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Comprehensive Annual Financial Report, 2000

City of Arnold

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CITY OF ARNOLD, MISSOURI

**Comprehensive Annual Financial Report
For The Fiscal Year Ended August 31, 2000**

Prepared by the Finance Department
JoAnne Tietjens, Finance Director

CITY OF ARNOLD, MISSOURI
FINANCIAL REPORT

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City of Arnold

2101 Jeffco Boulevard-Arnold, Missouri 63010-2746

January 22, 2001
Finance Director
(636) 296-6533
(Fax) 282-2399

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

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Arnold, Missouri (the City) for the fiscal year ended August 31, 2000, 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 of Arnold have been stable in recent years. Several large retailers and food stores form a retail nucleus that buffers 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 Arnold secure employment with business and industry throughout the St. Louis metropolitan area. Employment levels in the metropolitan St. Louis area have been and are expected to remain relatively stable due to the variety of business and industry.

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 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 downturn 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.

Arnold voters approved the Vogel Annexation in April 2000. The annexation of this area that is developing as commercial retail is expected to boost sales tax revenues.

The City completed approximately one-mile of sidewalk along Starling Road. Starling Road serves a large residential area. The new sidewalks allow pedestrians to walk safely between their homes and nearby shopping areas.

The City completed its buyout and demolition of flood damaged structures with funding from a Flood Mitigation Assistance Program grant. 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 Arnold's greatest asset, and the neighborhoods in which they reside are one of the more important responsibilities of government. The provision of quality basic services of police, fire, road maintenance, parks, and solid waste collection are critical for their continued desirability. These programs help assure the preservation of the city's neighborhoods.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls 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 controls are designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

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

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

General Government Functions

The following schedule presents a summary of general fund revenues for the fiscal year ended August 31, 2000 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 1999</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 7,230,362	72.52%	443,755	6.54%
Special Assessments	521,950	5.24	59,822	12.94
Licenses and permits	404,733	4.06	(32,587)	-7.45
Fines and Court costs	403,169	4.04	40,918	11.30
Intergovernmental	243,162	2.44	(402,977)	-62.37
Charges for services	503,346	5.05	(3,152)	-0.62
Investment income	466,262	4.68	127,973	37.83
Miscellaneous	<u>196,974</u>	<u>1.98</u>	<u>(47,787)</u>	-19.52
Total	<u>\$9,969,958</u>	<u>100.00%</u>	<u>185,965</u>	1.90%

The largest share of general revenue is provided by the City's one-cent sales tax with fiscal year 2000 collections totaling \$3,344,547. Fiscal year 1999 collections totaled \$2,939,747, net of \$177,968 being withheld by the Missouri Department of Revenue for use tax refunding that ended in June 1999. Taking the use tax withholding into account, Fiscal 2000 collections exceeded the prior year by \$226,832, a 7.28% increase. The increase results from new retail development in the City.

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 2000 collections total \$810,776.

Collections from the gross receipts tax on utilities decreased \$3,436, or (0.2%), to \$1,513,163.

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 decreased \$32,587 or 7.45% to \$404,733 as a result of a slowdown in building permit revenue.

Fines and court costs rose \$40,918 or 11.30% to \$403,169 during the year due to an increase in court fines.

The majority of intergovernmental revenue consists of \$100,000 in receipts from the U.S. Department of Transportation (STP) as partial funding for the Starling Road sidewalk project, and \$93,261 from the U.S. Department of Justice as funding for community oriented policing services.

City charges for services decreased moderately in fiscal 2000 and are comprised mainly of fees for trash collection. Net losses of \$238,412 on gross revenue of \$388,269 were realized during the fiscal year for trash collection. Solid waste collection in the city is provided under a contract with a qualified waste hauler.

The increase in investment income results from higher average cash balances and increased rates of return for fixed income investments.

The following schedule presents a summary of general fund expenditures for the fiscal year ended August 31, 2000 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 1999</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$2,334,972	26.96%	(1,952,117)	-45.53%
Public Safety	3,664,751	42.32	445,021	13.82
Public Works	283,611	3.27	(81,541)	-22.33
Highways and Streets	1,042,277	12.04	(316,230)	-23.28
Parks and Recreation	504,673	5.83	1,578	0.31
Health and Sanitation	<u>829,627</u>	<u>9.58</u>	<u>65,462</u>	<u>8.57</u>
Total	<u>\$8,659,911</u>	<u>100.00%</u>	<u>(1,837,827)</u>	-17.51%

Expenditures in the General Government category decreased overall. Fiscal 1999 included approximately \$1.3 million of capital outlay for development of sanitary sewer subdistricts and approximately \$755,000 for the purchase of houses through a flood buyout program. Expenditures for these programs declined sharply in fiscal 2000 to approximately \$59,000 for sewer subdistrict development and approximately \$85,000 for flood buyouts.

Personnel spending for Public Safety increased as the Police Department reached full employment. In addition, spending for equipment replacement increased by \$148,742 over the prior year.

Public Works Department expenditures for personnel declined due to vacancies and staff reductions.

Street Department expenditures declined due to project delays for major roadway maintenance projects.

Expenditures for Health and Sanitation increased with the addition of staff and increased costs for contracted solid waste collection.

General Fund Balance

The fund balance of the General Fund increased \$1,310,047 during the year to a balance of \$6,338,070 at August 31, 2000. This increase reflects revenues in excess of expenditures.

Enterprise Operations

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

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

Single Audit

As a recipient of Federal financial assistance, the City is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. As part of the City's single audit, tests are performed to determine the adequacy of internal controls including the portion related to federal financial assistance programs. The results of the City's single audit for the fiscal year ended August 31, 2000 found no instances of material weaknesses in the internal controls.

Pension Trust Fund Operations

The operations of the City of Arnold Police Pension Plan remained stable during fiscal 2000. 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, 2000, the City had three major debt issues outstanding. These issues are \$1,315,000 of certificates of participation (municipal complex), \$2,765,000 of leasehold revenue bonds (park land acquisition) and \$2,390,500 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 \$20,513,362.

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 certificates of deposit totaled \$578,233 for all funds for the year. The pension trust fund is invested in New England Financial. Earnings for the Pension Fund totaled \$204,963 for the year. In addition, the pension trust fund received 8,578 shares of common stock as a result of the demutualization of Metropolitan Life, parent of New England Financial. The value of the Met Life shares at August 31, 2000, totaled \$208,553.

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

Risk Management

The City of Arnold has been a member of Missouri Intergovernmental Risk Management Association (MIRMA) since July 1, 1983. MIRMA is a 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 of Arnold for its comprehensive annual financial report for the fiscal year ended August 31, 1999. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Arnold has received a Certificate of Achievement for the last eleven consecutive fiscal years ended 1989 to 1999. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements

The preparation of the comprehensive annual financial report was made possible by the cooperation of the entire administrative staff of the various departments of the City. I would also like to acknowledge the assistance of our 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,



JoAnne Tietjens
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, 1999

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.



Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

CITY OF ARNOLD, MISSOURI
PRINCIPAL OFFICIALS

Ronald J. Voss

Mayor

Council

Salvatore Regna

Ward One

Ronald Jerger

Ward One

James Edwards

Ward Two

David Palmer

Ward Two

Diane Waller

Ward Three

Geraldine Hartmann

Ward Three

Alfred Ems

Ward Four

Phillis Roberts

Ward Four

Rita Thompson

Clerk-Collector

Mark Powell

Treasurer

Robert Eisenhauer

Judge

Robert Sweeney

City Attorney

John Brazeal

City Administrator

(Vacant)

Finance Director

Dale Fredeking

Chief of Police

Eric V. Cowle

Public Works Director

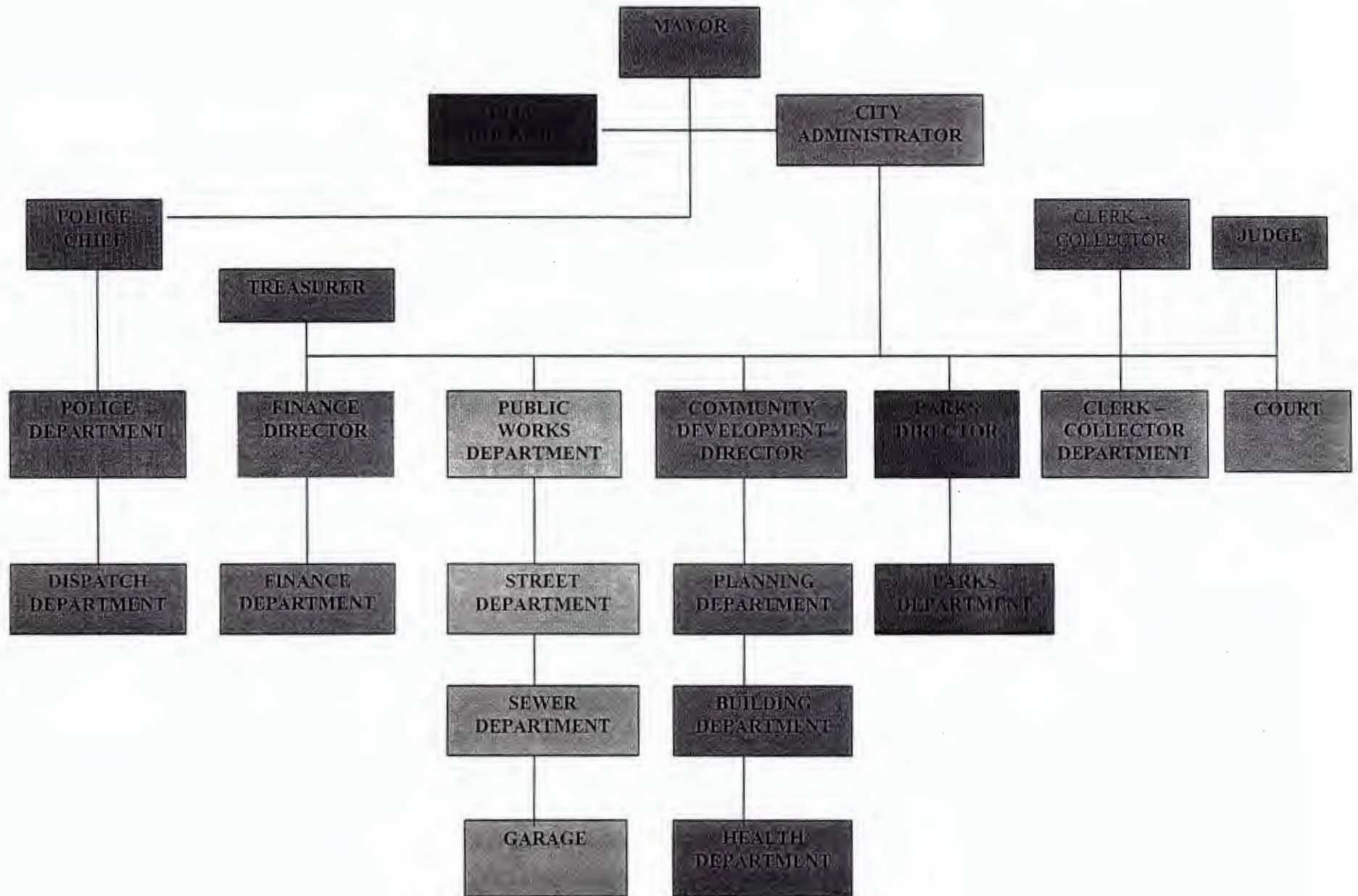
Michael J. DeRuntz

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 30, 2000

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, 2000, 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, 2000, 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 30, 2000 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



Member: Independent Accountants International with Member Offices in Principal U.S. and International Cities.

CITY OF ARNOLD, MISSOURI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AUGUST 31, 2000
WITH COMPARATIVE TOTALS FOR AUGUST 31, 1999

	Governmental	Proprietary	Fiduciary	Account Groups		Totals	
	Fund Type	Fund Type	Fund Type	General	General	(Memorandum Only)	
	General	Enterprise	Trust	Fixed Assets	Long-Term Debt	2000	1999
ASSETS AND OTHER DEBITS							
Cash and cash equivalents	\$ 1,425,864	442,670	-	-	-	1,868,534	1,899,182
Investments	5,166,680	793,682	-	-	-	5,960,362	4,008,444
Deposit administration contracts	-	-	2,968,235	-	-	2,968,235	2,463,740
Receivables (net of allowances for uncollectibles):							
Taxes	802,564	-	-	-	-	802,564	757,661
Special assessments	2,549,982	-	-	-	-	2,549,982	2,871,185
Sewer service fees	-	26,951	-	-	-	26,951	22,300
Intergovernmental	144,201	-	-	-	-	144,201	285,914
Miscellaneous	68,803	-	-	-	-	68,803	82,112
Due from other funds	-	291,649	341,848	-	-	633,497	191,203
Prepaid items	199,161	-	-	-	-	199,161	191,863
Restricted assets:							
Cash and cash equivalents	48,393	1,567,458	-	-	-	1,615,851	1,817,216
Capital improvements sales tax receivable	2,392,081	-	-	-	-	2,392,081	1,566,315
Investments	622,852	303,882	-	-	-	926,734	897,414
Property, plant and equipment:							
Land, buildings and improvements	-	2,320,948	-	14,167,919	-	16,488,867	16,415,347
Machinery and equipment	-	431,590	-	1,533,673	-	1,965,263	1,767,948
Automotive equipment	-	-	-	1,019,040	-	1,019,040	897,188
Furniture and fixtures	-	-	-	192,721	-	192,721	192,721
Sewer lines	-	17,499,884	-	-	-	17,499,884	16,146,971
Construction-in-process	-	38,623	-	-	-	38,623	1,212,810
Less - Accumulated depreciation	-	(5,915,482)	-	-	-	(5,915,482)	(5,476,893)
Other debits:							
Amount available for debt service	-	-	-	-	1,350,713	1,350,713	994,058
Amount to be provided for retirement of general long-term debt	-	-	-	-	3,453,680	3,453,680	4,498,089
Total Assets And Other Debits	\$13,420,581	17,801,855	3,310,083	16,913,353	4,804,393	56,250,265	53,702,788

CITY OF ARNOLD, MISSOURI
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
AUGUST 31, 2000
WITH COMPARATIVE TOTALS FOR AUGUST 31, 1999

	Governmental	Proprietary	Fiduciary	Account Groups		Totals	
	Fund Type	Fund Type	Fund Type	General	General	(Memorandum Only)	
	General	Enterprise	Trust	Fixed Assets	Long-Term Debt	2000	1999
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Liabilities							
Accounts payable	\$ 790,061	203,973	-	-	-	994,034	1,455,686
Accrued payroll and compensated absences payable	614,073	16,561	-	-	-	630,634	552,185
Accrued post-employment benefits	10,902	-	-	-	-	10,902	16,471
Due to other funds	633,497	-	-	-	-	633,497	191,203
Accrued interest payable	48,550	-	-	-	-	48,550	52,989
Deferred revenues	4,985,428	86,362	-	-	-	5,071,790	4,564,750
Pension contribution payable	-	-	-	-	714,565	714,565	849,768
Notes payable	-	1,009,356	-	-	-	1,009,356	581,943
Revenue bonds payable, net of bond discounts	-	2,352,121	-	-	-	2,352,121	2,496,359
Capital lease payable	-	-	-	-	4,089,828	4,089,828	4,642,379
Total Liabilities	7,082,511	3,668,373	-	-	4,804,393	15,555,277	15,403,733
Fund Equity and Other Credits							
Investment in general fixed assets	-	-	-	16,913,353	-	16,913,353	16,645,864
Contributed capital	-	17,628,969	-	-	-	17,628,969	17,450,242
Retained earnings (deficit):							
Reserved in accordance with revenue bond agreements	-	290,000	-	-	-	290,000	290,000
Unreserved	-	(3,785,487)	-	-	-	(3,785,487)	(3,640,339)
Fund balances:							
Reserved for prepaid items	199,161	-	-	-	-	199,161	191,863
Reserved for encumbrances	981,794	-	-	-	-	981,794	296,943
Reserved for escrow deposit	200,000	-	-	-	-	200,000	200,000
Reserved for bond reserve	422,852	-	-	-	-	422,852	393,356
Reserved for debt service reserve	727,861	-	-	-	-	727,861	400,702
Reserved for employee retirement benefits	-	-	3,310,083	-	-	3,310,083	2,525,265
Unreserved:							
Designated for sewer subdistrict projects	509,537	-	-	-	-	509,537	216,191
Designated for street projects	68,473	-	-	-	-	68,473	383,726
Designated for data processing acquisitions	-	-	-	-	-	-	45,002
Designated for strategic planning	20,000	-	-	-	-	20,000	20,000
Designated for road reconstruction	250,000	-	-	-	-	250,000	250,000
Designated for neighborhood improvement projects	613,382	-	-	-	-	613,382	680,377
Designated for stormwater projects	900,734	-	-	-	-	900,734	660,051
Designated for annexation	10,000	-	-	-	-	10,000	10,000
Designated for greenway study	-	-	-	-	-	-	3,972
Undesignated	1,434,276	-	-	-	-	1,434,276	1,275,840
Total Fund Equity And Other Credits	6,338,070	14,133,482	3,310,083	16,913,353	-	40,694,988	38,299,055
Total Liabilities, Fund Equity And Other Credits	\$13,420,581	17,801,855	3,310,083	16,913,353	4,804,393	56,250,265	53,702,788

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, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1999

	2000	1999
REVENUES		
Taxes	\$ 7,230,362	6,786,607
Special assessments	521,950	462,128
Licenses and permits	404,733	437,320
Fines and court costs	403,169	362,251
Intergovernmental	243,162	646,139
Charges for services	503,346	506,498
Investment income	466,262	338,289
Miscellaneous	196,974	244,761
Total Revenues	9,969,958	9,783,993
EXPENDITURES		
Current:		
General government	1,300,610	1,224,691
Public safety	3,472,504	3,176,224
Public works	262,624	356,308
Highways and streets	987,096	1,233,767
Parks and recreation	492,673	495,895
Health and sanitation	808,802	764,165
Capital outlay	506,273	2,421,938
Debt service	829,329	824,750
Total Expenditures	8,659,911	10,497,738
REVENUES OVER (UNDER) EXPENDITURES	1,310,047	(713,745)
FUND BALANCES, SEPTEMBER 1	5,028,023	5,741,768
FUND BALANCES, AUGUST 31	\$ 6,338,070	5,028,023

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, 2000

	Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 8,176,670	7,230,362	(946,308)
Special assessments	350,000	521,950	171,950
Licenses and permits	404,450	404,733	283
Fines and court costs	372,000	403,169	31,169
Intergovernmental	423,500	243,162	(180,338)
Charges for services	471,200	503,346	32,146
Investment income	292,000	466,262	174,262
Miscellaneous	199,400	196,974	(2,426)
Total Revenues	10,689,220	9,969,958	(719,262)
EXPENDITURES			
Current:			
General government	2,135,515	2,129,939	(5,576)
Public safety	3,528,720	3,472,504	(56,216)
Public works	268,059	262,624	(5,435)
Highways and streets	2,298,347	987,096	(1,311,251)
Parks and recreation	484,333	492,673	8,340
Health and sanitation	849,869	808,802	(41,067)
Capital outlay	488,441	506,273	17,832
Total Expenditures	10,053,284	8,659,911	(1,393,373)
REVENUES OVER EXPENDITURES	\$ 635,936	1,310,047	674,111
FUND BALANCES, SEPTEMBER 1		5,028,023	
FUND BALANCES, AUGUST 31		\$ 6,338,070	

CITY OF ARNOLD, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
DEFICIT - PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1999

	<u>2000</u>	<u>1999</u>
OPERATING REVENUES		
Sewer service fees	\$ 1,064,603	1,033,777
Sewer connection fees	16,933	34,895
Total Operating Revenues	<u>1,081,536</u>	<u>1,068,672</u>
OPERATING EXPENSES		
Cost of services	694,523	542,102
Administration	120,000	120,000
Depreciation and amortization	445,101	406,662
Total Operating Expenses	<u>1,259,624</u>	<u>1,068,764</u>
OPERATING LOSS	<u>(178,088)</u>	<u>(92)</u>
NONOPERATING REVENUE (EXPENSE)		
Investment income	180,521	140,934
Miscellaneous income	-	4,200
Interest expense	(147,581)	(159,917)
Total Nonoperating Revenue (Expense)	<u>32,940</u>	<u>(14,783)</u>
NET LOSS	(145,148)	(14,875)
DEFICIT, SEPTEMBER 1	<u>(3,350,339)</u>	<u>(3,335,464)</u>
DEFICIT, AUGUST 31	<u>(\$3,495,487)</u>	<u>(3,350,339)</u>

CITY OF ARNOLD, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY
FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1999

	<u>2000</u>	<u>1999</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Operating loss	(\$178,088)	(92)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	445,101	406,662
Miscellaneous income	-	4,200
(Increase) decrease in:		
Receivables	(451)	8,895
Increase (decrease) in:		
Accounts payable	147,880	33,374
Accrued payroll and compensated absences payable	(1,921)	3,817
Deferred revenues	1,116	2,488
Total Adjustments	<u>591,725</u>	<u>459,436</u>
Net Cash Provided By Operating Activities	<u>413,637</u>	<u>459,344</u>
Cash flows provided by (used in) noncapital financing activities:		
Due to (due from) other funds	<u>(421,327)</u>	<u>108,236</u>
Cash flows from capital and related financing activities:		
Principal paid on notes payable	-	(57,400)
Principal paid on revenue bonds payable	(150,750)	(187,500)
Interest paid on revenue bonds payable	(147,581)	(159,917)
Payments for capital acquisitions	(125,197)	(17,517)
Proceeds from notes payable	<u>427,413</u>	<u>-</u>
Net Cash Provided By (Used In) Capital And Related Financing Activities	<u>3,885</u>	<u>(422,334)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	3,883,975	2,053,171
Purchases of investments	(4,416,157)	(2,107,542)
Investment income received on investments	<u>172,908</u>	<u>140,934</u>
Net Cash Provided By (Used In) Investing Activities	<u>(359,274)</u>	<u>86,563</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(363,079)</u>	<u>231,809</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 1	<u>2,373,207</u>	<u>2,141,398</u>
CASH AND CASH EQUIVALENTS, AUGUST 31	<u>\$ 2,010,128</u>	<u>2,373,207</u>
Noncash operating, financing and investing activities:		
Contributed capital	<u>\$ 178,727</u>	<u>1,266,810</u>

See notes to financial statements

CITY OF ARNOLD, MISSOURI
STATEMENT OF CHANGES IN PLAN NET ASSETS -
FIDUCIARY FUND TYPE - PENSION TRUST FUND
FOR THE YEAR ENDED AUGUST 31, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 1999

	<u>2000</u>	<u>1999</u>
ADDITIONS		
Employer contributions	\$ 299,407	251,450
Employee contributions	133,963	121,091
Investment income	413,516	122,928
Total Additions	<u>846,886</u>	<u>495,469</u>
DEDUCTIONS		
Administration	-	40,116
Benefits	62,068	773,972
Total Deductions	<u>62,068</u>	<u>814,088</u>
NET INCREASE (DECREASE)	784,818	(318,619)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, SEPTEMBER 1	<u>2,525,265</u>	<u>2,843,884</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, AUGUST 31	<u><u>\$3,310,083</u></u>	<u><u>2,525,265</u></u>

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. It was determined that there are no other component units to be included in the City's reporting entity.

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 -- The Enterprise Fund is 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. The Pension Trust Fund is 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 governmental fund types are accounted for on the current financial resources measurement focus using the modified accrual basis of accounting. 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 and pension trust 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, except for the Pension Trust Fund investment in deposit administration contracts which are reported at contract 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.

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:

Asset	Years
Machinery and equipment	8
Buildings and improvements	10 - 30
Sewer lines	50

Depreciation expense for the year ended August 31, 2000 was \$438,589.

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 the proprietary fund are recorded as an expense and liability of that fund as the benefits accrued to employees.

11. Fund Equity

Contributed capital is recorded in the proprietary fund that has received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not available for appropriation 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, 2000 was \$6,512.

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 type 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 type 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. Allowance for Doubtful Accounts

As of August 31, 2000, the allowance for uncollectible receivables is as follows:

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

19. Deposit Administration Contracts

Deposit administration contracts are pooled funds maintained by Metropolitan Life Insurance Company and are carried at current value. Current value consist of contributions made under the contract plus investment income, less funds used to pay benefits and administrative expenses.

20. Reclassifications

Certain reclassifications have been made to the August 31, 1999 amounts in order to conform to the presentation of the August 31, 2000 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, 2000, 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.

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

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

2. Investments (Continued)

	August 31, 2000			Carrying Amount/ Fair Value
	Categories			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury securities	\$ 422,852	-	-	422,852
Government agencies	6,264,244	-	-	6,264,244
Repurchase agreements	-	1,294,000	-	1,294,000
	<u>\$6,687,096</u>	<u>1,294,000</u>	<u>-</u>	<u>7,981,096</u>
Guaranteed investment contracts				1,009,356
Amount included in cash and cash equivalents on combined balance sheet				(2,103,356)
Total Investments				<u>\$6,887,096</u>

NOTE C - FIXED ASSETS

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

	For The Year Ended August 31, 2000			Balance August 31 2000
	Balance August 31 1999	Additions	Reductions	
	Land, buildings and improvements	\$14,094,399	73,520	
Machinery and equipment	1,461,556	72,117	-	1,533,673
Automotive equipment	897,188	191,347	69,495	1,019,040
Furniture and fixtures	192,721	-	-	192,721
	<u>\$16,645,864</u>	<u>336,984</u>	<u>69,495</u>	<u>16,913,353</u>

NOTE D - LONG-TERM DEBT

Long-term debt consisted of the following:

General Long-Term Debt Account Group

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%.	August 31 2000
	\$2,765,000

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

	<u>August 31 2000</u>
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%.	1,315,000
Capital lease \$102,377 for computer hardware and software, 1996, due in monthly installments through January 2001, interest payable at 6.4%.	<u>9,828</u>
	<u>\$4,089,828</u>

A schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of August 31, 2000 is as follows:

<u>For The Years Ended August 31</u>	<u>Collins Tract Park</u>	<u>Municipal Building Complex</u>	<u>Computer</u>	<u>Total</u>
2001	\$ 563,600	260,062	9,984	833,646
2002	578,820	262,376	-	841,196
2003	591,965	263,376	-	855,341
2004	602,965	263,122	-	866,087
2005	876,750	261,438	-	1,138,188
2006	-	478,500	-	478,500
Total Minimum Lease Payments	3,214,100	1,788,874	9,984	5,012,958
Less - Amount representing interest	<u>449,100</u>	<u>473,874</u>	<u>156</u>	<u>923,130</u>
Present Value Of Future Minimum Lease Payments	<u>\$2,765,000</u>	<u>1,315,000</u>	<u>9,828</u>	<u>4,089,828</u>

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

	<u>For The Year Ended August 31, 2000</u>			<u>Balance August 31 2000</u>
	<u>Balance August 31 1999</u>	<u>Additions</u>	<u>Reductions</u>	
Capital leases	\$4,642,379	-	552,551	4,089,828
Pension contribution payable	<u>849,768</u>	<u>-</u>	<u>135,203</u>	<u>714,565</u>
	<u>\$5,492,147</u>	<u>-</u>	<u>687,754</u>	<u>4,804,393</u>

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

Enterprise Funds

	<u>August 31</u> <u>2000</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%.	\$ 965,000
\$1,135,000 Sewerage System Revenue Bonds, Series 1993, due in annual installments through July 1, 2012, interest payable at 3.4% to 5.4%.	885,500
\$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>540,000</u>
	2,390,500
Less - Unamortized debt discount	<u>38,379</u>
	<u>\$2,352,121</u>

The principal maturity of the bonds, excluding amounts maturing after August 31, 2000, 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>1992</u>	<u>Series</u> <u>1993</u>	<u>Series</u> <u>1994</u>	<u>Total</u>
2001	\$ 50,000	46,000	125,000	221,000
2002	55,000	48,000	125,000	228,000
2003	55,000	50,000	140,000	245,000
2004	60,000	52,000	150,000	262,000
2005	65,000	55,000	-	120,000
2006 - 2014	<u>680,000</u>	<u>634,500</u>	<u>-</u>	<u>1,314,500</u>
	965,000	885,500	540,000	2,390,500
Less - Unamortized discounts	<u>17,014</u>	<u>16,341</u>	<u>5,024</u>	<u>38,379</u>
Net Revenue Bonds Outstanding	<u>\$947,986</u>	<u>869,159</u>	<u>534,976</u>	<u>2,352,121</u>

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

CITY OF ARNOLD, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT (Continued)

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

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

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

The revenue bonds dated March 1, 1994 maturing after September 1, 2001 may be called for redemption and payment prior to maturity in whole or in part on any interest payment date commencing September 1, 1999, at a redemption price equal to 100% of the principal amount plus accrued interest thereon to the date of redemption.

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

	August 31
	<u>2000</u>
Notes payable:	
SRF - 1992, no interest	\$ 418,870
SRF - 1993, no interest	<u>590,486</u>
	<u>\$1,009,356</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

NOTE D - LONG-TERM DEBT (Continued)

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, an agent multiple-employer, defined benefit pension plan which covers all of the City's full-time employees except for members of the police force.

1. City of Arnold, Missouri Police Pension Plan

Plan Description 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, 1999, which is the date of the latest actuarial valuation available, was \$1,367,738 and the City's total payroll was \$3,667,055.

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 1999</u>
Retirees and beneficiaries currently receiving benefits	-
Vested terminated employees and active employees	41

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.

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)**

Funding Status and Progress

Pension Plan			
Valuation For The Actuarial Years Ended August 31	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)
1999	\$2,525,265	\$3,239,830	\$714,565
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

Pension Plan			
Valuation For The Actuarial Years Ended August 31	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
1999	77.9%	\$1,367,738	52.2%
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

Schedule Of Employer Contributions			
For The Years Ended August 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
1999	\$279,684	\$251,450	89.9%
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:

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)

Actuarial cost method	Frozen entry age
Amortization method	Using assumed rate of 7.25% over 30 years
Amortization period	Closed
Asset valuation method	At contract value and market value
Actuarial assumptions:	
Investment rate of return	7.25%
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).

	Pension Plan		
Valuation For The Actuarial Years Ended August 31	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
1999	\$279,684	89.9%	\$714,565
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

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

NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

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

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 14.5% (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 2000, the City's annual pension cost of \$227,982 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 1998 and/or 1999 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 29, 2000 was 24 years.

Three-year trend information follows:

<u>For The Years Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
2000	\$227,982	100%
1999	227,263	100
1998	214,580	100

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)

Schedule of funding progress follows:

<u>For The Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability (UAL)</u>
2000	\$2,883,878	\$3,788,631	\$ 904,753
1999	2,432,669	3,401,492	968,823
1998	2,016,717	3,054,379	1,037,662

<u>For The Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAL As A Percentage Of Covered Payroll</u>
2000	76%	\$1,644,739	55%
1999	72	1,699,612	57
1998	66	1,651,147	63

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 - 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, 2000 is presented below:

Operating revenues	\$1,081,536
Depreciation and amortization expense	445,101
Operating loss	(178,088)
Net loss	(145,148)
Current capital contributions	178,727
Property, plant and equipment additions	125,197
Net working capital	249,087
Total assets	17,801,855
Revenue bonds payable, net of bond discounts	2,352,121
Total equity	14,133,482

NOTE G - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>August 31 2000</u>
Sewer Fund	General Fund	\$291,649
Police Pension Trust Fund	General Fund	<u>341,848</u>
		<u>\$633,497</u>

NOTE H - PROPERTY TAXES

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

The City's property tax calendar is as follows:

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

NOTE I - 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, 2001.

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 \$230,235 for

NOTE I - INSURANCE (Continued)

MIRMA's fiscal year ended June 30, 2000 and has paid an assessment totaling \$238,993 for the fiscal year ended June 30, 2001. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

NOTE J - DEFICIT BALANCES

The Enterprise Fund had a deficit retained earnings balance of \$3,495,487. The fund deficit is offset by contributed capital.

NOTE K - 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.

NOTE L - CONTRIBUTED CAPITAL

The Enterprise Fund's contributed capital increased as follows:

<u>Source</u>	For The Year Ended August 31 2000
Contributed capital, August 31, 1999	\$17,450,242
Customers - sewer lines added during year	<u>178,727</u>
Contributed capital, August 31, 2000	<u>\$17,628,969</u>

NOTE M - 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.

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SUPPLEMENTAL INFORMATION SECTION

2010
2011

2012
2013

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - GENERAL FUND -
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
TAXES			
Property	\$ 637,500	670,891	33,391
Sales	5,373,170	4,373,059	(1,000,111)
Public utilities gross receipts	1,515,000	1,513,163	(1,837)
Motor fuel	535,000	558,156	23,156
Other	116,000	115,093	(907)
Total Taxes	<u>8,176,670</u>	<u>7,230,362</u>	<u>(946,308)</u>
SPECIAL ASSESSMENTS	<u>350,000</u>	<u>521,950</u>	<u>171,950</u>
LICENSES AND PERMITS	<u>404,450</u>	404,733	283
FINES AND COURT COSTS	<u>372,000</u>	403,169	31,169
INTERGOVERNMENTAL	<u>423,500</u>	243,162	(180,338)
CHARGES FOR SERVICES	<u>471,200</u>	503,346	32,146
INVESTMENT INCOME	<u>292,000</u>	<u>466,262</u>	<u>174,262</u>
MISCELLANEOUS			
Sewer administration	120,000	120,000	-
Other	79,400	76,974	(2,426)
Total Miscellaneous	<u>199,400</u>	196,974	<u>(2,426)</u>
TOTAL REVENUES	<u>\$10,689,220</u>	9,969,958	<u>(719,262)</u>

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - GENERAL FUND -
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2000

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT			
General and administrative	\$ 1,394,416	1,396,562	2,146
Mayor and council	72,802	70,852	(1,950)
Municipal court	72,168	70,009	(2,159)
Administrator	128,673	136,816	8,143
Treasurer	12,792	14,457	1,665
Finance	141,154	119,874	(21,280)
Collector of revenue	103,679	102,137	(1,542)
Attorney	47,600	65,416	17,816
Elections	6,000	3,340	(2,660)
Planning commission	156,231	150,476	(5,755)
Total General Government	2,135,515	2,129,959	(5,576)
PUBLIC SAFETY			
Police	2,865,056	2,846,132	(18,924)
Police board	3,507	1,277	(2,230)
Dispatching	335,006	319,848	(15,158)
Building commission	325,151	505,247	(19,904)
Total Public Safety	3,528,720	3,472,504	(56,216)
PUBLIC WORKS	268,059	262,624	(5,435)
HIGHWAYS AND STREETS	2,298,347	987,096	(1,311,251)
PARKS AND RECREATION	484,333	492,673	8,340
HEALTH AND SANITATION			
Health department	90,993	77,927	(13,066)
Rabies control	92,422	74,284	(18,138)
Vector control	41,254	29,910	(11,344)
Solid waste	625,200	626,681	1,481
Total Health And Sanitation	849,869	808,802	(41,067)
CAPITAL OUTLAY	488,441	506,273	17,832
TOTAL EXPENDITURES	<u>\$10,053,284</u>	<u>8,659,911</u>	<u>(1,393,373)</u>

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - COMPARATIVE SCHEDULES
OF GENERAL FIXED ASSETS BY SOURCE
AUGUST 31, 2000 AND 1999

	2000	1999
GENERAL FIXED ASSETS		
Land, buildings and improvements	\$ 14,167,919	14,094,399
Machinery and equipment	1,533,673	1,461,555
Automotive equipment	1,019,040	897,190
Furniture and fixtures	192,721	192,720
	\$ 16,913,353	16,645,864
Total General Fixed Assets		
 INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE		
General Fund	\$ 16,913,353	16,645,864

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF
GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
AUGUST 31, 2000

<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	\$ 10,556,704	366,507	-	73,737	10,996,948
Flood Emergency	31,975	-	-	-	31,975
Mayor and council	-	-	-	7,571	7,571
Municipal court	-	-	-	3,603	3,603
Administrator	-	-	12,386	2,834	15,220
Finance	-	3,852	-	27,560	31,412
Collector of revenue	-	-	-	18,833	18,833
Attorney	-	-	-	2,865	2,865
Planning commission	-	-	-	2,587	2,587
Total General Government	<u>10,588,679</u>	<u>370,359</u>	<u>12,386</u>	<u>139,590</u>	<u>11,111,014</u>
Public safety:					
Police	-	379,987	354,806	34,280	769,073
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>599,269</u>	<u>396,238</u>	<u>42,407</u>	<u>1,037,914</u>
Public works	<u>-</u>	<u>63,165</u>	<u>53,929</u>	<u>6,874</u>	<u>123,968</u>
Highways and streets	<u>-</u>	<u>418,400</u>	<u>401,223</u>	<u>974</u>	<u>820,597</u>
Parks and recreation	<u>3,579,240</u>	<u>69,653</u>	<u>108,660</u>	<u>1,148</u>	<u>3,758,701</u>
Health and sanitation:					
Health department	-	715	12,494	1,728	14,937
Rabies control	-	4,184	21,550	-	25,734
Vector control	-	7,928	12,560	-	20,488
Total Health And Sanitation	<u>-</u>	<u>12,827</u>	<u>46,604</u>	<u>1,728</u>	<u>61,159</u>
Total General Fixed Assets	<u>\$ 14,167,919</u>	<u>1,533,673</u>	<u>1,019,040</u>	<u>192,721</u>	<u>16,913,353</u>

CITY OF ARNOLD, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED AUGUST 31, 2000

<u>Function And Activity</u>	<u>Balance August 31 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31 2000</u>
General government:				
General and administrative	\$ 10,926,471	70,477	-	10,996,948
Flood Emergency	-	31,975	-	31,975
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	18,833	-	-	18,833
Attorney	2,865	-	-	2,865
Planning commission	2,587	-	-	2,587
Total General Government	<u>11,008,562</u>	<u>102,452</u>	<u>-</u>	<u>11,111,014</u>
Public safety:				
Police	646,584	122,489	-	769,073
Police board	176	-	-	176
Dispatching	210,579	-	-	210,579
Building commission	58,086	-	-	58,086
Total Public Safety	<u>915,425</u>	<u>122,489</u>	<u>-</u>	<u>1,037,914</u>
Public works	<u>121,848</u>	<u>15,496</u>	<u>13,376</u>	<u>123,968</u>
Highways and streets	<u>787,004</u>	<u>74,223</u>	<u>40,630</u>	<u>820,597</u>
Parks and recreation	<u>3,758,701</u>	<u>-</u>	<u>-</u>	<u>3,758,701</u>
Health and sanitation:				
Health department	14,937	-	-	14,937
Rabies control	18,899	22,324	15,489	25,734
Vector control	20,488	-	-	20,488
Total Health And Sanitation	<u>54,324</u>	<u>22,324</u>	<u>15,489</u>	<u>61,159</u>
Total General Fixed Assets	<u><u>\$ 16,645,864</u></u>	<u><u>336,984</u></u>	<u><u>69,495</u></u>	<u><u>16,913,353</u></u>

CITY OF ARNOLD, MISSOURI
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Highways And Streets</u>	<u>Parks And Recreation</u>	<u>Health And Sanitation</u>	<u>Capital Outlay</u>	<u>Total</u>
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
2000	2,129,939	3,472,504	262,624	987,096	492,673	808,802	506,273	8,659,911

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

Fiscal Year	Taxes	Special Assessments	Licenses And Permits	Fines And Court Costs	Intergovernmental	Charges For Services	Investment Income	Miscellaneous	Total
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
2000	7,230,362	521,950	404,733	403,169	243,162	503,346	466,262	196,974	9,969,958

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

Fiscal Year	Property Taxes	Sales Taxes	Public Utility Gross Receipts Taxes	Motor Fuel Taxes	Other Taxes	Total
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
2000	670,891	4,373,059	1,513,163	558,156	115,093	7,230,362

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>
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
1999	622,429	586,577	94.2	35,659	622,236	100.0	18,762	3.01
2000	670,891	517,177	77.1	155,207	672,384	100.2	13,849	2.06

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

Fiscal Year	Assessed Value	Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
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
1999	132,768,200	599,340,356	22.2
2000	145,829,500	650,337,845	22.4

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>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>	<u>2000</u>
City of Arnold	<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>	<u>0.46</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	0.52	0.54	0.53	0.45	0.48	0.49	0.74	0.49	0.48
Consolidated School No. 6 of Jefferson County	3.06	2.93	2.98	2.98	3.03	3.78	3.78	3.61	3.61	3.58
Rock Community Fire Protection District	0.66	0.66	0.67	0.67	0.70	0.73	0.73	0.70	0.80	0.85
Rock Township Ambulance District	0.21	0.21	0.22	0.22	0.23	0.24	0.24	0.23	0.23	0.23
The Junior College District of Jefferson County	0.22	0.21	0.21	0.21	0.22	0.23	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	0.19
Total Overlapping Governments	<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>	<u>5.59</u>
Total City And Overlapping Governments	<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>	<u>6.05</u>

Note: Above per \$100 assessed valuation

CITY OF ARNOLD, MISSOURI
PRINCIPAL TAXPAYERS
AUGUST 31, 2000

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>2000 Tax Paid</u>
AmerenUE	Utility	\$ 936,643
Southwestern Bell Telephone	Utility	348,263
Midwest Missouri Gas	Utility	231,419
Metal Container Corporation	Aluminum Can Manufacturer	14,398
Valcour Development	Shopping Center	13,916
Suellentrop Family Partnership LP	Industrial Center	13,897
Glincher Co.	Shopping Center	8,759
Bit Holdings Forty Two Inc.	Office Building	7,926
Wal-Mart	Retail Store	7,669
Greater Missouri Builders	Shopping Center	7,374

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

<u>Fiscal Year</u>	<u>Special Assessment Billings (Due within fiscal year)</u>	<u>Special Assessment Collected (1)</u>
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
2000	328,768	521,950

(1) Includes prepayments

CITY OF ARNOLD, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
AUGUST 31, 2000

Assessed value as of January 1, 2000:		
Real property	\$ 145,829,500	
Personal property - city	59,304,121	
		\$205,133,621
Debt limit - 10% of assessed value*		\$ 20,513,362
Amount of debt applicable to debt limit:		
Total bonded debt	6,470,500	
Less - Exempt debt:		
Sewer Revenue Bonds	(2,390,500)	
Certificates of Participation (Municipal Complex)	(1,315,000)	
Leasehold Revenue Bonds (Collins Tract)	(2,765,000)	
		-
Net amount of debt applicable to debt limit		-
Legal Debt Margin		\$ 20,513,362

*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, 2000

<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	\$ 5,015,000	7.26 %	\$ 364,089
Consolidated School District No. 6 of Jefferson County	15,550,000	25.99	4,041,445
City of Arnold	-	100.00	-
			<u>\$ 4,405,534</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>	
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	1,213,806	662,102	551,704	187,500	159,917	347,417	1.59
2000	1,262,057	814,523	447,534	150,750	147,581	298,331	1.50

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
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
1999	146,035,313	452,004,210	1,300,833	599,340,356	12	10,108,385	94	8,160,633
2000	171,384,687	478,743,158	210,000	650,337,845	27	11,518,889	42	3,715,502

(1) Estimated actual value from page 37

(2) Source - City of Arnold Community Development Department

CITY OF ARNOLD, MISSOURI
MISCELLANEOUS STATISTICAL DATA
AUGUST 31, 2000

Date of incorporation	September 1972
Form of government	Mayor/Council/Administrator
Number of full-time employees (excluding police)	55
Area in square miles	11.6
City of Arnold facilities and services:	
Miles of streets	76.6
Culture and recreation:	
Community centers	1
Parks	5
Park acreage	463
Swimming pools	1
Tennis courts	1
Police protection:	
Number of stations	1
Number of commissioned police officers	47
Number of other police personnel	12
Number of patrol units	16
Number of law violations:	
Physical arrests	1,589
Traffic violations	3,955
Sewerage system:	
Miles of sanitary sewers	95.3
Miles of storm sewers	7.3
Number of treatment plants	1
Number of pumping stations	9
Daily average treatment in gallons	1.4 million
Maximum daily capacity in gallons	3.0 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	9
Number of elementary school instructors	375
Number of secondary schools	4
Number of secondary school instructors	325
Number of community colleges	1

(Continued)

CITY OF ARNOLD, MISSOURI
MISCELLANEOUS STATISTICAL DATA (Continued)
AUGUST 31, 2000

Fire protection:

Number of stations	4
Number of full-time fire personnel and officers	52
Number of volunteer fire personnel	20
Number of calls answered	2,642
Number of inspections conducted	4,455

Emergency ambulance services:

Number of stations	3
Number of emergency medical personnel and officers	45
Number of ambulance units	6
Number of calls answered	4,818

Water system:

Miles of water mains	106.9
Number of service connections	6,852
Number of fire hydrants	750
Daily average consumption in gallons	2.20 million
Maximum daily capacity in gallons	2.67 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 30, 2000

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, 2000, and have issued our report thereon dated October 30, 2000. 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 material in

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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 30, 2000.

This report is intended solely for the information and use of management and all applicable regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties. 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 30, 2000

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, 2000. 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, 2000.

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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, 2000, and have issued our report thereon dated October 30, 2000. 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 solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Hochschild, Bloome + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF ARNOLD, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2000

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Environmental Protection Agency:			
State Revolving Fund	66.458	-	\$ <u>381,829</u>
U.S. Department of Transportation:			
Missouri Department of Transportation Highway Planning and Construction	20.205	STP-E5474(603)	100,000
Missouri Division of Highway Safety Highway Safety	20.600	99-PT-02-36	1,548
Highway Safety	20.600	00-AL-03-4	901
Highway Safety	20.600	00-PT-02-17	<u>1,118</u>
			<u>3,567</u>
U.S. Department of Justice:			
Community Oriented Policing Services	16.710	95-CFWX1072	56,038
Community Oriented Policing Services	16.710	97-CMWX0535	11,306
Community Oriented Policing Services	16.710	97-LBVX2880	<u>25,917</u>
			<u>93,261</u>
Federal Emergency Management Agency:			
Missouri Emergency Management Agency Flood Mitigation Assistance	83.536	EMK-99-PA-0012	16,031
Flood Mitigation Assistance	83.536	EMK-98-PA-0003	<u>7,950</u>
			<u>23,981</u>
			<u>\$602,638</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, 2000

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: State Revolving Fund.
 - 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