none were material weaknesses.
 - C. The audit did not disclose any noncompliance which is material to the general purpose financial statements of the auditee.
 - D. No reportable conditions in internal control over major programs were disclosed by the audit.
 - E. The type of report the auditors issued on compliance for major programs: Unqualified opinion.
 - F. The audit disclosed no audit findings which the auditors are required to report under §.510(a).
 - G. Identification of major programs: EDA
 - H. The dollar threshold used to distinguish between Type A and Type B programs, as described in §.520(b): \$1,159,606.
 - I. The auditee does qualify as a low-risk auditee under §.530.
- II. Findings relating to the general purpose financial statements which are required to be reported in accordance with GAGAS: None
- III. Findings and questioned costs for federal awards which shall include audit findings as defined in §.510(a): None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal year ending date for this submission Month Day Year 08 / 31 / 97		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit									
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other - Months 2 <input type="checkbox"/> Biennial		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse								
5. Employer Identification Number (EIN) a. Auditee EIN <table border="1" style="display: inline-table;"><tr><td>4</td><td>3</td><td>0</td><td>9</td><td>9</td><td>3</td><td>6</td><td>7</td><td>4</td></tr></table> b. Are multiple EINs covered in this report? 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No			4	3	0	9	9	3	6	7	4
4	3	0	9	9	3	6	7	4			

6. AUDITEE INFORMATION

a. Auditee name
City of Arnold

b. Auditee address (Number and street)
2101 Jeffco Blvd.
City
Arnold
State ZIP Code
MO 63010

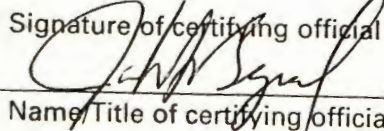
c. Auditee contact
Name
John A. Brazeal
Title
Finance Director

d. Auditee contact telephone
(314) 296 - 6533

e. Auditee contact FAX (Optional)
(314) 296 - 2399

f. Auditee contact E-mail (Optional)

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official

Date Month Day Year
1 / 1 / 97
Name/Title of certifying official
John A. Brazeal/Finance Director

7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name
Hochschild, Bloom & Company LLP

b. Auditor address (Number and street)
16100 Chesterfield Pkwy S #125
City
Chesterfield
State ZIP Code
MO 63017

c. Auditor contact
Name
Michael D. Williams
Title
Director

d. Auditor contact telephone
(314) 532 - 9525

e. Auditor contact FAX (Optional)
(314) 532 - 9055

f. Auditor contact E-mail (Optional)

9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor
Date Month Day Year
11 / 07 / 97

PART I**GENERAL INFORMATION - Continued**

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

- 1 Cognizant agency 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input checked="" type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 04 <input type="checkbox"/> Inter-American Foundation | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | 15 <input type="checkbox"/> Interior | | <input type="checkbox"/> Other - Specify: |

PART II**FINANCIAL STATEMENTS (To be completed by auditor)**

1. Type of audit report (Mark (X) one box)

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?

- 1 Yes 2 No

3. Is a reportable condition disclosed?

- 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness?

- 1 Yes 2 No

5. Is a material noncompliance disclosed?

- 1 Yes 2 No

PART III**FEDERAL PROGRAMS (To be completed by auditor)**

1. Type of audit report on major program compliance

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs § __ .520(b)?

\$ 1,159,606

3. Did the auditee qualify as a low-risk auditee (§ __ .530)?

- 1 Yes 2 No

4. Are there any audit findings required to be reported under § __ .510(a)?

- 1 Yes 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input checked="" type="checkbox"/> Federal Emergency Management Agency | 16 <input checked="" type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input checked="" type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input checked="" type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input checked="" type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 04 <input type="checkbox"/> Inter-American Foundation | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | 15 <input type="checkbox"/> Interior | | 00 <input type="checkbox"/> None |
| | | | <input type="checkbox"/> Other - Specify: |

FORM SF-SAC (8-97)

PART III FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
11.307	EDA	\$ 1,521,095	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	A, B, G, J, K, L, N	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
20.205	Highway Planning & Construction	\$ 483,987	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	A, G, J, L, N	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
83.516	Disaster Assistance	\$ 166,142	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	A, B, E, G, L, N	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
16.710	Community Oriented Policing Serv.	\$ 73,174	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	None	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
14.219	Community Development Block Grant/Small Cities Program	\$ 73,071	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	A, G, J, L, M, N	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
20.600	Highway Safety	\$ 1,742	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	None	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
TOTAL FEDERAL AWARDS EXPENDED →		\$ 2,319,211					

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.
² Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)
 A. Activities allowed or unallowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis - Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of funds
 I. Procurement
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None
³ Type of internal control findings (Mark (X) all that apply)
 A. Material weaknesses
 B. Reportable conditions

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