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## Comprehensive Annual Financial Report, 1999

City of Arnold

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**CITY OF ARNOLD, MISSOURI**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended August 31, 1999**

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

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**CITY OF ARNOLD, MISSOURI**  
**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 24, 2000

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, 1999, 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 auditors reports on the internal control 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's Sewer System and Police Pension Plan 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 basic necessity of 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 primarily on sales taxes and utility taxes. Sales tax receipts are expected to maintain steady growth at a pace slightly greater than the rate of inflation. Utility tax receipts are likely to increase at a modest rate. Significant reductions are not expected from either source in the upcoming five years. The City has demonstrated its ability to compress government expenditures in the past to accommodate a tight economy or temporary downturns in revenue. It is anticipated this trait will continue.

## **MAJOR ACHIEVEMENTS**

The City Council and administrative staff regularly develop and update plans designed to improve the quality of community life while maintaining the financial stability of the City. The following projects were completed during the past fiscal year.

Construction of sanitary sewer subdistricts continued with three projects reaching completion and one large project in progress. These projects, financed by special assessments, are eliminating the health hazards accruing from the discharge of inadequately treated sewage. Each project reaching completion contributes to a safer environment for City residents.

The City continued its buyout of flood damaged structures with the award of a Flood Mitigation Assistance Program grant. Structures acquired through the program will be demolished and the land will remain as open space. The buyout program continues to reduce the risk of flood related property damage within the City.

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. These programs help assure the preservation of the City's neighborhoods.

## **FINANCIAL INFORMATION**

Management of the City is responsible for establishing and maintaining an internal control 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 general purpose financial statements in conformity with generally accepted accounting principles. The internal control 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 re-

quires 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, 1999 and the amount and percentage of increases in relation to prior year's revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 1998</u>	<u>Percent Of Increase (Decrease)</u>
Taxes	\$ 6,786,607	69.37%	(\$580,109)	(7.87%)
Special assessments	462,128	4.72	180,877	64.31
Licenses and permits	437,320	4.47	29,646	7.27
Fines and court costs	362,251	3.70	(3,486)	(.95)
Intergovernmental	646,139	6.60	(258,250)	(28.56)
Charges for services	506,498	5.18	(61,865)	(10.88)
Interest	338,289	3.46	8,629	2.62
Miscellaneous	<u>244,761</u>	<u>2.50</u>	<u>15,074</u>	<u>6.56</u>
Total	\$ <u>9,783,993</u>	<u>100.00 %</u>	<u>(\$669,484)</u>	<u>(6.40%)</u>

The largest share of general revenue is provided by the City's one cent sales tax with collections increasing \$150,467 to \$2,939,747 a 5.4% increase. Collections are net of \$177,968 being withheld by the Missouri Department of Revenue for use tax refunding. Without the refunding, collections increased a robust 8.1%. The increase results from new retail development in the City. Use tax refunding ended with the June 1999 sales tax distribution.

A voter approved ¼ cent sales tax for local parks went into effect January 1, 1998. This tax will expire December 31, 2005. Revenues generated by this tax are used to retire leasehold revenue bonds issued for the purchase of 120 acres of park land with a purchase price of \$3,210,000. Fiscal 1999 collections total \$749,568.

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 1999 totaled \$90,739, a decrease of \$1,161,297 or 92.7% under the prior year.

Collections from the gross receipts tax on utilities increased \$42,187 or 2.9% to \$1,516,599.

Special assessment collections can fluctuate significantly from year to year. Collections of special assessments represent repayments for improvements within sanitary sewer subdistricts and neighborhood improvement districts.

License and permit revenue increased as a result of increased volume of business licenses issued.

Fines and court costs remained stable during the year.

The majority of intergovernmental revenue consists of \$565,358 of Community Development Block Grant funds. These funds reimbursed expenses to acquire residential properties bought through the City's flood mitigation program.

The City's charges for services decreased moderately in fiscal 1999 and are comprised mainly of fees for trash collection. Net losses of \$181,582 on gross revenue of \$421,246 were realized during the fiscal year for trash collection. Solid waste collection in the City is provided under a contract with Waste Management, Inc.

The increase in interest income results from slight increases in interest rates on stable cash balances.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended August 31, 1999 and the percentage increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 1998</u>	<u>Percent Of Increase (Decrease)</u>
General government	\$ 4,287,089	40.84%	(\$1,462,550)	(25.44%)
Public safety	3,219,730	30.67	1,232	.04
Public works	365,152	3.48	71,945	24.54
Highways and streets	1,358,507	12.94	(1,647,472)	(54.81)
Parks and recreation	503,095	4.79	47,370	10.39
Health and sanitation	<u>764,165</u>	<u>7.28</u>	<u>12,304</u>	1.64
<b>Total</b>	<b>\$ <u>10,497,738</u></b>	<b><u>100.00%</u></b>	<b>(<u>\$2,977,171</u>)</b>	<b>(22.09%)</b>

Expenditures in the general government category increased due to increases in debt service expenditures related to leasehold revenue bonds issued to acquire park land and buyouts of flood damaged structures.

Spending for public safety increased with the addition of staff. Public works spending increased due to engineering studies of emerging stormwater issues.

Street department expenditures declined as major road and bridge improvement projects were completed.

### **General Fund Balance**

The fund balance of the General Fund declined \$713,745 during the year to a balance of \$5,028,023 at August 31, 1999. This decrease reflects expenditures in excess of revenues.



## **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 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 including the portion related to federal financial assistance programs. The results of the City's single audit for the fiscal year ended August 31, 1999 found no instances of material weaknesses in the internal control.

## **Pension Trust Fund Operations**

The operations of the City of Arnold, Missouri Police Pension Plan remained stable during fiscal 1999. 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, 1999, the City had three major debt issues outstanding. These issues are \$1,450,000 of certificates of participation (municipal complex), \$3,160,000 of leasehold revenue bonds (park land acquisition) and \$2,541,250 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 \$19,070,814.

## **Cash Management**

Cash temporarily idle during the year was invested in repurchase agreements, U.S. Treasury and U.S. Agency Securities. Interest earned on repurchase agreements and securities totaled \$416,580 for all funds for the year. The Pension Trust Fund is invested with the New England Financial. Earnings for the Pension Fund totaled \$122,928 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 state-wide 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 in an effort to reduce or eliminate personal injuries and property damage.

## **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, 1998. 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 ten consecutive fiscal years ended 1989 to 1998. 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 accountants, 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, 1998

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.



*Cary Brueck*  
President

*Jeffrey L. Esser*  
Executive Director

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

---

Ronald J. Voss

Mayor

**Council**

Salvatore Regna

Ward One

Lavaughn King

Ward One

James Edwards

Ward Two

David Palmer

Ward Two

Carl Buchholz

Ward Three

Geraldine Hartmann

Ward Three

Trudy Marshall

Ward Four

Phillis Roberts

Ward Four

Rita Thompson

Clerk-Collector

Mark Powell

Treasurer

Robert Eisenhauer

Judge

Robert Sweeney

City Attorney

John A. Brazeal

Acting City Administrator

John A. Brazeal

Finance Director

Dale Fredeking

Chief of Police

Robert Eade

Public Works Director

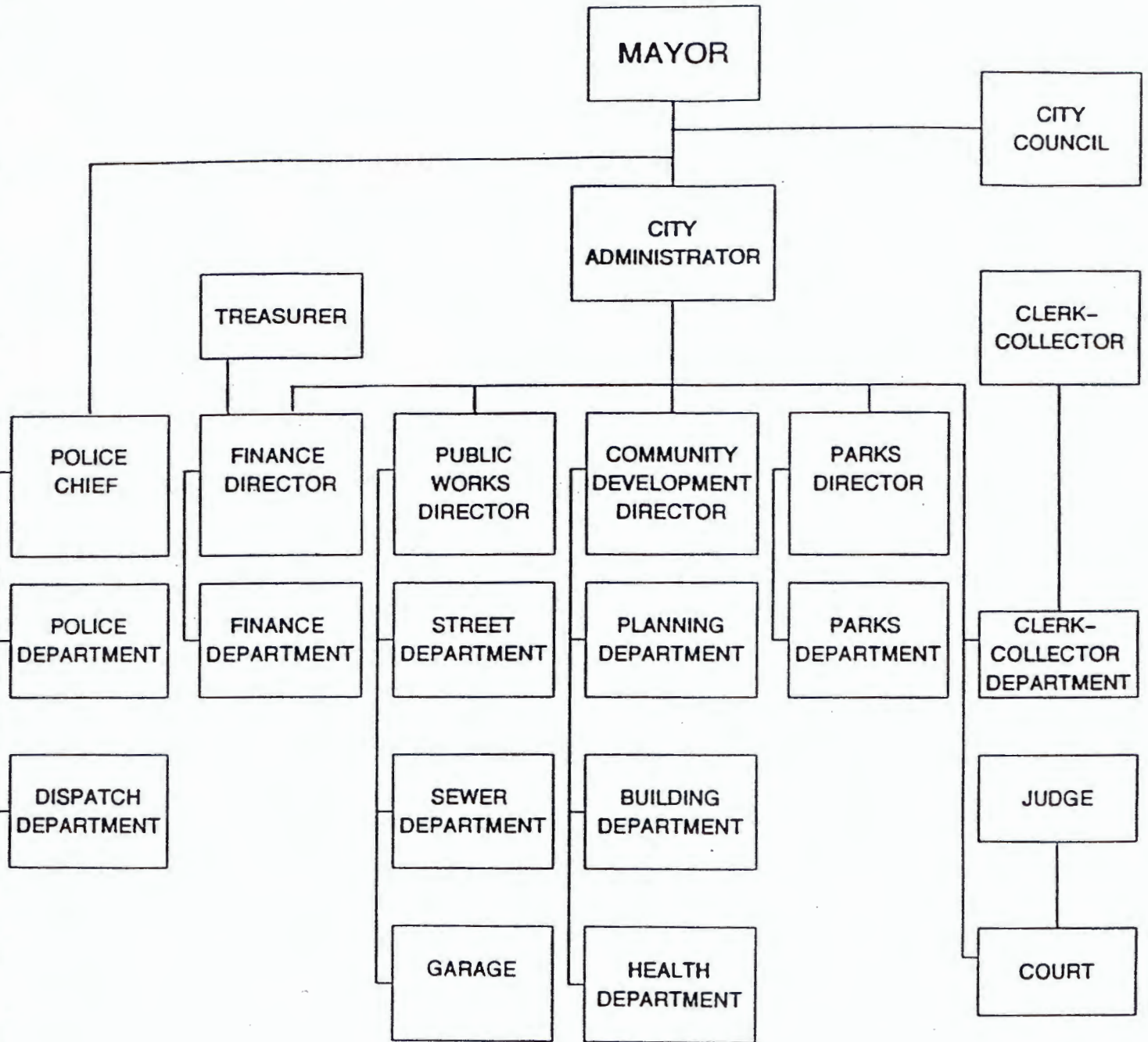
Michael J. DeRuntz

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

October 27, 1999

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, 1999, 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, 1999, 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 October 27, 1999 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.

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**

- 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P.O. Box 225, Washington, Missouri 63090-0225, 636-239-4785, Fax 636-239-5448



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**CITY OF ARNOLD, MISSOURI**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**AUGUST 31, 1999**  
**WITH COMPARATIVE TOTALS FOR AUGUST 31, 1998**

	Governmental	Proprietary	Fiduciary	Account Groups		Totals	
	Fund Type	Fund Type	Fund Type	General	General	(Memorandum Only)	
	General	Enterprise	Trust	Fixed	Long-Term	1999	1998
			Assets	Debt			
<b>ASSETS AND OTHER DEBITS</b>							
Cash and cash equivalents	\$ 1,297,358	601,824	-	-	-	1,899,182	1,682,802
Investments	3,754,733	253,711	2,463,740	-	-	6,472,184	6,527,501
Receivables (net of allowances for uncollectibles):							
Taxes	757,661	-	-	-	-	757,661	828,163
Special assessments	2,871,185	-	-	-	-	2,871,185	1,958,173
Sewer service fees	-	22,300	-	-	-	22,300	31,077
Intergovernmental	285,914	-	-	-	-	285,914	637,814
Miscellaneous	77,912	4,200	-	-	-	82,112	85,678
Due from other funds	129,678	-	61,525	-	-	191,203	37,643
Prepaid items	191,863	-	-	-	-	191,863	150,487
Restricted assets:							
Cash and cash equivalents	45,833	1,771,383	-	-	-	1,817,216	1,915,879
Capital improvements sales tax receivable	1,566,315	-	-	-	-	1,566,315	929,330
Investments	593,356	304,058	-	-	-	897,414	851,434
Property, plant and equipment:							
Land, buildings and improvements	-	2,320,948	-	14,094,399	-	16,415,347	15,661,241
Machinery and equipment	-	306,392	-	1,461,556	-	1,767,948	1,708,063
Automotive equipment	-	-	-	897,188	-	897,188	882,598
Furniture and fixtures	-	-	-	192,721	-	192,721	185,356
Sewer lines	-	16,146,971	-	-	-	16,146,971	15,359,841
Construction-in-process	-	1,212,810	-	-	-	1,212,810	733,130
Less - Accumulated depreciation	-	(5,476,893)	-	-	-	(5,476,893)	(5,147,992)
Other debits:							
Amount available for debt service	-	-	-	-	994,058	994,058	737,737
Amount to be provided for retirement of general long-term debt	-	-	-	-	4,498,089	4,498,089	5,256,915
<b>Total Assets And Other Debits</b>	<b>\$11,571,808</b>	<b>17,467,704</b>	<b>2,525,265</b>	<b>16,645,864</b>	<b>5,492,147</b>	<b>53,702,788</b>	<b>51,012,870</b>

**CITY OF ARNOLD, MISSOURI**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)**  
**AUGUST 31, 1999**  
**WITH COMPARATIVE TOTALS FOR AUGUST 31, 1998**

	Governmental	Proprietary	Fiduciary	Account Groups		Totals	
	Fund Type	Fund Type	Fund Type	General	General	(Memorandum Only)	
	General	Enterprise	Trust	Fixed Assets	Long-Term Debt	1999	1998
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,399,593	56,093	-	-	-	1,455,686	607,483
Accrued payroll and compensated absences payable	533,703	18,482	-	-	-	552,185	354,267
Accrued post-employment benefits	16,471	-	-	-	-	16,471	-
Due to other funds	61,525	129,678	-	-	-	191,203	37,643
Accrued interest payable	52,989	-	-	-	-	52,989	57,532
Deferred revenues	4,479,504	85,246	-	-	-	4,564,750	3,011,542
Pension contribution payable	-	-	-	-	849,768	849,768	831,110
Notes payable	-	581,943	-	-	-	581,943	639,343
Revenue bonds payable, net of bond discounts	-	2,496,359	-	-	-	2,496,359	2,676,797
Capital lease payable	-	-	-	-	4,642,379	4,642,379	5,163,542
Deferred compensation payable	-	-	-	-	-	-	443,255
Total Liabilities	<u>6,543,785</u>	<u>3,367,801</u>	<u>-</u>	<u>-</u>	<u>5,492,147</u>	<u>15,403,733</u>	<u>13,822,514</u>
<b>Fund Equity and Other Credits</b>							
Investment in general fixed assets	-	-	-	16,645,864	-	16,645,864	15,756,736
Contributed capital	-	17,450,242	-	-	-	17,450,242	16,183,432
Retained earnings (deficit):							
Reserved in accordance with revenue bond agreements	-	290,000	-	-	-	290,000	290,000
Unreserved	-	(3,640,339)	-	-	-	(3,640,339)	(3,625,464)
Fund balances:							
Reserved for prepaid items	191,863	-	-	-	-	191,863	150,487
Reserved for encumbrances	296,943	-	-	-	-	296,943	146,319
Reserved for escrow deposit	200,000	-	-	-	-	200,000	200,000
Reserved for use tax refund	-	-	-	-	-	-	169,677
Reserved for bond reserve	393,356	-	-	-	-	393,356	399,735
Reserved for debt service reserve	400,702	-	-	-	-	400,702	138,002
Reserved for employee retirement benefits	-	-	2,525,265	-	-	2,525,265	2,843,884
Unreserved:							
Designated for sewer subdistrict projects	216,191	-	-	-	-	216,191	1,068,910
Designated for street projects	383,726	-	-	-	-	383,726	215,959
Designated for data processing acquisitions	45,002	-	-	-	-	45,002	45,002
Designated for strategic planning	20,000	-	-	-	-	20,000	-
Designated for road reconstruction	250,000	-	-	-	-	250,000	-
Designated for use tax refunds	-	-	-	-	-	-	258,910
Designated for neighborhood improvement projects	680,377	-	-	-	-	680,377	740,640
Designated for stormwater projects	660,051	-	-	-	-	660,051	449,125
Designated for annexation	10,000	-	-	-	-	10,000	10,000
Designated for greenway study	3,972	-	-	-	-	3,972	36,000
Undesignated	1,275,840	-	-	-	-	1,275,840	1,713,002
Total Fund Equity And Other Credits	<u>5,028,023</u>	<u>14,099,903</u>	<u>2,525,265</u>	<u>16,645,864</u>	<u>-</u>	<u>38,299,055</u>	<u>37,190,356</u>
Total Liabilities, Fund Equity And Other Credits	<u>\$11,571,808</u>	<u>17,467,704</u>	<u>2,525,265</u>	<u>16,645,864</u>	<u>5,492,147</u>	<u>53,702,788</u>	<u>51,012,870</u>

See notes to financial statements



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUND TYPE - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 1999**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1998**

	1999	1998
<b>REVENUES</b>		
<b>Taxes</b>	\$ 6,786,607	7,366,716
Special assessments	462,128	281,251
<b>Licenses and permits</b>	437,320	407,674
<b>Fines and court costs</b>	362,251	365,737
<b>Intergovernmental</b>	646,139	904,389
<b>Charges for services</b>	306,498	568,363
<b>X Investment income</b>	338,289	329,660
<b>Miscellaneous</b>	244,761	229,687
<b>Total Revenues</b>	9,783,993	10,453,477
<b>EXPENDITURES</b>		
Current:		
<b>General government</b>	1,224,691	1,103,490
<b>Public safety</b>	3,176,224	3,032,830
<b>Public works</b>	356,308	292,242
<b>Highways and streets</b>	1,233,767	2,985,299
<b>Parks and recreation</b>	495,895	455,725
<b>Health and sanitation</b>	764,165	751,861
<b>Capital outlay</b>	2,421,938	4,336,295
<b>Debt service</b>	824,750	517,167
<b>Total Expenditures</b>	10,497,738	13,474,909
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(713,745)	(3,021,432)
<b>OTHER FINANCING SOURCES</b>		
Bond proceeds	-	3,635,000
<b>REVENUES AND OTHER FINANCING SOURCES</b> <b>OVER (UNDER) EXPENDITURES</b>	(713,745)	613,568
<b>FUND BALANCES, SEPTEMBER 1</b>	5,741,768	5,128,200
<b>FUND BALANCES, AUGUST 31</b>	\$ 5,028,023	5,741,768

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL -**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 1999**

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Taxes	\$ 7,942,729	6,786,607	(1,156,122)
Special assessments	280,000	462,128	182,128
Licenses and permits	354,300	437,320	83,020
Fines and court costs	360,000	362,251	2,251
Intergovernmental	183,850	646,139	462,289
Charges for services	494,800	506,498	11,698
Investment income	227,000	338,289	111,289
Miscellaneous	181,200	244,761	63,561
Total Revenues	10,023,879	9,783,993	(239,886)
<b>EXPENDITURES</b>			
Current:			
General government	1,992,930	2,049,441	56,511
Public safety	3,203,559	3,176,224	(27,335)
Public works	297,757	356,308	58,551
Highways and streets	2,594,675	1,233,767	(1,360,908)
Parks and recreation	453,494	495,895	42,401
Health and sanitation	815,879	764,165	(51,714)
Capital outlay	1,653,302	2,421,938	768,636
Total Expenditures	11,011,596	10,497,738	(513,858)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (987,717)</b>	<b>(713,745)</b>	<b>273,972</b>
<b>FUND BALANCES, SEPTEMBER 1</b>		<b>5,741,768</b>	
<b>FUND BALANCES, AUGUST 31</b>		<b>\$ 5,028,023</b>	

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**DEFICIT - PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 1999**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1998**

	1999	1998
<b>OPERATING REVENUES</b>		
Sewer service fees	\$ 1,033,777	964,167
Sewer connection fees	34,895	41,828
Total Operating Revenues	1,068,672	1,005,995
<b>OPERATING EXPENSES</b>		
Cost of services	542,102	622,330
Administration	120,000	120,000
Depreciation and amortization	406,662	411,781
Total Operating Expenses	1,068,764	1,154,111
<b>OPERATING LOSS</b>	(92)	(148,116)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Investment income	140,934	155,068
Miscellaneous income	4,200	-
Investment expense	(159,917)	(169,116)
Total Nonoperating Revenue (Expense)	(14,783)	(14,048)
<b>NET LOSS</b>	(14,875)	(162,164)
<b>DEFICIT, SEPTEMBER 1</b>	(3,335,464)	(3,173,300)
<b>DEFICIT, AUGUST 31</b>	(\$3,350,339)	(3,335,464)

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY**  
**FUND TYPE - ENTERPRISE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 1999**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1998**

	1999	1998
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
<b>Cash flows from operating activities:</b>		
Operating loss	\$ (92)	(148,116)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	406,662	411,781
(Increase) decrease in:		
Receivables	8,895	46,679
Increase (decrease) in:		
Accounts payable	33,374	(74,112)
Accrued payroll and compensated absences payable	3,817	(3,171)
Deferred revenues	2,488	2,002
Total Adjustments	455,236	383,179
Net Cash Provided By Operating Activities	455,144	235,063
<b>Cash flows provided by (used in) noncapital financing activities:</b>		
Due to other funds	108,236	(109,037)
<b>Cash flows from capital and related financing activities:</b>		
Principal paid on notes payable	(57,400)	-
Principal paid on revenue bonds payable	(187,500)	(209,251)
Interest paid on revenue bonds payable	(159,917)	(169,116)
Payments for capital acquisitions	(17,517)	-
Net Cash Used In Capital And Related Financing Activities	(422,334)	(378,367)
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	2,053,171	2,010,000
Purchases of investments	(2,107,542)	(2,010,755)
Miscellaneous income	4,200	-
Investment income received on investments	140,934	155,068
Net Cash Provided By Investing Activities	90,763	154,313
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	231,809	(98,028)
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1</b>	2,141,398	2,239,426
<b>CASH AND CASH EQUIVALENTS, AUGUST 31</b>	\$ 2,373,207	2,141,398
<b>Noncash operating, financing and investing activities:</b>		
Contributed capital	\$ 1,266,810	\$ 592,744

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS -**  
**FIDUCIARY FUND TYPE - PENSION TRUST FUND**  
**FOR THE YEAR ENDED AUGUST 31, 1999**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1998**

	1999	1998
<b>ADDITIONS</b>		
Employer contributions	\$ 251,450	207,030
Employee contributions	121,091	119,818
Investment income	122,928	140,481
Total Additions	495,469	467,329
<b>DEDUCTIONS</b>		
Administration	40,116	23,434
Benefits	773,972	471,692
Total Deductions	814,088	495,126
<b>NET DECREASE</b>	(318,619)	(27,797)
<b>NET ASSETS HELD IN TRUST FOR PENSION</b> <b>BENEFITS, SEPTEMBER 1</b>	2,843,884	2,871,681
<b>NET ASSETS HELD IN TRUST FOR PENSION</b> <b>BENEFITS, AUGUST 31</b>	\$2,525,265	2,843,884

**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 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 Fund** -- Enterprise Fund 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.

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

**2. Fund Accounting (Continued)**

**FIDUCIARY FUND**

**Trust Fund** -- The Trust Fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and/or other funds. Pension Trust Funds are accounted for in essentially the same manner as proprietary funds.

**ACCOUNT GROUPS**

**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.

The modified accrual basis of accounting is used by the governmental and fiduciary (Expendable Trust Fund) fund types. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues which are considered susceptible to accrual include sales taxes, utility gross receipts taxes and certain intergovernmental revenues. Expenditures are recorded when the related fund liability is incurred, except for interest on obligations in the General Long-Term Debt Account Group which is recorded in the governmental fund types when paid. Licenses and permits, fines and court costs, special assessments, charges for services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds are accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

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

**3. Basis of Accounting (Continued)**

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.
- b. During August, the operating budget is presented to the City Council for review. The operating budget includes proposed expenditures for the General and Enterprise Funds 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 accruals may not legally exceed budgeted appropriations at the department level.
- f. Current year budget includes amendments. Budget amendments at the department level must be approved by the City Council. Management may authorize transfers of appropriations within a department.
- g. Appropriations lapse at year-end.

**5. Cash, Cash Equivalents and Investments**

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

**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.



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

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

**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 capitalized. 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 Fund 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:

<u>Asset</u>	<u>Years</u>
Machinery and equipment	8
Buildings and improvements	10 - 30
Sewer lines	50

Depreciation expense for the year ended August 31, 1999 was \$399,600.

**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.

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

**10. Compensated Absences**

Vested or accumulated vacation and sick 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 and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrued to employees.

**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, 1999 was \$7,062.

**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.

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

**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.

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.

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

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

**18. Allowance for Doubtful Accounts**

Allowance for uncollectible receivables is as follows:

General Fund	\$24,119
Enterprise Fund	<u>27,863</u>
	<u>\$51,982</u>

**19. Reclassifications**

Certain reclassifications have been made to the August 31, 1998 amounts in order to conform to the presentation of the August 31, 1999 general purpose 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, 1999, the City's bank deposits were fully insured or collateralized with securities held by the City or its agent in the City's name.

**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 counterparty's trust department or agent in the City's name; or (3) uninsured and unregistered for which the securities are held by the counterparty or by its trust department or agent, but not in the City's name.

	August 31, 1999			Carrying Amount/ Fair Value
	Categories			
	1	2	3	
U.S. Treasury securities	\$393,356	-	-	393,356
Repurchase agreements	-	<u>5,678,505</u>	-	<u>5,678,502</u>
	<u>\$393,356</u>	<u>5,678,502</u>	<u>-</u>	6,071,858
Investment in pension plan pooled investments				2,463,740
Guaranteed investment contracts				<u>581,943</u>
Total Investments				<u>\$9,117,541</u>

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

**NOTE C - FIXED ASSETS**

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

	<b>For The Year Ended August 31, 1999</b>			<b>Balance August 31 1999</b>
	<b>Balance August 31 1998</b>	<b>Additions</b>	<b>Reductions</b>	
Land, buildings and improve- ments	\$13,340,293	754,106	-	14,094,399
Machinery and equipment	1,348,489	153,244	40,177	1,461,556
Automotive equipment	882,598	23,241	8,651	897,188
Furniture and fixtures	185,356	7,365	-	192,721
	<b>\$15,756,736</b>	<b>937,956</b>	<b>48,828</b>	<b>16,645,864</b>

**NOTE D - LONG-TERM DEBT**

Long-term debt consisted of the following:

**General Long-Term Debt Account Group**

	<b>August 31 1999</b>
Capital lease \$3,635,000 leasehold revenue bonds for Collins tract park acquisition, 1997, due in annual installments through September 2005, interest payable at 4.1% to 5%.	<b>\$3,160,000</b>
Capital lease \$2,420,000 certificates of participation for municipal building complex, 1986, due in annual installments through April 1, 2006, interest payable at 8.75%.	<b>1,450,000</b>
Capital lease \$102,377 for computer hardware and software, 1996, due in monthly installments through January 2001, interest payable at 6.4%.	<b><u>32,379</u></b>
	<b><u>\$4,642,379</u></b>

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, 1999 is as follows:

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

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

<u>For The Years</u> <u>Ended August 31</u>	<u>Collins</u> <u>Tract</u> <u>Park</u>	<u>Municipal</u> <u>Building</u> <u>Complex</u>	<u>Computer</u>	<u>Total</u>
2000	\$ 546,375	261,876	23,963	832,214
2001	563,600	260,062	9,983	833,645
2002	578,820	262,376	-	841,196
2003	591,965	263,376	-	855,341
2004	602,965	263,122	-	866,087
2005-2006	<u>876,750</u>	<u>739,938</u>	-	<u>1,616,688</u>
Total Minimum Lease Payments	3,760,475	2,050,750	33,946	5,845,171
Less - Amount representing interest	<u>600,475</u>	<u>600,750</u>	<u>1,567</u>	<u>1,202,792</u>
Present Value Of Future Minimum Lease Payments	<u>\$3,160,000</u>	<u>1,450,000</u>	<u>32,379</u>	<u>4,642,379</u>

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

	<u>For The Year Ended August 31, 1999</u>			
	<u>Balance</u> <u>August 31</u> <u>1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>August 31</u> <u>1999</u>
Capital leases	\$5,163,542	-	521,163	4,642,379
Pension contribution payable	<u>831,110</u>	<u>18,658</u>	-	<u>849,768</u>
	<u>\$5,994,652</u>	<u>18,658</u>	<u>521,163</u>	<u>5,492,147</u>

**Enterprise Funds**

	<u>August 31</u> <u>1999</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%.	\$1,001,250
\$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%.	930,000
\$1,240,000 Sewerage System Refunding Revenue Bonds, Series 1994, due in annual installments through December 1, 2004, interest payable at 3% to 5.3%.	<u>610,000</u>
Less - Unamortized debt discount	<u>2,541,250</u> <u>44,891</u>
	<u>\$2,496,359</u>

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

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

The principal maturity of the bonds, excluding amounts maturing after August 31, 1999, which were re-mitted prior to the current fiscal year-end, are as follows:

<u>For The Years</u> <u>Ended August 31</u>	<u>Series</u> <u>1994</u>	<u>Series</u> <u>1993</u>	<u>Series</u> <u>1992</u>	<u>Total</u>
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	140,000	50,000	55,000	245,000
2004	150,000	52,000	60,000	262,000
2005 - 2014	<u>-</u>	<u>690,000</u>	<u>736,250</u>	<u>1,426,250</u>
	610,000	930,000	1,001,250	2,541,250
Less - Unamortized discounts	<u>7,221</u>	<u>18,403</u>	<u>19,267</u>	<u>44,891</u>
Net Revenue Bonds Outstanding	<u>\$602,779</u>	<u>911,597</u>	<u>981,983</u>	<u>2,496,359</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:

<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.

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

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.

	<u>August 31</u> <u>1999</u>
Notes payable:	
SRF - 1992, no interest	\$418,870
SRF - 1993, no interest	<u>163,073</u>
	<u>\$581,943</u>

In conjunction with the bonds dated June 1, 1992, a reserve account has been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, this loan (reserve account) will be funded in an amount equal to 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.

**1. City of Arnold, Missouri 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, 1998, which is the date of the latest actuarial valuation available, was \$1,436,227 and the City's total payroll was \$3,443,834.



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

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

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

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.

Membership in the Plan is comprised of the following:

<u>Group</u>	<u>August 31 1998</u>
Retirees and beneficiaries currently receiving benefits	-
Vested terminated employees and active employees	43

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 Actuarial Years Ended August 31</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>
1998	\$2,830,169	\$3,679,937	\$849,768
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

<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>
1998	76.9%	\$1,436,227	59.2%
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

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

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

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

<b>Schedule Of Employer Contributions</b>			
<b>For The Years Ended August 31</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
1998	\$262,268	\$207,030	78.9%
1997	236,162	188,294	79.7
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
Amortization period	Closed
Asset valuation method	At contract value and market value
Actuarial assumptions:	
Investment rate of return	7%
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.

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

<b>Pension Plan</b>			
<b>Valuation For The Actuarial Years Ended August 31</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation</b>
1998	\$262,268	78.9%	\$849,768
1997	236,162	79.7	831,110
1996	234,880	97.2	869,631
1995	170,795	106.8	674,933

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

**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 12.6% (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 1999, the City's annual pension cost of \$227,263 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 1997 and/or 1998 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 future assets of 7% per year, compounded annually, before retirement and 4% per year, compounded annually, after retirement; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 4% per year, depending on age attributable to seniority/merit; and (d) pre- and post-retirement mortality based on the 1984 Group Annuity Mortality table set back no years for men and 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 a closed basis. The amortization period at February 28, 1999 was 25 years.

Three-year trend information follows:

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

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

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

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
1999	\$227,263	100%
1998	214,580	100
1997	209,928	100

Schedule of funding progress follows:

<u>For The Valuation Years Ended February 28</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability (UAL)</u>
1999	\$2,432,669	\$3,401,492	\$ 968,823
1998	2,016,717	3,054,379	1,037,662
1997	1,913,543	3,014,899	1,101,356

<u>For The Valuation Years Ended February 28</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL As A Percentage Of Covered Payroll</u>
1999	72%	\$1,699,612	57%
1998	66	1,651,147	63
1997	63	1,645,155	67

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. The actuarial assumptions were changed in conjunction with the February 29, 1996 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**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.

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

**NOTE F - DEFERRED COMPENSATION PLAN (Continued)**

The plan has been amended to comply with amendments to Section 457 of the Internal Revenue Code. Trust provisions were incorporated so that plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. As a result, as of August 31, 1999 the assets and liabilities of the deferred compensation plan are no longer included in the accompanying general purpose financial statements.

**NOTE G - ENTERPRISE FUND**

The City maintains an 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, 1999 is presented below:

Operating revenues	\$1,068,672
Depreciation and amortization expense	406,662
Operating loss	(92)
Net loss	(14,875)
Current capital contributions	1,266,810
Property, plant and equipment additions	17,517
Net working capital	553,749
Total assets	17,467,704
Revenue bonds payable, net of bond discounts	2,496,359
Total equity	14,099,903

**NOTE H - INTERFUND ASSETS/LIABILITIES**

Individual interfund assets and liabilities are as follows:

**Due From/To Other Funds:**

		<u>August 31</u> <u>1999</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	
General Fund	Sewer Fund	\$129,678
Police Pension Trust Fund	General Fund	<u>61,525</u>
		<u>\$191,203</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.

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

The City's property tax calendar is as follows:

- a. Property is assessed by the County on January 1 each year.
- b. The tax levy ordinance is adopted and filed with the county clerk on or before 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, 1999.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$180,584 for MIRMA's fiscal year ended June 30, 1999 and has paid an assessment totaling \$230,235 for the fiscal year ended June 30, 2000. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

**NOTE K - DEFICIT BALANCES**

The Enterprise Fund had a deficit retained earnings balance of \$3,350,339. The fund deficit is offset by contributed capital.

**NOTE L - INTERFUND ADMINISTRATION FEE**

During the year, the Sewer System Fund paid \$120,000 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.

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

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**NOTE M - CONTRIBUTED CAPITAL**

The Enterprise Fund's contributed capital increased as follows:

<u>Source</u>	<u>For The Year Ended August 31 1999</u>
Contributed capital, August 31, 1998	\$16,183,432
Customers - sewer lines added during year	<u>1,266,810</u>
Contributed capital, August 31, 1999	<u>\$17,450,242</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 collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is 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, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>TAXES</b>			
Property	\$ 623,500	622,119	(1,381)
Sales	5,218,229	4,008,135	(1,210,094)
Public utilities gross receipts	1,465,000	1,516,599	51,599
Motor fuel	530,000	527,420	(2,580)
Other	106,000	112,334	6,334
Total Taxes	<u>7,942,729</u>	<u>6,786,607</u>	<u>(1,156,122)</u>
<b>SPECIAL ASSESSMENTS</b>	<u>280,000</u>	<u>462,128</u>	<u>182,128</u>
<b>LICENSES AND PERMITS</b>	<u>354,300</u>	<u>437,320</u>	<u>83,020</u>
<b>FINES AND COURT COSTS</b>	<u>360,000</u>	<u>362,251</u>	<u>2,251</u>
<b>INTERGOVERNMENTAL</b>	<u>183,850</u>	<u>646,139</u>	<u>462,289</u>
<b>CHARGES FOR SERVICES</b>	<u>494,800</u>	<u>506,498</u>	<u>11,698</u>
<b>INVESTMENT INCOME</b>	<u>227,000</u>	<u>338,289</u>	<u>111,289</u>
<b>MISCELLANEOUS</b>			
Sewer administration	120,000	120,000	-
Other	61,200	124,761	63,561
Total Miscellaneous	<u>181,200</u>	<u>244,761</u>	<u>63,561</u>
<b>TOTAL REVENUES</b>	<u><u>\$10,023,879</u></u>	<u><u>9,783,993</u></u>	<u><u>(239,886)</u></u>

**CITY OF ARNOLD, MISSOURI**  
**SUPPLEMENTAL INFORMATION - GENERAL FUND -**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED AUGUST 31, 1999**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>GENERAL GOVERNMENT</b>			
General and administrative	\$ 1,312,557	1,336,536	23,979
Mayor and council	70,907	67,564	(3,343)
<del>Municipal court</del>	69,762	<del>68,883</del>	(879)
Administrator	121,639	147,387	25,748
Treasurer	14,343	13,461	(882)
Finance	120,523	128,676	8,153
Collector of revenue	101,249	96,209	(5,040)
<del>Attorney</del>	76,098	<del>83,117</del>	7,019
Elections	6,000	3,376	(2,624)
Planning commission	99,852	104,232	4,380
Total General Government	<u>1,992,930</u>	<u>2,049,441</u>	<u>56,511</u>
<b>PUBLIC SAFETY</b>			
Police	2,641,110	<del>2,621,336</del>	(19,774)
Police board	3,007	<del>5,891</del>	2,884
Dispatching	328,377	<del>301,286</del>	(27,091)
Building commission	231,065	<del>247,711</del>	16,646
Total Public Safety	<u>3,203,559</u>	<u>3,176,224</u>	<u>(27,335)</u>
<b>PUBLIC WORKS</b>			
	<u>297,757</u>	<u>356,308</u>	<u>58,551</u>
<b>HIGHWAYS AND STREETS</b>			
	<u>2,594,675</u>	<u>1,233,767</u>	<u>(1,360,908)</u>
<b>PARKS AND RECREATION</b>			
	<u>453,494</u>	<u>495,895</u>	<u>42,401</u>
<b>HEALTH AND SANITATION</b>			
Health department	91,670	74,352	(17,318)
Rabies control	61,210	59,641	(1,569)
Vector control	50,159	27,344	(22,815)
Solid waste	612,840	602,828	(10,012)
Total Health And Sanitation	<u>815,879</u>	<u>764,165</u>	<u>(51,714)</u>
<b>CAPITAL OUTLAY</b>			
	<u>1,653,302</u>	<u>2,421,938</u>	<u>768,636</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$11,011,596</u></u>	<u><u>10,497,738</u></u>	<u><u>(513,858)</u></u>

**CITY OF ARNOLD, MISSOURI**  
**SUPPLEMENTAL INFORMATION - COMPARATIVE SCHEDULES**  
**OF GENERAL FIXED ASSETS BY SOURCE**  
**AUGUST 31, 1999 AND 1998**

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	1999	1998
<b>GENERAL FIXED ASSETS</b>		
Land, buildings and improvements	\$ 14,094,399	13,340,293
Machinery and equipment	1,461,555	1,348,489
Automotive equipment	897,190	882,598
Furniture and fixtures	192,720	185,356
	\$ 16,645,864	15,756,736
Total General Fixed Assets		
 <b>INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE</b>		
General Fund	\$ 16,645,864	15,756,736

**CITY OF ARNOLD, MISSOURI**  
**SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY**  
**AUGUST 31, 1999**

<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	\$10,515,159	337,576	-	73,736	10,926,471
Mayor and council	-	-	-	7,571	7,571
Municipal court Administrator	-	-	-	3,603	3,603
Finance	-	3,852	12,386	2,834	15,220
Collector of revenue	-	-	-	18,833	18,833
Attorney	-	-	-	2,865	2,865
Planning commission	-	-	-	2,587	2,587
Total General Government	<u>10,515,159</u>	<u>341,428</u>	<u>12,386</u>	<u>139,589</u>	<u>11,008,562</u>
Public safety:					
Police	-	336,800	275,504	34,280	646,584
Police board	-	-	-	176	176
Dispatching	-	209,291	-	1,288	210,579
Building commission	-	9,991	41,432	6,663	58,086
Total Public Safety	<u>-</u>	<u>556,082</u>	<u>316,936</u>	<u>42,407</u>	<u>915,425</u>
Public works					
Highways and streets	-	63,165	51,809	6,874	121,848
Parks and recreation	-	418,400	367,630	974	787,004
Health and sanitation:	3,579,240	69,653	108,660	1,148	3,758,701
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>\$14,094,399</u>	<u>1,461,555</u>	<u>897,190</u>	<u>192,720</u>	<u>16,645,864</u>

**CITY OF ARNOLD, MISSOURI**  
**SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED AUGUST 31, 1999**

<u>Function And Activity</u>	<u>Balance August 31 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31 1999</u>
General government:				
General and administrative	\$ 10,172,365	754,106	-	10,926,471
Mayor and council	7,571	-	-	7,571
Municipal court	3,603	-	-	3,603
Administrator	15,220	-	-	15,220
Finance	31,412	-	-	31,412
Collector of revenue	11,469	7,364	-	18,833
Attorney	2,865	-	-	2,865
Planning commission	2,587	-	-	2,587
Total General Government	<u>10,247,092</u>	<u>761,470</u>	<u>-</u>	<u>11,008,562</u>
Public safety:				
Police	636,750	24,824	14,990	646,584
Police board	176	-	-	176
Dispatching	191,897	18,682	-	210,579
Building commission	58,086	-	-	58,086
Total Public Safety	<u>886,909</u>	<u>43,506</u>	<u>14,990</u>	<u>915,425</u>
Public works	121,108	740	-	121,848
Highways and streets	695,802	125,040	33,838	787,004
Parks and recreation	3,751,501	7,200	-	3,758,701
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>\$ 15,756,736</u>	<u>937,956</u>	<u>48,828</u>	<u>16,645,864</u>

**CITY OF ARNOLD, MISSOURI**  
**SUPPLEMENTAL INFORMATION**

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**YEAR 2000 ISSUE**

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the City's operations as early as fiscal year 2000.

The City began reviewing its inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conduct its operations. It is unknown as of August 31, 1999, what affects, if any, failing to remediate any such systems will have upon its operations and financial reporting. The City plans to have all systems and electronic equipment year 2000 compliant.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be year 2000 ready, that the City remediation efforts will be successful in whole or in part or that parties with whom the City does business will be year 2000 ready.

**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</u>	<u>Total</u>
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
1998	1,620,657	3,032,830	292,242	2,985,299	455,725	751,861	4,336,295	13,474,909
1999	2,049,441	3,176,224	356,308	1,233,767	495,895	764,165	2,421,938	10,497,738

**CITY OF ARNOLD, MISSOURI**  
**GENERAL GOVERNMENT REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Special Assessments</b>	<b>Licenses And Permits</b>	<b>Fines And Court Costs</b>	<b>Intergovernmental</b>	<b>Charges For Services</b>	<b>Investment Income</b>	<b>Miscellaneous</b>	<b>Total</b>
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
1998	7,366,716	281,251	407,674	365,737	904,389	568,363	329,660	229,687	10,453,477
1999	6,786,607	462,128	437,320	362,251	646,139	506,498	338,289	244,761	9,783,993



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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Public Utility Gross Receipts Taxes</b>	<b>Motor Fuel Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
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
1998	606,021	4,648,901	1,474,412	529,326	108,056	7,366,716
1999	622,119	4,008,135	1,516,599	527,420	112,334	6,786,607

**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>
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
1998	603,604	527,829	87.4	82,700	610,529	101.1	16,443	2.72
<b>1999</b>	<b>622,429</b>	<b>586,577</b>	<b>94.2</b>	<b>35,659</b>	<b>622,236</b>	<b>100.0</b>	<b>18,762</b>	<b>3.01</b>

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

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<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>
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%
1998	128,404,600	580,411,190	22.1%
<b>1999</b>	<b>132,768,200</b>	<b>599,340,356</b>	<b>22.2%</b>

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

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

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

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

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
City of Arnold	<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>	<u>0.47</u>	<u>0.47</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	0.50	0.50	0.52	0.54	0.53	0.45	0.48	0.49	0.74	0.49
Consolidated School No. 6 of Jefferson County	2.92	3.06	2.93	2.98	2.98	3.03	3.78	3.78	3.61	3.61
Rock Community Fire Protection District	0.66	0.66	0.66	0.67	0.67	0.70	0.73	0.73	0.70	0.80
Rock Township Ambulance District	0.21	0.21	0.21	0.22	0.22	0.23	0.24	0.24	0.23	0.23
The Junior College District of Jefferson County	0.24	0.22	0.21	0.21	0.21	0.22	0.23	0.23	0.23	0.23
The Jefferson County Library District	-	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.19	0.19
Total Overlapping Governments	<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>	<u>5.73</u>	<u>5.58</u>
Total City And Overlapping Governments	<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>	<u>6.20</u>	<u>6.05</u>

Note: Above per \$100 assessed valuation

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL TAXPAYERS**  
**AUGUST 31, 1999**

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<u>Taxpayer</u>	<u>Type Of Business</u>	<u>1999 Tax Paid</u>
AmerenUE	Utility	\$ 969,421
Southwestern Bell Telephone	Utility	331,379
Midwest Missouri Gas	Utility	215,800
Valcour Development	Shopping Center	15,855
Metal Container Corporation	Aluminum Can Manufacturer	14,365
Wal-Mart	Retail Store	12,510
Suellentrop Family Partnership LP	Industrial Center	11,040
Glincher Co.	Shopping Center	8,759
GHF Holdings LLC	Industrial Center	7,252
Arnold Park Mall Associates	Shopping Center	7,029

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

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<b>Fiscal Year</b>	<b>Special Assessment Billings</b>	<b>Special Assessment Collected (1)</b>
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
1998	167,176	281,251
1999	253,376	462,128

(1) Includes prepayments

**CITY OF ARNOLD, MISSOURI**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**AUGUST 31, 1999**

Assessed value as of January 1, 1999:		
Real property	\$ 132,768,200	
Personal property-city	<u>57,939,946</u>	
		<u>\$190,708,146</u>
Debt limit - 10% of assessed value*		\$ 19,070,814
Amount of debt applicable to debt limit:		
Total bonded debt	7,151,250	
Less - Exempt debt:		
Sewer Revenue Bonds	(2,541,250)	
Certificates Of Participation (Municipal Complex)	(1,450,000)	
Leasehold Revenue Bonds (Collins Tract)	<u>(3,160,000)</u>	
Net amount of debt applicable to debt limit		<u>-</u>
Legal Debt Margin		<u>\$ 19,070,814</u>

\*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, 1999**

<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	\$ 5,425,000	11.14 %	\$ 604,345
Consolidated School District No. 6 of Jefferson County	16,150,000	40.38	6,521,370
City of Arnold	-	100.00	-
			<u>\$ 7,125,715</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>	
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
1998	1,161,063	742,330	418,733	209,250	169,116	378,366	1.11
1999	<b>1,213,806</b>	<b>662,102</b>	<b>551,704</b>	<b>187,500</b>	<b>159,917</b>	<b>347,417</b>	<b>1.59</b>

**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 Development Department

(2) Source - Census Bureau

(3) Source - Consolidated School District No. 6

(4) 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
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
1998	140,222,813	438,724,210	1,464,167	580,411,190	17	16,756,035	124	11,283,815
<b>1999</b>	<b>146,035,313</b>	<b>452,004,210</b>	<b>1,300,833</b>	<b>599,340,356</b>	<b>12</b>	<b>10,108,385</b>	<b>94</b>	<b>8,160,633</b>

(1) Estimated actual value from page 38

(2) Source - City of Arnold Community Development Department

**CITY OF ARNOLD, MISSOURI**  
**MISCELLANEOUS STATISTICAL DATA**  
**AUGUST 31, 1999**

Date of incorporation	September 1972
Form of government	Mayor/Council/Administrator
Number of full-time employees (excluding police)	58
Area in square miles	11.5
<b>City of Arnold facilities and services:</b>	
Miles of streets	52.9
<b>Culture and recreation:</b>	
Community centers	1
Parks	5
Park acreage	348
Swimming pools	1
Tennis courts	1
<b>Police protection:</b>	
Number of stations	1
Number of commissioned police officers	44
Number of other police personnel	12
Number of patrol units	16
<b>Number of law violations:</b>	
Physical arrests	1,511
Traffic violations	4,475
<b>Sewerage system:</b>	
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
<b>Facilities and services not included in the reporting entity:</b>	
<b>Education:</b>	
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, 1999**

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**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***

October 27, 1999

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, 1999, and have issued our report thereon dated October 27, 1999. 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 the general purpose 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 the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be

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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 which we have reported to the management of the City in a separate letter dated October 27, 1999.

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**



**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**

October 27, 1999

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, 1999. 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, 1999.

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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.

## **Schedule of Expenditure of Federal Awards**

We have audited the general purpose financial statements of the City as of and for the year ended August 31, 1999, and have issued our report thereon dated October 27, 1999. Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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 EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 1999**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
<b>Federal Emergency Management Agency:</b>			
Missouri Emergency Management Agency			
Flood Mitigation Assistance	83.536	EMK-99-PA-0012	\$379,670
Flood Mitigation Assistance	83.536	EMK-98-PA-0003	<u>185,688</u>
			565,358
<b>U.S. Department of Justice:</b>			
Community Oriented Policing Services	16.710	95-CFWX1072	33,560
<b>U.S. Department of Transportation :</b>			
Missouri Division of Highway Safety			
Highway Safety	20.600	99-PT-02-36	<u>5,051</u>
Total Awards Expended			<u>\$603,969</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.

**CITY OF ARNOLD, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**AUGUST 31, 1999**

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**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: Disaster Assistance.
- H. The dollar threshold used to distinguish between Type A and Type B programs, as described in §.520(b): \$300,000.
- I. The auditee (concerning the major program) does not 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

FORM **SF-SAC**  
(8-97)U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS  
ACTING AS COLLECTING AGENT FOR  
OFFICE OF MANAGEMENT AND BUDGET**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. 10<sup>th</sup> 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 mm/dd/yy 8/31/99		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		<b>FEDERAL GOVERNMENT USE ONLY</b>	4. Date received by Federal clearinghouse
5. Employer Identification Number (EIN) a. Auditee EIN      43-0993674      b. Are multiple EINs covered in this report? 1 <input type="checkbox"/> Yes      2 <input checked="" type="checkbox"/> No			
<b>6. AUDITEE INFORMATION</b>		<b>7. AUDITOR INFORMATION (To be completed by auditor)</b>	
a. Auditee name City of Arnold		a. Auditor name Hochschild, Bloom & Company LLP	
b. Auditee address (Number and street) Street 2101 Jeffco Blvd.  City      Arnold State      MO      ZIP Code 63010		b. Auditor address (Number and street) Street 16100 Chesterfield Pkwy W #125  City      Chesterfield State      MO      ZIP Code 63017-4829	
c. Auditee contact Name John A. Brazeal  Title      Finance Director		c. Auditor contact Name Michael D. Williams, CPA  Title      Partner	
d. Auditee contact telephone 314-296-6533		d. Auditor contact telephone 636-532-9525	
e. Auditee contact FAX (Optional) 314-296-2399		e. Auditor contact FAX (Optional) 636-532-9055	
f. Auditee contact E-mail (Optional)		f. Auditor contact E-mail (Optional) mike@hbclp.com	

<p><b>g. AUDITEE CERTIFICATION STATEMENT</b> - This is to certify that, to the best of my knowledge and belief, the auditee has:</p> <p>(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 <b>Parts I, II, and III</b> of this data collection form is accurate and complete. I declare that the foregoing is true and correct.</p>	<p><b>g. AUDITOR STATEMENT</b> - 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 <b>not a substitute</b> 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 <b>Parts II and III</b> 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.</p>
<p>Signature of certifying official <span style="float: right;">Date Month Day Year</span></p> <p><i>John A. Brazear</i> <span style="float: right;">10/27/1999</span></p>	<p>Signature of auditor <span style="float: right;">Date Month Day Year</span></p> <p><i>Hochschild, Bloom &amp; Company LLP</i> <span style="float: right;">10-27-99</span></p>
<p>Name/Title of certifying official</p> <p><i>JOHN A. BRAZEAR</i> <span style="float: right;"><i>FINANCE DIRECTOR</i></span></p>	<p>Name/Title of auditor</p> <p><i>Hochschild, Bloom &amp; Company LLP</i></p>

**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)**

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

**\$300,000**

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 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 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   | 15 <input type="checkbox"/> Interior                                   | 07 <input type="checkbox"/> Office of National Drug Control Policy        | 64 <input type="checkbox"/> Veterans Affairs                 |
| 66 <input type="checkbox"/> Environmental Protection Agency                |  |   | 00 <input checked="" type="checkbox"/> None                  |
|  |  |   | <input type="checkbox"/> Other - Specify:                    |

**PART III FEDERAL PROGRAMS - Continued**

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number <sup>1</sup> (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement <sup>2</sup> (b)	Amount of questioned costs (c)	Internal control findings <sup>3</sup> (d)	Audit finding reference number(s) (e)
83.536	Disaster Assistance	\$565,368	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	N/A	\$N/A	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input checked="" type="checkbox"/> C	N/A
16.710	Community Oriented Policing Service	\$33,560	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	N/A	\$N/A	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input checked="" type="checkbox"/> C	N/A
20.600	Highway Safety	\$5,051	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	N/A	\$N/A	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input checked="" type="checkbox"/> C	N/A
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 2 <input type="checkbox"/> B 3 <input type="checkbox"/> C	
<b>TOTAL FEDERAL AWARDS EXPENDED</b>		\$603,969	IF ADDITIONAL LINES ARE NEEDED, PLEASE REFER TO THE INSTRUCTIONS FOR OMB CIRCULAR A-133 WORD PROCESSING TEMPLATE				

<sup>1</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.

<sup>2</sup> 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

G. Matching, level of effort, earmarking

L. Reporting

B. Allowable costs/cost principles

H. Period of availability of funds

M. Subrecipient monitoring

C. Cash management

I. Procurement

N. Special tests and provisions

D. Davis - Bacon Act

J. Program income

O. None

E. Eligibility

K. Real property acquisition and

F. Equipment and real property management

relocation assistance

<sup>3</sup> Type of internal control findings *(Mark (X) all that apply)*

A. Material weaknesses

B. Reportable conditions

C. None reported