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1-1-2006

## Comprehensive Annual Financial Report, 2005

City of Arnold

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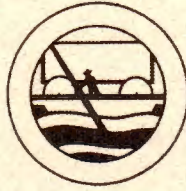
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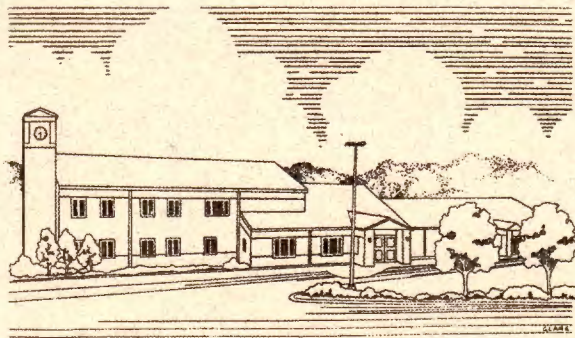
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# **CITY of ARNOLD MISSOURI**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*For The Fiscal Year Ended  
August 31, 2005*

# **CITY OF ARNOLD, MISSOURI**

## **Comprehensive Annual Financial Report For The Fiscal Year Ended August 31, 2005**

Prepared by the Finance Department  
JoAnne Tietjens, Finance Director



**CITY OF ARNOLD, MISSOURI**  
**FINANCIAL REPORT**

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**CITY OF ARNOLD, MISSOURI**  
**FINANCIAL REPORT**

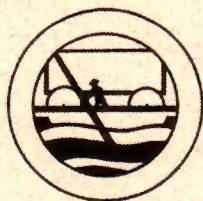
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# **INTRODUCTORY SECTION**





# City of Arnold

Mark Powell, Mayor

February 16, 2006

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Arnold:

The comprehensive annual financial report of the City of Arnold, Missouri (the City) for the fiscal year ended August 31, 2005, is hereby submitted. This report consists of management's representations concerning the finances of the City of Arnold. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Arnold's financial statements were audited by Hochschild, Bloom & Company LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended August 31, 2005, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Arnold's financial statements for the fiscal year ended August 31, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This report is available upon request.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Arnold's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Arnold, incorporated in 1972, is 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, and State Highways 141 and 231 provide access to St. Louis City and St. Louis County.

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City Hall  
2101 Jeffco Blvd.  
Arnold, MO 63010  
636/296-2100

Parks and Recreation  
1838 Old Lemay Ferry Rd.  
Arnold, MO 63010  
636/282-2380

Public Works  
2912 Arnold Tenbrook  
Arnold, MO 63010  
636/282-2386

The City of Arnold has operated under the mayor-council-city administrator form of government since 1972. Policy making and legislative authority are vested in a governing council consisting of the mayor and eight council members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the city administrator, police chief, and city attorney. The city administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operations of the government. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with four council members elected every year. The mayor is elected to serve a four-year term.

The City of Arnold provides a range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. Trash and sewer sanitation services are provided through the City. The new recreation center added this fiscal year operates as a department of the City but is reported as a separate governmental fund. The sewer services are reported separately in a proprietary fund in the City's financial statements.

The annual budget serves as the foundation for the City of Arnold's financial planning and control. All departments of the City are required to submit requests for appropriations to the finance director. These requests are then used as a starting point for developing a proposed budget. The finance director presents this proposed budget to the city council for review prior to July 8. The council is required to hold a public hearing on the proposed budget and to adopt a final budget prior to September 1. The appropriated budget is prepared by fund, function, (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations for operating supplies within a department. Transfers of appropriations between departments, however, require approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the financial statements for the governmental funds.

**Local economy.** The economic condition and outlook of the City of Arnold has been stable in recent years. 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. Two TIF development projects have been approved by the City Council and are proceeding. One is scheduled to begin construction by summer.

During the past ten years, the unemployment rate for Jefferson County rose from an initial low of 1.9 percent (1999) to a decade high of 7.4 percent (2005), only to descend once more to the current rate of 4.3%. Unemployment is expected to remain fairly stable. There are no major employers expected to open at this time.

The City's tax structure relies primarily on sales taxes and utility taxes. Utility tax receipts are likely to continue to increase at a modest rate. Sales tax receipts are expected to remain stable in the coming year. General sales tax receipts increased in FY 2005, changing a three year trend of no growth. No growth in sales tax has been a regional trend, not one specific to Arnold. To its favor, the City has demonstrated its ability to compress government expenditures to accommodate a tight economy or temporary downturn in revenue. It is anticipated this trait will continue.



The MSD tunnel project is about to begin and the increase in sewer rates is in effect. There will be a sharp increase in sewer revenues but also a sharp increase in expenditures to offset it.

The City continues to evaluate the City's transportation system. Several projects are currently under construction or were completed this year. Partial funding for these projects will come from Federal Surface Transportation Programs (STP) and Federal Congestion Mitigation and Air Quality (CMAQ) programs with the balance being funded through the Jefferson County Capital Improvement Tax.

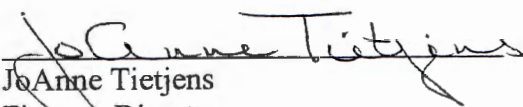
### **Awards and Acknowledgements**

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, 2004. This is the 16<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Arnold's finances.

Respectfully submitted,

  
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, 2004

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF ARNOLD, MISSOURI

## PRINCIPAL OFFICIALS

---

Mark Powell

Mayor

### **Council**

Randy Crisler

Ward One

Ronald Jerger

Ward One

James Edwards

Ward Two

David Venable

Ward Two

Phillip Amato

Ward Three

Joyce Deckman

Ward Three

Alfred Ems

Ward Four

Butch Cooley

Ward Four

Diane Waller

City Clerk

Reid Schultz

Treasurer

Steve Davis

Judge

Robert Sweeney

City Attorney

John Brazeal

City Administrator

Robert Shockey

Chief of Police

JoAnne Tietjens

Finance Director

Mary Holden

Community Development Director

Greg Hall

Acting Public Works Director

Greg Hall

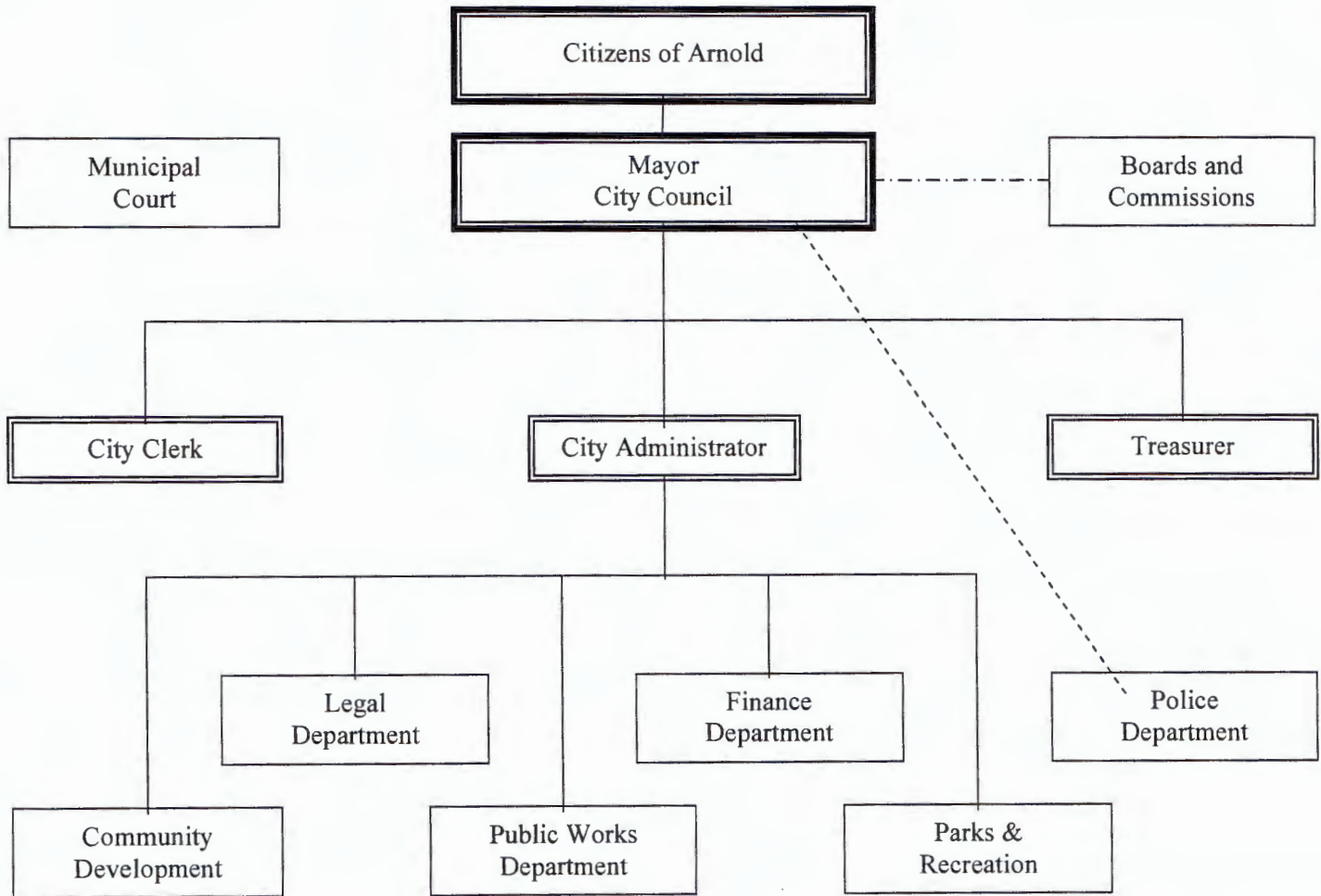
Director of Administration

Llewellyn Lewis, Jr.

Parks & Recreation Director



## Organization Chart



Missouri law governing third class cities provides for direct supervision of the police chief by the Mayor.



# **FINANCIAL SECTION**





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

## INDEPENDENT AUDITORS' REPORT

October 26, 2005

Honorable Mayor and City Council  
**CITY OF ARNOLD, MISSOURI**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF ARNOLD, MISSOURI** (the City) as of and for the year ended August 31, 2005, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of August 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2005 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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- ☐ 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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As discussed in Note A to the basic financial statements, in 2005 the City changed its method of accounting for infrastructure assets.

The management's discussion and analysis and the required supplemental information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*Hochschild, Bloom + Company LLP*  
**CERTIFIED PUBLIC ACCOUNTANTS**

# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

As management of the City of Arnold, Missouri, we offer readers of the City of Arnold's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2005. Please read this narrative in conjunction with the letter of transmittal, the basic financial statements, and the accompanying notes to the financial statements.

### Financial Highlights

- The assets of the City of Arnold exceeded its liabilities at the close of the most recent fiscal year by \$82,882,266 (net assets). Of this amount, \$7,732,021 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- Governmental activities and business-type activities had net assets of \$69,059,322 and \$13,822,944, respectively, at fiscal year-end.
- The City's total net assets increased by \$5,029,407 during the fiscal year, with the general fund increasing by \$5,149,031 and the sewer fund decreasing by \$119,624.
- As of the close of the current fiscal year, the City of Arnold's governmental fund reported an ending fund balance of \$4,876,582, a decrease of \$13,332,020 in comparison with the prior year. Of this fund balance total, \$1,054,666 is undesignated and unrestricted and, therefore, available for spending at the City's discretion.
- The City's total debt, including compensated absences, decreased by \$1,164,289 during the current fiscal year to a total of \$19,353,206.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Arnold's basic financial statements. The City's basic financial statements comprise of three components: 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to the financial statements*. This report also contains required and additional supplementary information in addition to the basic financial statements themselves.

Table A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with broad information about the City's finances, similar to those used by private-sector companies. The two government-wide statements, **Statement of Net Assets** and **Statement of Activities**, report the City's net assets and how they have changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those normally associated with the operation of a government such as health, highways, public safety, and parks. Business-type activities are those activities of the government that are designed to be self-supporting.

The **Statement of Net Assets** presents information on all of the City's assets and liabilities, with the differences between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets, net of related debt.

The **Statement of Activities** presents information on how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. Thus, revenues and expenses are purported in this statement for some items that will only result in cash flows in future fiscal periods. To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the City's property tax base or the condition of the City's roadway network.

The governmental activities of the City include general government, public safety (police, courts, justice services), public works, highways and streets, health and sanitation, parks and recreation (including the Recreation Center) as well as interest and fiscal charges. The business-type activity is the sewer services provided by the City.



# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-1  
Major Features of the City of Arnold's Government-wide  
and Fund Financial Statements

	Fund Statements			
	Government-wide Statements	Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: the sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City employees
Required financial statements	* Statement of net assets	* Balance Sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures, and changes in fund balances	* Statement of revenues, expenses, and changes in net assets	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

### Fund Financial Statements

A *fund* is an accounting device that the City uses to keep track of specific sources of funding and spending for particular purposes. The City of Arnold, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Arnold adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information, only with more



# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

detail. The City maintains one type of proprietary fund, the *Enterprise fund*, to account for the Sewer Services the City provides. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Arnold does not utilize the second type of proprietary fund, the *Internal service fund*. These funds are an accounting device used to accumulate and allocate costs internally among the entity's various functions and departments.

**Fiduciary funds.** The City is the trustee, or *fiduciary*, for its employees' pension plans. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary presentations of budget to actual amounts.

### Government-wide Financial Analysis

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Arnold, assets exceeded liabilities by approximately \$82,882,266 at the close of the most recent fiscal year. (Table A-2)

**Table A-2**  
**City of Arnold's Net Assets as of August 31, 2005**  
(in thousands)

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Total</i>	
	2004	2005	2004	2005	2004	2005
Current & other assets	24,811	15,696	3,139	2,836	27,950	18,532
Capital assets	61,810	77,336	13,449	13,500	75,259	90,836
<b>Total assets</b>	<b>86,621</b>	<b>93,032</b>	<b>16,588</b>	<b>16,336</b>	<b>103,209</b>	<b>109,368</b>
Long-term debt outstanding	18,250	17,278	2,268	2,075	20,518	19,353
Other liabilities	4,461	6,695	377	438	4,838	7,133
<b>Total liabilities</b>	<b>22,711</b>	<b>23,973</b>	<b>2,645</b>	<b>2,513</b>	<b>25,356</b>	<b>26,486</b>
<b>Net assets:</b>						
invested in capital assets, net of related debt	44,356	60,861	11,181	11,425	55,537	72,286
Restricted for debt svcs	2,422	2,060	1,300	805	3,722	2,865
Unrestricted	17,132	6,138	1,462	1,593	18,594	7,731
<b>Total net assets</b>	<b>63,910</b>	<b>69,059</b>	<b>13,943</b>	<b>13,823</b>	<b>77,853</b>	<b>82,882</b>

By far the largest portion of the City's net assets, 87%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's

# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, 3.5%, represents resources that are subject to external restrictions on how they may be used. Internal restrictions have been placed on another 4.6%. The remaining balance of unrestricted net assets totaling \$2,650,844 or \$1,057,280 for the general fund and \$1,593,564 for the sewer fund may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also true for the prior fiscal year.

**Table A-3**  
**Change in City of Arnold's Net Assets for the Years Ended August 31, 2004 and 2005**  
*(in thousands of dollars)*

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Percentage Change</i>
	2004	2005	2004	2005	2004	2005	2004-2005
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 1,490	1,726	1,207	1,153	2,697	2,879	6.75%
Operating grants	752	1,005	-	-	752	1,005	33.64%
Capital grants	928	5,012	-	-	928	5,012	440.09%
General revenues:							
Taxes	10,265	9,474	-	-	10,265	9,474	-7.71%
Investment income	276	388	77	103	353	491	39.09%
Miscellaneous	118	128	-	-	118	128	8.47%
<b>Total revenues</b>	<b>13,829</b>	<b>17,733</b>	<b>1,284</b>	<b>1,256</b>	<b>15,113</b>	<b>18,989</b>	<b>25.65%</b>
<b>Expenses</b>							
General government	2,093	1,935	-	-	2,093	1,935	-7.55%
Public safety	4,448	4,824	-	-	4,448	4,824	8.45%
Public works	838	1,049	-	-	838	1,049	25.18%
Highways & streets	845	2,276	-	-	845	2,276	169.35%
Parks & recreation	585	762	-	-	585	762	30.26%
Health & sanitation	986	884	-	-	986	884	-10.34%
Sewer system	-	-	1,526	1,481	1,526	1,481	-2.95%
Interest on long-term debt	780	749	-	-	780	749	-3.97%
<b>Total expenses</b>	<b>10,575</b>	<b>12,479</b>	<b>1,526</b>	<b>1,481</b>	<b>12,101</b>	<b>13,960</b>	<b>15.36%</b>
Excess (deficiency) before transfers	3,254	5,254	(242)	(225)	3,012	5,029	66.97%
Transfers	(192)	(105)	192	105	-	-	-
<b>Increase (decrease) in net assets</b>	<b>3,062</b>	<b>5,149</b>	<b>(50)</b>	<b>(120)</b>	<b>3,012</b>	<b>5,029</b>	<b>66.97%</b>
Net assets - September 1	60,848	63,910	13,993	13,943	74,841	77,853	4.02%
Net assets - August 31	\$ 63,910	69,059	13,943	13,823	77,853	82,882	6.46%



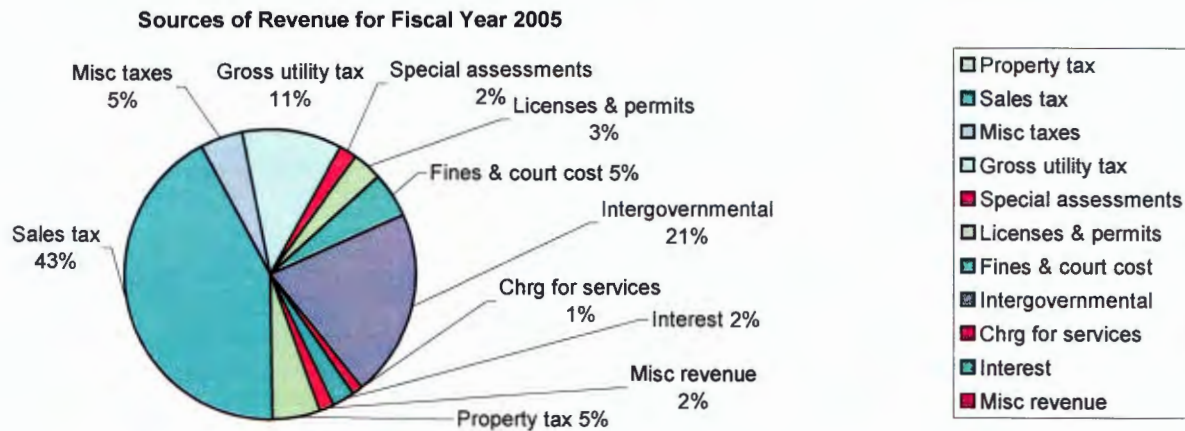
# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities.** Governmental activities increased the City of Arnold's net assets by \$5,149,031, while the business activities decreased the City's net assets by \$119,624. Governmental activities, then, accounted for 100 percent of the total growth in net assets of the City. (Table A-3) Key elements of this increase are as follows:

- Nearly all types of City taxes increased, including sales tax (2.5%), which had been flat for the previous three years. Tourism taxes increased 11% and gas utility tax increased 8.6%. The gas utility tax increase was undoubtedly due to an increase in price.
- The revenues of capital grants increased over 400% due to collection of \$3,087,907 in STP grant funds received for road projects that are currently under construction or just completed.
- Interest income rose sharply with the increase in the interest rate. The City received \$200,000 over the budgeted amount due to the interest rate increase and also the increase in time we collected interest on the recreation center bond funds. Since the Recreation Center was so late in being completed, the construction fund collected more interest than anticipated.
- The City sold land to the Jefferson County Jr. College District for \$300,000, an amount that was not budgeted.
- While Recreation Center revenues and expenditures were far below budget because of the late opening, the revenues still exceeded expenditures by \$104,427.
- For expenditures, the only real variance in any one category belongs to vehicles because of the increase in the cost of gas. Gas and oil was \$46,875 over budget or 63%. The 2006 budget has been adjusted to reflect the increase in gas prices.

Figure A-1



Miscellaneous revenue does not include unusual items such as loan and bond proceeds.



# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure A-2

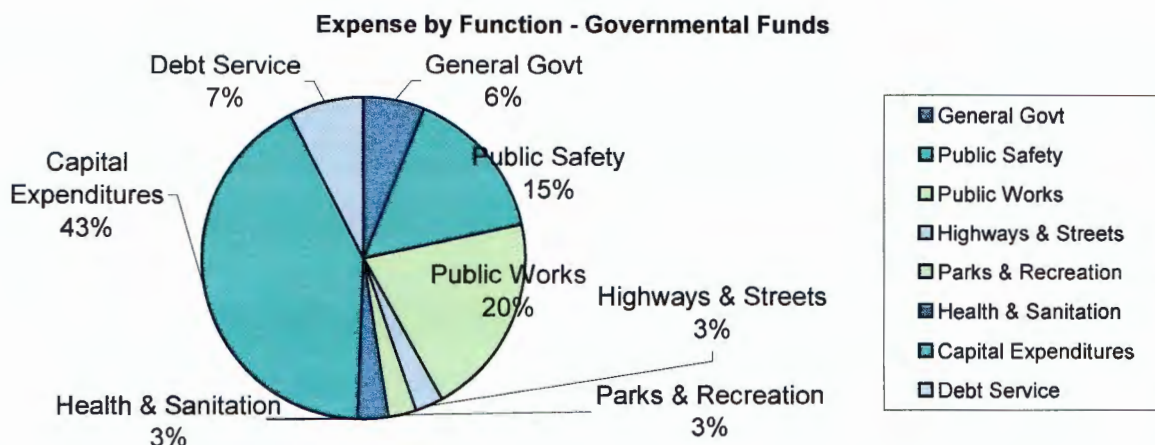


Table A-4 presents the cost of each of the City's six functions - general government, public safety (police, courts, justice services), public works, highways and streets, parks and recreation, and health and sanitation - as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

- The cost of all Governmental activities this year was \$12,478,994.
- However, the amount that our taxpayers paid for these activities through City taxes was \$4.7 million. Some of the costs were paid by:
  - Those who directly benefited from the programs, or
  - Other governments and organizations that subsidized certain programs with grants and contributions.

**Table A-4**  
**Net Cost of City of Arnold's Governmental Activities**  
*(in thousands of dollars)*

	Total Cost of Services		Percentage Change 2004-2005	Net Cost of Services		Percentage Change 2004-2005
	2004	2005		2004	2005	
General Government	\$ 2,093	1,935	-7.55%	\$ 1,596	1,240	-22.31%
Public Safety	4,448	4,824	8.45%	3,390	3,561	5.04%
Public Works	838	1,049	25.18%	572	408	-28.67%
Highways & Streets	845	2,276	169.35%	(560)	(2,745)	-390.18%
Parks & Recreation	585	762	30.26%	408	653	60.05%
Health & Sanitation	986	884	-10.34%	970	869	-10.41%
Interest on long-term debt	780	749	-3.97%	780	749	-3.97%
<b>Total</b>	<b>\$ 10,575</b>	<b>12,479</b>	<b>18.00%</b>	<b>\$ 7,156</b>	<b>4,735</b>	<b>-33.83%</b>

# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Business type activities.** Net assets of the City's Sewer Fund decreased \$119,624, less than 1%, to \$13,822,944. Though there was nearly no change in net assets, there were changes in the expenses and revenues of the sewer fund. The following is a summary of the fund activity:

- Personnel costs were \$42,900 under budget and only 1% over last year's personnel costs.
- Revenues for the sewer fund decreased by 5.5%, a decrease of \$81,546, with \$39,612 of this decrease due to a 45% decrease in sewer hook-up fees. One large apartment complex skewed the numbers substantially in fiscal year 2004.
- Interest income in the sewer fund also profited from the increase in interest rates and the fund received \$47,859 over the budgeted figure of \$55,000 for a total of \$102,859.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Arnold uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Arnold's general fund reported an ending fund balance of \$4,876,582. Approximately 74% of this total amount, or \$3,615,265, constitutes legally unreserved fund balance, which is available for spending at the City's discretion. Of this unreserved fund balance, the city council has designated 1) \$1,211,095 for the construction of sewer subdistricts, 2) currently there are no funds designated for neighborhood improvement districts, 3) \$1,012,176 is allocated for road construction, 4) \$163,309 is still available for recreation center construction, 5) \$174,019 is set aside for various other smaller projects, and 6) \$1,054,666 is the undesignated reserve not allocated by city council for other purposes. The remaining fund balance, or \$1,261,317, is reserved to indicate that it is not available for spending because it has already been committed 1) \$579,846 to liquidate contracts and purchase orders of the prior period, 2) \$358,816 to pay debt service, and 3) \$322,655 for prepaid insurance.

The fund balance of the City's general fund decreased \$13,332,020 during the current fiscal year. The key factor in this change is the construction of the City's Recreation Center, which opened in August of 2005, and the City's road projects currently under construction or completed this fiscal year. The City also moved \$1,250,000 of restricted fund balance to the Recreation Center fund because it is the escrow deposit for the bond issue that will be paid out of that fund.

The Recreation Center Fund is a new fund that was started this fiscal year to record the operation of the recreation center. The fund is strictly dedicated to the Recreation Center expenses and revenues. It records the bond payments and the sales tax revenues as well as all fees collected and expenses incurred. In its first year of operation, the ending fund balance is \$1,700,632. Of this, \$1,250,000 is reserved for the bond escrow and \$450,632 is undesignated, to be used for the operation of the Recreation Center.

**Proprietary funds.** The City of Arnold's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to \$1,593,564, an increase of \$132,364. Restricted net assets decreased from \$1,299,950 to \$804,700. The large decrease was due to the payment in full of a bond issue, no longer requiring the City to maintain an escrow reserve, and the decrease of two other escrows. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

During the year there was a \$8,289,479 increase in appropriations between the original and final amended budget. The following are the main components of the increase:

- \$7,007,102 in supplemental appropriations for Recreation Center construction
- \$124,539 to the general and administrative department for the cost of sewer subdistrict projects
- \$570,926 to the general and administrative department for the cost of neighborhood improvement district projects



## CITY OF ARNOLD, MISSOURI

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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- \$155,000 for appropriations for the dispatch department radio replacement, cameras, recording equipment, and furniture
- \$225,000 for the street department for three dump trucks, a ¾ ton truck, and spreaders and chains for the trucks
- \$14,000 for a light duty 4X4 truck for the building department
- \$114,696 for appropriations from the technology reserve for various equipment, such as computers, monitors, software, and servers on an as needed basis to keep departments running

Of these appropriations, the sewer subdistrict funds, the neighborhood improvement funds, the technology fund, and the Recreation Center Fund came from their reserved designated funds set up for these expenses. The City approved a \$400,000 lease agreement in order to purchase the dispatch, building, and street department improvements.

#### Capital Asset and Debt Administration

**Capital assets.** The City of Arnold's investment in capital assets for its governmental and business-type activities as of August 31, 2005 amounts to \$90,836,645 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and roads and bridges. The increase in the City of Arnold's investment in capital assets for the current fiscal year was 16.4% (a 23% increase for governmental activities and less than 1% increase for business-type activities). (See table A-5)

Major capital asset events during the current fiscal year included the following:

- The Arnold Recreation Center was completed for a total of \$14,475,712.
- Three more flood plain properties were purchased through a FEMA grant totaling \$396,765. These were 2310, 2321, and 2325 Convair.
- The City purchased a tract of land adjacent to the Recreation Center for \$498,627.
- Judy Lane and Maple Lane Culverts were completed and added to the City's assets for a total of \$51,198.
- The City completed Grandview Industrial Park NID project for a total of \$75,061.
- Over \$15,127,994 was added to work-in-process in 2005 as work progressed on the road and sewer projects the City is doing. Total work in progress at fiscal year-end 2005 is \$10,040,052.
- The City adopted two streets, Fox Ridge Court and Grandview Park Drive, adding a total of \$871,942 to the City's street inventory.

The City chose, this year, to switch from the modified approach of accounting for its network of infrastructure assets to straight depreciation. These assets include the City's streets, sidewalks, and stormwater system. This change added \$21,814,276 in depreciation to fixed assets in fiscal year 2004. The 2004 addition allows for the comparison of comparable schedules and policies in both 2004 and 2005 fiscal years. For more detail on capital asset activity, see note C in the notes to the financial statements, page 31-33.

Subsequent events included 1) on October 6, 2005, the City issued \$6,200,000 in sewerage system revenue bonds series 2005, 2) on November 11, 2005, the City entered into a lease/purchase agreement with United Missouri Bank (UMB) for the acquisition of vehicles in the amount of \$600,000, and 3) on November 17, 2005, the City entered into a line of credit with Commerce Bank in the amount of \$6,000,000 to finance acquisition of residential properties within the Triangle redevelopment area.



# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table A-5**  
**City of Arnold's Capital Assets**  
*(net of depreciation)*

	Governmental Activities		Business-type Activities		Total Capital Assets	
	2004	2005	2004	2005	2004	2005
Land	\$ 26,095,243	27,048,828	145,118	145,118	26,240,361	27,193,946
Buildings	1,931,558	16,318,805	39,038	49,323	1,970,596	16,368,128
Treatment plants	-	-	607,479	542,424	607,479	542,424
Machinery & equipment	323,351	505,045	350,756	516,866	674,107	1,021,911
Automobiles & trucks	400,713	321,085	-	-	400,713	321,085
Infrastructure	23,138,747	23,014,540	-	-	23,138,747	23,014,540
Sewer lines	-	-	12,104,695	11,756,266	12,104,695	11,756,266
Construction in progress	9,920,967	10,128,156	202,153	490,189	10,123,120	10,618,345
<b>Total</b>	<b>\$ 61,810,579</b>	<b>77,336,459</b>	<b>13,449,239</b>	<b>13,500,186</b>	<b>75,259,818</b>	<b>90,836,645</b>

### Long-term Debt

At year-end the City had \$19,353,206 in bonds and notes outstanding - a decrease of 5.9% from last year - as shown in Table A-6. The only new debt issued in fiscal year 2005 was a lease/purchase in the general fund for \$400,000 as mentioned in the discussion on budgetary highlights. For more detailed information about the City's long-term liabilities, see note D in the notes to the financial statements, pages 34-37.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Arnold is \$25,534,112. The City currently has no general obligation debt outstanding.

**Table A-6**  
**City of Arnold's Outstanding Debt**  
*(in millions of dollars)*

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2004	2005	2004	2005	2004	2005	
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 17,830	16,835	2,286	2,091	20,116	18,926	-5.9%

# CITY OF ARNOLD, MISSOURI

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate, not seasonally adjusted, for Jefferson County for August 2005 was 4.3%, which is a decrease of 1.3% over the same period last year. This compares favorably to the state's average unemployment rate of 4.5% and the national average rate of 4.5%, all rates not seasonally adjusted.
- The Consumer Price Index indicates that inflation has increased 3.9% over the August 2004 rate for the Midwest region. The increase last year for the month of August was 2.5%.

All of these factors were considered in preparing the City of Arnold's budget for the 2005 fiscal year.

A substantial sewer rate increase occurred in this fiscal year due to the MSD Gravity Feed Tunnel Project. The City of Arnold is responsible for a small portion of the tunnel itself and 100% of the cost to connect to the tunnel. The \$6,200,000 bond issue mentioned in subsequent events will finance this connection. The sewer rates increased from \$8.50 per month to \$19.50 per month. This was the first sewer rate increase since their inception in the 1980's.

### Requests for Information

This financial report is designed to provide a general overview of the City of Arnold's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2101 Jeffco Blvd., Arnold, MO 63010.





# **BASIC FINANCIAL STATEMENTS**



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**AUGUST 31, 2005**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,761,516	13,383	3,774,899
Investments	317,260	1,518,031	1,835,291
Receivables (net of allowances for uncollectibles):			
Taxes	2,285,699	-	2,285,699
Special assessments	1,880,342	-	1,880,342
Sewer service fees	-	42,587	42,587
Intergovernmental	585,013	-	585,013
Miscellaneous	880,908	-	880,908
Internal balances	(451,360)	451,360	-
Prepaid items	322,655	5,547	328,202
Bond issue costs	360,054	-	360,054
Restricted assets:			
Cash and cash equivalents	3,690,005	804,700	4,494,705
Capital improvements sales tax receivable	657,781	-	657,781
Investments	1,250,000	-	1,250,000
Net pension asset	156,197	-	156,197
Capital assets:			
Land and construction in progress	37,176,984	635,307	37,812,291
Other capital assets, net of accumulated depreciation	40,159,475	12,864,879	53,024,354
Total Assets	<u>93,032,529</u>	<u>16,335,794</u>	<u>109,368,323</u>
<b>LIABILITIES</b>			
Accounts payable	5,480,691	342,415	5,823,106
Accrued liabilities	57,341	2,202	59,543
Due to Fiduciary Fund	46,040	-	46,040
Accrued interest payable	34,815	-	34,815
Unearned revenue	1,076,620	92,727	1,169,347
Noncurrent liabilities:			
Due within one year	866,101	62,775	928,876
Due in more than one year	16,411,599	2,012,731	18,424,330
Total Liabilities	<u>23,973,207</u>	<u>2,512,850</u>	<u>26,486,057</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	60,861,417	11,424,680	72,286,097
Restricted for debt service	1,608,816	804,700	2,413,516
Restricted for recreation	450,632	-	450,632
Unrestricted	6,138,457	1,593,564	7,732,021
Total Net Assets	<u>\$ 69,059,322</u>	<u>13,822,944</u>	<u>82,882,266</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

Functions/Programs	Program Revenues				Net Revenues (Expenses) And Changes In Net Assets		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 1,935,204	378,591	-	316,570	(1,240,043)	-	(1,240,043)
Public safety	4,824,236	1,223,932	38,850	-	(3,561,454)	-	(3,561,454)
Public works	1,049,519	-	-	640,969	(408,550)	-	(408,550)
Highways and streets	2,275,559	-	965,689	4,054,919	2,745,049	-	2,745,049
Parks and recreation	761,557	108,730	-	-	(652,827)	-	(652,827)
Health and sanitation	883,772	15,144	-	-	(868,628)	-	(868,628)
Interest on long-term debt	749,147	-	-	-	(749,147)	-	(749,147)
Total Governmental Activities	12,478,994	1,726,397	1,004,539	5,012,458	(4,735,600)	-	(4,735,600)
<b>Business-type Activities</b>							
Sewer system	1,480,804	1,153,188	-	-	-	(327,616)	(327,616)
Total Primary Government	<u>\$ 13,959,798</u>	<u>2,879,585</u>	<u>1,004,539</u>	<u>5,012,458</u>	<u>(4,735,600)</u>	<u>(327,616)</u>	<u>(5,063,216)</u>
<b>General Revenues</b>							
Taxes:							
Property taxes					863,007	-	863,007
Sales taxes					6,745,540	-	6,745,540
Gross receipts taxes					1,837,302	-	1,837,302
Miscellaneous taxes					27,638	-	27,638
Investment income					387,852	102,858	490,710
Gain on sale of assets					18,312	-	18,312
Miscellaneous					110,114	-	110,114
<b>Transfers</b>					(105,134)	105,134	-
Total General Revenues And Transfers					<u>9,884,631</u>	<u>207,992</u>	<u>10,092,623</u>
<b>CHANGE IN NET ASSETS</b>					5,149,031	(119,624)	5,029,407
<b>NET ASSETS, SEPTEMBER 1</b>					<u>63,910,291</u>	<u>13,942,568</u>	<u>77,852,859</u>
<b>NET ASSETS, AUGUST 31</b>					<u>\$ 69,059,322</u>	<u>13,822,944</u>	<u>82,882,266</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2005**

	<u>General</u>	<u>Recreation Center</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,443,503	318,013	3,761,516
Investments	317,260	-	317,260
Receivables (net of allowances for uncollectibles):			
Taxes	2,063,864	221,835	2,285,699
Special assessments	1,880,342	-	1,880,342
Intergovernmental	585,013	-	585,013
Miscellaneous	880,908	-	880,908
Due from other funds	54,456	-	54,456
Prepaid items	322,655	-	322,655
Restricted assets:			
Cash and cash equivalents	3,690,005	-	3,690,005
Capital improvements sales tax receivable	657,781	-	657,781
Investments	-	1,250,000	1,250,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 13,895,787</u>	<u>1,789,848</u>	<u>15,685,635</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,453,009	27,682	5,480,691
Accrued liabilities	57,341	-	57,341
Due to other funds	544,649	7,207	551,856
Deferred revenue	2,964,206	54,327	3,018,533
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>9,019,205</u>	<u>89,216</u>	<u>9,108,421</u>
<b>Fund Balances</b>			
Reserved for:			
Prepaid items	322,655	-	322,655
Encumbrances	579,846	-	579,846
Bond escrow deposit	126,000	-	126,000
Debt service reserve	232,816	-	232,816
Recreational center escrow deposit	-	1,250,000	1,250,000
Unreserved:			
Designated for sewer subdistrict projects	1,211,095	-	1,211,095
Designated for street projects	462,176	-	462,176
Designated for road reconstruction	550,000	-	550,000
Designated for recreational center	163,309	-	163,309
Designated for Greenway beautification	40,000	-	40,000
Designated for economic development	44,447	-	44,447
Designated for technology acquisitions	1,484	-	1,484
Designated for tourism	83,864	-	83,864
Designated for trash reimbursement	4,224	-	4,224
Undesignated - General Fund	1,054,666	-	1,054,666
Undesignated - Special Revenue Fund	-	450,632	450,632
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>4,876,582</u>	<u>1,700,632</u>	<u>6,577,214</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities And Fund Balances	<u>\$ 13,895,787</u>	<u>1,789,848</u>	<u>15,685,635</u>

See notes to financial statements



**CITY OF ARNOLD, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET ASSETS**  
**AUGUST 31, 2005**

Total Fund Balances - Governmental Funds	\$	6,577,214	
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$104,553,328 and the accumulated depreciation is \$27,216,869.		77,336,459	
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Net pension assets are not financial resources and, therefore, are not reported in the funds.		156,197	
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,941,913	
--	--	-----------	--

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:			
--	--	--	--

Accrued interest payable		(34,815)	
Accrued compensated absences		(442,604)	
Capital lease obligations payable outstanding		(16,378,654)	
Unamortized bond premium		(456,442)	
Unamortized bond issuance cost		360,054	

Net Assets Of Governmental Activities	\$	69,059,322	
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**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

	<u>General</u>	<u>Recreation Center</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 9,418,430	1,020,746	10,439,176
Special assessments	319,133	-	319,133
Licenses and permits	554,273	-	554,273
Fines and court costs	797,176	-	797,176
Intergovernmental	3,474,196	-	3,474,196
Charges for services	199,338	3,843	203,181
Investment income	331,794	56,058	387,852
Miscellaneous	278,227	3,654	281,881
Total Revenues	<u>15,372,567</u>	<u>1,084,301</u>	<u>16,456,868</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,794,740	-	1,794,740
Public safety	4,446,103	-	4,446,103
Public works	5,848,333	-	5,848,333
Highways and streets	850,141	-	850,141
Parks and recreation	638,613	96,898	735,511
Health and sanitation	880,191	-	880,191
Capital outlay	12,114,773	1,084	12,115,857
Debt service:			
Principal	1,164,896	210,000	1,374,896
Interest	84,849	671,892	756,741
Total Expenditures	<u>27,822,639</u>	<u>979,874</u>	<u>28,802,513</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,450,072)</u>	<u>104,427</u>	<u>(12,345,645)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital lease	400,000	-	400,000
Sale of capital items	314,257	-	314,257
Transfer in	-	1,596,205	1,596,205
Transfer out	(1,596,205)	-	(1,596,205)
Total Other Financing Sources (Uses)	<u>(881,948)</u>	<u>1,596,205</u>	<u>714,257</u>
<b>NET CHANGE IN FUND BALANCES</b>	(13,332,020)	1,700,632	(11,631,388)
<b>FUND BALANCES, SEPTEMBER 1</b>	<u>18,208,602</u>	<u>-</u>	<u>18,208,602</u>
<b>FUND BALANCES, AUGUST 31</b>	<u>\$ 4,876,582</u>	<u>1,700,632</u>	<u>6,577,214</u>

See notes to financial statements

CITY OF ARNOLD, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2005

Net Change In Fund Balance - Governmental Funds \$ (11,631,388)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$16,818,747) exceeded depreciation (\$1,933,065) in the current period. 14,885,682

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net assets. 640,198

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 321,836

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued:

Capital lease (400,000)

Repayments:

Capital lease obligations payable 1,374,896

Amortization 4,190

Net Adjustment 979,086

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest on bonds 3,404

Net pension asset (27,047)

Accrued compensated absences (22,740)

(46,383)

Change In Net Assets Of Governmental Activities \$ 5,149,031

See notes to financial statements



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET ASSETS - ENTERPRISE FUND**  
**AUGUST 31, 2005**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 13,383
Investments	1,518,031
Due from other funds	498,609
Sewer service fees (net of allowances for uncollectibles)	42,587
Prepaid items	5,547
Total Current Assets	<u>2,078,157</u>

**Noncurrent Assets:**

Restricted cash, cash equivalents, and investments:	
Revenue bond covenant accounts	<u>804,700</u>
Capital assets:	
Land and construction in progress	635,307
Other capital assets, net of accumulated depreciation	<u>12,864,879</u>
Total Capital Assets	<u>13,500,186</u>
Total Noncurrent Assets	<u>14,304,886</u>
Total Assets	<u>16,383,043</u>

**LIABILITIES**

**Current Liabilities**

Accounts payable	342,415
Accrued liabilities	2,202
Due to other funds	47,249
Unearned revenues	92,727
Revenue bonds payable - current	62,775
Total Current Liabilities	<u>547,368</u>

**Noncurrent Liabilities**

Revenue bonds payable	1,208,031
Notes payable	<u>804,700</u>
Total Noncurrent Liabilities	<u>2,012,731</u>
Total Liabilities	<u>2,560,099</u>

**NET ASSETS**

Invested in capital assets, net of related debt	11,424,680
Restricted for debt service	804,700
Unrestricted	<u>1,593,564</u>
Total Net Assets	<u>\$ 13,822,944</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - ENTERPRISE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

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**OPERATING REVENUES**

Charges for services	\$ 1,153,188
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**OPERATING EXPENSES**

Cost of services	733,901
Administration	132,000
Depreciation and amortization	529,613
Total Operating Expenses	<u>1,395,514</u>

<b>OPERATING LOSS</b>	<u>(242,326)</u>
-----------------------	------------------

**NONOPERATING REVENUE (EXPENSE)**

Investment income	102,858
Interest expense	(85,290)
Total Nonoperating Revenue (Expense)	<u>17,568</u>

<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	(224,758)
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<b>CAPITAL CONTRIBUTIONS - SEWER LINES</b>	<u>105,134</u>
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<b>CHANGE IN NET ASSETS</b>	(119,624)
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<b>NET ASSETS, SEPTEMBER 1</b>	<u>13,942,568</u>
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<b>NET ASSETS, AUGUST 31</b>	<u><u>\$ 13,822,944</u></u>
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**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

**Cash flows from operating activities:**

Receipts from customers and users	\$ 1,175,413
Payments to suppliers	(669,644)
Payments to employees	(138,464)
Net Cash Provided By Operating Activities	<u>367,305</u>

**Cash flows used in noncapital financing activities:**

Due from other funds	<u>(500,487)</u>
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**Cash flows from capital and related financing activities:**

Purchase of equipment	(472,214)
Principal payments on notes payable	(71,000)
Principal payments on bonds	(124,500)
Interest expense	(83,555)
Net Cash Used In Capital And Related Financing Activities	<u>(751,269)</u>

**Cash flows from investing activities:**

Investment income	103,655
Proceeds from sale of investments	6,121,493
Purchase of investments	(5,686,581)
Net Cash Provided By Investing Activities	<u>538,567</u>

<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(345,884)
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<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1</b>	<u>1,163,967</u>
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<b>CASH AND CASH EQUIVALENTS, AUGUST 31</b>	<u><u>\$ 818,083</u></u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH**

**PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$ (242,326)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	529,613
(Increase) decrease in:	
Receivables	20,334
Increase (decrease) in:	
Accounts payable	64,257
Accrued liabilities	(6,464)
Unearned revenues	1,891
Total Adjustments	<u>609,631</u>
Net Cash Provided By Operating Activities	<u><u>\$ 367,305</u></u>

**Noncash operating, financing, and investing activities:**

Contributions of capital assets from government	<u><u>\$ 105,134</u></u>
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See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF FIDUCIARY NET ASSETS -**  
**PENSION TRUST FUND**  
**AUGUST 31, 2005**

**ASSETS**

Deposit administration contracts	\$ 5,447,729
Due from other funds	46,040
Total Assets	<u>5,493,769</u>

**NET ASSETS**

Held in trust for pension benefits	<u>\$ 5,493,769</u>
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**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

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**ADDITIONS**

Contributions:

Employer contributions	\$ 215,959
Employee contributions	193,705
Total Contributions	<u>409,664</u>

Investment income:

Net appreciation in fair value of investments, interest, and dividends	498,897
Less - Investment expense	(7,101)
Net Investment Income	<u>491,796</u>
Total Additions	<u>901,460</u>

**DEDUCTIONS**

Retirement benefits	141,378
Return of contributions	36,376
Total Deductions	<u>177,754</u>

**CHANGE IN NET ASSETS**

723,706

NET ASSETS HELD IN TRUST FOR PENSION  
BENEFITS, SEPTEMBER 1

4,770,063

NET ASSETS HELD IN TRUST FOR PENSION  
BENEFITS, AUGUST 31

\$ 5,493,769

# **CITY OF ARNOLD, MISSOURI**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **1. Reporting Entity**

The financial statements of the City present 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 Governmental Accounting Standards Board (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. The City does not have any component units.

#### **2. Government-wide and Fund Financial Statements**

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

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

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

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

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



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

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

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

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

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

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

The City reports the following major governmental fund:

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

**Recreation Center Fund** -- This fund is used exclusively for the revenues of and expense from the operations of the recreation center. The fund includes the  $\frac{1}{4}\%$  parks and recreation center sales tax which is deposited into this fund and used for bi-annual bond payments.

The City reports the following major proprietary fund:

**Sewer Fund** -- This fund is used to account for operations of the City's sewer department.

Additionally, the City reports the following fund type:

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

# CITY OF ARNOLD, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Fund, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### 4. Cash, Cash Equivalents, and Investments

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



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

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

**5. Deposit Administration Contracts**

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

**6. Allowance for Doubtful Accounts**

The allowance for uncollectible receivables is as follows:

	<u>August 31</u> <u>2005</u>
General Fund	\$ 7,623
Enterprise Fund	<u>9,763</u>
	<u>\$17,386</u>

**7. Due To/From Other Funds**

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

**8. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are 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.

**9. 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.



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

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

**9. Restricted Assets (Continued)**

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

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

**10. Capital Assets**

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

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

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

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

**11. Accrued Vacation**

City employees generally earn vacation at the rate of .83 working days per month or 10 days per year. Regular full-time employees having completed 6 years of service earned vacation leave at the rate of 1.25 days per month or 15 days per year. Regular full-time

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

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

**11. Accrued Vacation (Continued)**

employees having completed 15 years of service earned vacation leave at the rate of 1.67 working days per month or 20 days per year. Regular full-time employees who are separated from service are compensated for vacation accrued up to the date of separation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

**12. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported and amortized over the term of the related debt.

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

**13. Fund Equity**

In the fund financial statements, governmental fund reports reservations of fund balance for amounts that are not available for subsequent year appropriations or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

**14. Encumbrances**

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

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

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

**15. Use of Estimates**

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

**16. Change in Accounting Principle**

In fiscal 2005, the City adopted a change in its method of accounting for capital assets (infrastructure). The cumulative effect of the change in accounting method reduces capital assets and government-wide net assets by \$21,814,276.

**NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**1. Deposits**

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

As of August 31, 2005, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

**2. Investments**

As of August 31, 2005, the City had the following investments:



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

**NOTE B - CASH AND INVESTMENTS (Continued)**

**2. Investments (Continued)**

<u>Investments</u>	<u>Fair Market Value</u>	<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>	<u>Credit Risk</u>
<b>Primary Government</b>							
Certificates of deposit	\$ 190,000	-	190,000	-	-	-	N/A
Government securities:							
Federal Home Loan Mortgage Corporation	1,518,031	-	1,518,031	-	-	-	AAA
Federal home loan bank	1,250,000	-	1,250,000	-	-	-	AAA
Money market funds	<u>127,260</u>	<u>127,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Not rated
Grand Total Investments	<u>\$3,085,291</u>	<u>127,260</u>	<u>2,958,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	

**Investments Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a written investment policy covering credit risk.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a written investment policy covering interest rate risk.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have a written investment policy covering concentration of credit risk.

**NOTE C - CAPITAL ASSETS**

The City has reported all capital assets including infrastructure in the government-wide statement of net assets.

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

**NOTE C - CAPITAL ASSETS (Continued)**

Capital asset activity was as follows:

<b>For The Year Ended August 31, 2005</b>				
	<b>Balance August 31 2004</b>	<b>Additions</b>	<b>Deletions And Transfers</b>	<b>Balance August 31 2005</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$26,095,243	1,203,585	250,000	27,048,828
Construction in progress	<u>9,920,967</u>	<u>15,216,098</u>	<u>15,008,909</u>	<u>10,128,156</u>
Total Capital Assets Not Being Depreciated	<u>36,016,210</u>	<u>16,419,683</u>	<u>15,258,909</u>	<u>37,176,984</u>
Capital assets being depreciated:				
Buildings and other improvements	3,287,855	14,475,712	-	17,763,567
Automotive equipment	1,706,823	237,011	68,468	1,875,366
Machinery and equipment	1,190,219	342,429	10,550	1,522,098
Infrastructure	<u>44,953,023</u>	<u>1,262,290</u>	<u>-</u>	<u>46,215,313</u>
Total Capital Assets Being Depreciated	<u>51,137,920</u>	<u>16,317,442</u>	<u>79,018</u>	<u>67,376,344</u>
Less - Accumulated depreciation for:				
Building and other improvements	1,356,297	88,465	-	1,444,762
Automotive equipment	1,306,110	297,368	49,197	1,554,281
Machinery and equipment	866,868	160,735	10,550	1,017,053
Infrastructure	<u>21,814,276</u>	<u>1,386,497</u>	<u>-</u>	<u>23,200,773</u>
Total Accumulated Depreciation	<u>25,343,551</u>	<u>1,933,065</u>	<u>59,747</u>	<u>27,216,869</u>
Total Capital Assets Being Depreciated, Net	<u>25,794,369</u>	<u>14,384,377</u>	<u>19,271</u>	<u>40,159,475</u>
 Governmental Activities Capital Assets, Net	 <u>\$61,810,579</u>	 <u>30,804,060</u>	 <u>15,278,180</u>	 <u>77,336,459</u>

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

**NOTE C - CAPITAL ASSETS (Continued)**

<b>For The Year Ended August 31, 2005</b>				
	<u>Balance</u> <u>August 31</u> <u>2004</u>	<u>Additions</u>	<u>Deletions</u> <u>And</u> <u>Transfers</u>	<u>Balance</u> <u>August 31</u> <u>2005</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 145,118	-	-	145,118
Construction in progress	202,153	321,861	33,825	490,189
Total Capital Assets Not Being Depreciated	347,271	321,861	33,825	635,307
Capital assets being depreciated:				
Buildings	43,375	13,109	-	56,484
Treatment plants	2,168,329	-	-	2,168,329
Machinery and equipment	806,582	276,202	-	1,082,784
Sewer lines	17,816,007	-	-	17,816,007
Total Capital Assets Being Depreciated	20,834,293	289,311	-	21,123,604
Less - Accumulated depreciation for:				
Buildings	4,337	2,824	-	7,161
Treatment plants	1,560,850	65,055	-	1,625,905
Machinery and equipment	455,826	110,092	-	565,918
Sewer lines	5,711,312	348,429	-	6,059,741
Total Accumulated Depreciation	7,732,325	526,400	-	8,258,725
Total Capital Assets Being Depreciated, Net	13,101,968	(237,089)	-	12,864,879
Business-Type Activities Capital Assets, Net	\$13,449,239	84,772	33,825	13,500,186

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 119,103
Public safety	324,210
Public works	32,184
Highways and streets	1,433,344
Parks and recreation	20,869
Health and sanitation	3,355
Total Depreciation Expense - Governmental Activities	\$1,933,065
Business-type activities:	
Sewer	\$526,400



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

**NOTE D - LONG-TERM DEBT**

**Changes in Long-term Liabilities**

Long-term liability activity was as follows:

	<u>For The Year Ended August 31, 2005</u>			<u>Amounts Due Within One Year</u>	
	<u>August 31 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31 2005</u>	
Governmental activities:					
Capital lease obligations payable	\$17,353,550	400,000	1,374,896	16,378,654	777,580
Plus premium	476,287	-	19,845	456,442	-
Compensated absences	<u>419,864</u>	<u>106,713</u>	<u>83,973</u>	<u>442,604</u>	<u>88,521</u>
Total Governmental Activities	<u>\$18,249,701</u>	<u>506,713</u>	<u>1,478,714</u>	<u>17,277,700</u>	<u>866,101</u>
Business-type activities:					
Revenue bonds payable	\$1,410,275	-	124,500	1,285,775	62,775
Less - Discounts	(18,181)	-	(3,212)	(14,969)	-
Notes payable	<u>875,700</u>	<u>-</u>	<u>71,000</u>	<u>804,700</u>	<u>-</u>
Total Business-Type Activities	<u>\$2,267,794</u>	<u>-</u>	<u>192,288</u>	<u>2,075,506</u>	<u>62,775</u>

**Capital Lease Obligations Payable**

In December 1997, the City issued \$3,635,000 in Leasehold Revenue Bonds (Series 1997) which represent proportionate interest in base rentals to be paid by the City pursuant to an annually renewable lease/purchase agreement dated December 1, 1997 between the City and UMB Bank, N.A. Company of Missouri (the trustee/lessor). The trustee has agreed to execute and deliver the bonds pursuant to a declaration and indenture of trust to finance the City's acquisition of the Collins Tract Park. The base rentals constitute rent for the park pursuant to the lease. The Leasehold Revenue Bonds bear interest ranging from 4.1% to 5%. This obligation was paid in full at August 31, 2005.

In July 2001, the City issued \$1,260,000 in Certificates of Participation (Series 2001) which the City and the Trustee-UMB Bank, N.A. Company of Missouri have entered into a base lease, pursuant to which the City, as lessor, has leased to the Trustee, as lessee, the real estate on which the City's municipal building complex is located, together with all improvements now or to be situated thereon for rent. The Series 2001 Certificates of Participation have been delivered and sold for the purpose of providing funds to pay the costs of 1) refunding \$1,170,000 outstanding principal amount of Certificates of Participation (Series 1986), which were issued to provide funds to acquire and construct a new municipal building for the City; and 2) pay the costs of delivering the Certificates. The Certificates of Participation bear interest ranging from 3.2% to 4.3%.

In May 2003, the City issued \$16,000,000 in Leasehold Revenue Bonds (Series 2003) which represent proportionate interest in base rentals to be paid by the City pursuant to an annually renewable lease/

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

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

purchase agreement dated May 1, 2003 between the City and UMB Bank, N.A. Company of Missouri (the trustee/lessor). The trustee has agreed to execute and deliver the bonds pursuant to a declaration and indenture of trust to finance the City's acquisition and construction of the recreation center. The base rentals constitute rent for the facility pursuant to the lease. The Leasehold Revenue Bonds bear interest ranging from 2% to 5%.

During 2005, the City has entered into a lease agreement as lessee for financing the acquisition of dispatch and equipment.

The future minimum capital lease obligations and the net present value of these minimum lease payments as of August 31, 2005 were as follows:

<u>For The Years</u> <u>Ended August 31</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>Dispatch</u> <u>Equipment</u>	<u>Municipal</u> <u>Building</u> <u>Complex</u>	<u>Community</u> <u>Recreation</u> <u>Center</u>	
2006	\$106,936	458,920	905,289	1,471,145
2007	106,936	-	935,489	1,042,425
2008	106,936	-	959,989	1,066,925
2009	26,734	-	983,508	1,010,242
2010	-	-	1,005,551	1,005,551
2011 - 2015	-	-	5,420,382	5,420,382
2016 - 2020	-	-	6,122,120	6,122,120
2021 - 2025	-	-	6,819,063	6,819,063
2026 - 2027	-	-	2,923,313	2,923,313
Total Minimum Lease Payments	347,542	458,920	26,074,704	26,881,166
Less - Amount representing interest	<u>18,888</u>	<u>18,920</u>	<u>10,464,704</u>	<u>10,502,512</u>
Present Value Of Minimum Lease Payments	<u>\$328,654</u>	<u>440,000</u>	<u>15,610,000</u>	<u>16,378,654</u>

**Revenue Bonds Payable**

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt services. The original amount outstanding at the end of the current fiscal year related to bonds issued in prior years was \$1,285,775. Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Sewerage system - Series 1992	4.25 - 6.55%	\$ 652,500
Sewerage system - Series 1993	3.4 - 5.4	<u>633,275</u>
		<u>\$1,285,775</u>



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

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

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

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2002 and December 1, 2002	102%
June 1, 2003 and December 1, 2003	101
June 1, 2005 and thereafter	100

The revenue bonds dated June 1, 1993 maturing after January 1, 2005 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, 2005, 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 Price</u>
June 1, 2003 and December 1, 2003	102%
June 1, 2005 and December 1, 2005	101
June 1, 2005 and thereafter	100

The bond ordinances required 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.

Revenue bond debt service requirements to maturity are as follows:

<u>For The Years</u> <u>Ending August 31</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 62,775	78,187	140,962
2007	136,000	70,553	206,553
2008	144,000	62,382	206,382
2009	152,000	53,658	205,658
2010	161,000	44,309	205,309
2011 - 2014	<u>630,000</u>	<u>75,985</u>	<u>705,985</u>
Total	<u>\$1,285,775</u>	<u>385,074</u>	<u>1,670,849</u>



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

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

<b>Notes Payable</b>	<b>August 31 2005</b>
SRF - 1992, no interest	\$352,500
SRF - 1993, no interest	<u>452,200</u>
	<u>\$804,700</u>

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

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

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

**NOTE E - EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

The City maintains a single-employer, defined benefit pension plan (City of Arnold, Missouri Police Pension Plan) which covers all members of the organized police force and participates in the state-wide Missouri Local Government Retirement System, 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, 2005, which is the date of the latest actuarial valuation available, was \$1,774,321 and the City's total payroll was \$4,829,106.

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

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

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

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

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Membership in the Plan is comprised of the following:

<u>Group</u>	<u>August 31 2005</u>
Retirees and beneficiaries currently receiving benefits	1
Vested terminated employees and active employees	47

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. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

***Funding Status and Progress***

<u>Pension Plan</u>		
<u>Valuation For The Actuarial Years Ended August 31</u>	<u>Actuarial Value Of Assets</u>	<u>Covered Payroll</u>
2005	\$5,493,770	\$1,774,321
2004	4,762,934	1,834,589
2003	4,530,291	1,720,460
2002	4,174,590	1,712,714
2001	3,932,302	1,692,864
2000	3,310,083	1,596,144



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

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

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

<b>Schedule Of Employer Contributions</b>			
<b><u>For The Years Ended August 31</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage Contributed</u></b>
2005	\$264,795	\$223,088	84.2%
2004	220,217	176,103	80.0
2003	216,477	205,471	94.9
2002	194,114	333,911	172.0
2001	248,759	349,958	140.7
2000	239,086	299,407	125.2
1999	279,684	265,166	94.8

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:

Aggregate actuarial cost method	Frozen entry age
Amortization method	Using assumed rate of 8% over 2 to 18 years
Amortization period	Closed
Asset valuation method	At contract value and market value
Actuarial assumptions:	
Investment rate of return	8%
Pre-retirement	8%
Post-retirement	5.4%
Projected salary increases	4.5%
Inflation rate	N/A

***Annual Pension Cost***

Current year annual pension costs for the Plan are shown in the trend information. Annual required contributions were made by 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). The information provided is the latest information available.



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

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

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

<b>Pension Plan</b>			
<b><u>Valuation For The Actuarial Years Ended August 31</u></b>		<b><u>Annual Pension Cost</u></b>	<b><u>Percentage Contributed</u></b>
2005		\$250,135	84.2%
2004		203,376	80.0
2003		200,068	94.9
2002		189,276	172.0
2001		251,512	140.7
2000		245,730	125.2

<b><u>Valuation For The Actuarial Years Ended August 31</u></b>	<b><u>Net Pension Asset (Obligation) Beginning Of Year</u></b>	<b><u>Interest Net Pension Asset (Obligation)</u></b>	<b><u>Annual Required Contribution</u></b>
2005	\$183,244	\$14,660	\$264,795
2004	210,517	16,841	220,217
2003	205,114	16,409	216,477
2002	60,479	4,838	194,114
2001	(37,967)	(2,753)	248,759
2000	(91,644)	(6,644)	239,086

<b><u>Valuation For The Actuarial Years Ended August 31</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Net Pension Asset (Obligation) End Of Year</u></b>
2005	\$223,088	\$156,197
2004	176,103	183,244
2003	205,471	210,517
2002	333,911	205,114
2001	349,958	60,479
2000	299,407	(37,967)

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

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

***Plan Description***

The City participates in LAGERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 - 70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and 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 18.3% (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 2005, the City's annual pension cost of \$311,658 was equal to the required and actual contributions. The required contribution was determined as part of the February 28/29, 2003 and/or 2004 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 7.5% per year, compounded annually; b) projected salary increases of 4% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 4.2% per year, depending on age, attributable to seniority/merit; d) pre-retirement mortality based on the 1983 Group Annuity Mortality table; and e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2005 was 19 years.

In December 2004, the City changed its benefit factor from 1.5% to 2%.



**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)**

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>
2005	\$311,658	100%
2004	244,760	100
2003	234,701	100

Schedule of funding progress follows:

<u>For The Valuation Years Ended February 28/29</u>	<u>Actuarial Value Of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>
2005	\$4,646,329	\$6,716,857	\$2,070,528
2004	4,290,230	4,940,200	649,970
2003	3,801,666	4,474,840	673,174

<u>For The Valuation Years Ended February 28/29</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL As A Percentage Of Covered Payroll</u>
2005	69%	\$2,178,352	95%
2004	87	2,077,301	31
2003	85	1,906,063	35

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 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.



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

**NOTE F - 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 2005</u>
General Fund	Sewer Fund	\$ 47,249
General Fund	Recreation Center Fund	7,207
Police Pension Trust Fund	General Fund	46,040
Sewer Fund	General Fund	<u>498,609</u>
		<u>\$599,105</u>

**NOTE G - INTERFUND TRANSFERS**

Individual fund transfers for the year ended August 31, 2005 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Total</u>
General Fund	Recreation Center	<u>\$1,596,205</u>

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) move revenues in excess of current year expenditures to other funds, or 3) reimburse other funds for debt service payments.

**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.

## **CITY OF ARNOLD, MISSOURI**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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, 2006.

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 \$388,852 for MIRMA's fiscal years ended June 30, 2006. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

#### **NOTE J - INTERFUND ADMINISTRATION FEE**

During the year, the Sewer System Fund paid \$132,000 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 K - CONTINGENCIES AND COMMITMENTS**

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

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

At August 31, 2005, the City had commitments for sewer projects in the amount of \$974,547.

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

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**NOTE L - SUBSEQUENT EVENT**

On October 6, 2005, the City authorized \$9,000,000, but issued \$6,200,000 of sewerage system revenue bonds Series 2005.

On November 11, 2005, the City entered into a lease/purchase agreement with United Missouri Bank (UMB) for the acquisition of vehicles in the amount of \$600,000.

On November 17, 2005, the City entered into a line of credit with Commerce Bank in the amount of \$6,000,000 to finance acquisition of residential properties within the Triangle redevelopment area.





**REQUIRED SUPPLEMENTAL  
INFORMATION SECTION**

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ 862,946	862,946	863,007	61
Sales	6,782,800	6,782,800	5,974,268	(808,532)
Public utility gross receipts	1,735,000	1,735,000	1,837,302	102,302
Motor fuel	560,000	560,000	583,207	23,207
Other	151,500	151,500	160,646	9,146
Total Taxes	10,092,246	10,092,246	9,418,430	(673,816)
<b>Special assessments</b>	325,000	325,000	319,133	(5,867)
<b>Licenses and permits</b>	549,100	549,100	554,273	5,173
<b>Fines and court costs</b>	616,000	633,500	797,176	163,676
<b>Intergovernmental</b>	2,537,033	2,537,033	3,474,196	937,163
<b>Charges for services</b>	195,810	195,810	199,338	3,528
<b>Investment income</b>	119,000	119,000	331,794	212,794
<b>Miscellaneous</b>				
Sewer administration	132,000	132,000	132,000	-
Other	41,400	41,400	146,227	104,827
Total Miscellaneous	173,400	173,400	278,227	104,827
Total Revenues	14,607,589	14,625,089	15,372,567	747,478

(Continued)



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>EXPENDITURES</b>				
<b>General government</b>				
General and administrative	945,243	955,243	790,750	(164,493)
Mayor and council	79,529	79,529	79,980	451
Municipal court	102,218	111,036	114,422	3,386
Administrator	207,475	207,475	204,951	(2,524)
Treasurer	16,813	16,812	16,796	(16)
Finance	166,715	166,716	164,893	(1,823)
Collector of revenue	155,601	156,630	151,099	(5,531)
Attorney	95,400	95,400	98,232	2,832
Elections	6,800	6,800	4,861	(1,939)
Planning commission	163,979	163,979	168,756	4,777
Total General Government	<u>1,939,773</u>	<u>1,959,620</u>	<u>1,794,740</u>	<u>(164,880)</u>
<b>Public safety</b>				
Police	3,642,160	3,644,562	3,640,185	(4,377)
Police board	6,509	6,509	1,291	(5,218)
Dispatching	445,315	445,315	452,880	7,565
Building commission	354,535	354,535	351,747	(2,788)
Total Public Safety	<u>4,448,519</u>	<u>4,450,921</u>	<u>4,446,103</u>	<u>(4,818)</u>
<b>Public works</b>	<u>5,257,534</u>	<u>5,322,533</u>	<u>5,848,333</u>	<u>525,800</u>
<b>Highways and streets</b>	<u>815,144</u>	<u>815,144</u>	<u>850,141</u>	<u>34,997</u>
<b>Parks and recreation</b>	<u>508,329</u>	<u>518,328</u>	<u>638,613</u>	<u>120,285</u>
<b>Health and sanitation</b>				
Health department	49,477	60,684	41,967	(18,717)
Rabies control	123,673	123,673	121,980	(1,693)
Vector control	16,744	16,744	18,777	2,033
Solid waste	646,938	646,938	697,467	50,529
Total Health And Sanitation	<u>836,832</u>	<u>848,039</u>	<u>880,191</u>	<u>32,152</u>
<b>Capital outlay</b>	<u>25,500</u>	<u>8,206,525</u>	<u>12,114,773</u>	<u>3,908,248</u>
<b>Debt service</b>	<u>1,293,449</u>	<u>1,293,449</u>	<u>1,249,745</u>	<u>(43,704)</u>
Total Expenditures	<u>15,125,080</u>	<u>23,414,559</u>	<u>27,822,639</u>	<u>4,408,080</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(517,491)</u>	<u>(8,789,470)</u>	<u>(12,450,072)</u>	<u>(3,660,602)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease	-	400,000	400,000	-
Sale of capital items	1,500	1,500	314,257	312,757
Transfer out	-	-	(1,596,205)	(1,596,205)
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>401,500</u>	<u>(881,948)</u>	<u>(1,283,448)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (515,991)</u>	<u>(8,387,970)</u>	<u>(13,332,020)</u>	<u>(4,944,050)</u>
<b>FUND BALANCE, SEPTEMBER 1</b>			<u>18,208,602</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u>\$ 4,876,582</u>	



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - RECREATION CENTER**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
<b>Taxes</b>			
Sales	\$ 1,004,500	1,020,746	16,246
<b>Charges for services</b>	625,000	3,843	(621,157)
<b>Investment income</b>	55,000	56,058	1,058
<b>Miscellaneous</b>			
Other	-	3,654	3,654
Total Revenues	<u>1,684,500</u>	<u>1,084,301</u>	<u>(600,199)</u>
<b>EXPENDITURES</b>			
<b>Recreation center</b>	761,704	96,898	(664,806)
<b>Capital outlay</b>	35,000	1,084	(33,916)
<b>Debt service</b>	879,489	881,892	2,403
Total Expenditures	<u>1,676,193</u>	<u>979,874</u>	<u>(696,319)</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>\$ 8,307</u>	104,427	<u>96,120</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer in		<u>1,596,205</u>	
<b>NET CHANGE IN FUND BALANCE</b>		1,700,632	
<b>FUND BALANCE, SEPTEMBER 1</b>		<u>-</u>	
<b>FUND BALANCE, AUGUST 31</b>		<u>\$ 1,700,632</u>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION -**  
**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

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**Budgetary Data**

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

- a. On or before July 8, all departments submit requests for appropriations to the City's budget committee so that a budget may be prepared.
- b. During August, the operating budget is presented to the City Council for review. The operating budget includes proposed expenditures for the General, Recreation Center, 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 U.S. 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.





**CAPITAL ASSETS USED IN  
THE OPERATION OF  
GOVERNMENTAL  
FUNDS**



**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -**  
**COMPARATIVE SCHEDULES BY SOURCE**  
**AUGUST 31, 2005 AND 2004**

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	<u>2005</u>	<u>2004</u>
Governmental funds capital assets:		
Land	\$ 27,048,828	26,095,243
Infrastructure	46,215,313	44,953,023
Construction in progress	10,128,156	9,920,967
Buildings and other improvements	17,763,567	3,287,855
Automotive equipment	1,875,366	1,706,823
Machinery and equipment	<u>1,522,098</u>	<u>1,190,219</u>
 Total Governmental Funds Capital Assets	 <u><u>\$ 104,553,328</u></u>	 <u><u>87,154,130</u></u>

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**AUGUST 31, 2005**

<u>Function And Activity</u>	<u>Land</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Buildings And Other Improvements</u>	<u>Automotive Equipment</u>	<u>Machinery And Equipment</u>	<u>Total</u>
General government	\$ 11,554,820	-	522,515	17,106,316	-	390,010	29,573,661
Public safety:							
Police	-	-	-	-	979,113	377,996	1,357,109
Dispatching	-	-	-	-	-	260,556	260,556
Building commission	-	-	-	-	72,204	10,960	83,164
Total Public Safety	-	-	-	-	1,051,317	649,512	1,700,829
Public works	2,690,663	-	-	305,177	48,573	27,771	3,072,184
Fleet	-	-	-	10,378	-	6,635	17,013
Highways and streets	9,104,520	46,215,313	9,605,641	-	542,852	345,971	65,814,297
Parks and recreation	3,698,825	-	-	341,696	186,970	94,950	4,322,441
Health and sanitation:							
Health department	-	-	-	-	27,779	7,249	35,028
Rabies control	-	-	-	-	17,875	-	17,875
Total Health And Sanitation	-	-	-	-	45,654	7,249	52,903
Total Governmental Funds Capital Assets	\$ 27,048,828	46,215,313	10,128,156	17,763,567	1,875,366	1,522,098	104,553,328

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED AUGUST 31, 2005**

<b>Function And Activity</b>	<b>Governmental Funds Capital Assets August 31 2004</b>	<b>Additions</b>	<b>Deletions And Transfers</b>	<b>Governmental Funds Capital Assets August 31 2005</b>
General government:				
General and administrative	\$ 19,081,203	25,444,790	14,952,332	29,573,661
Public safety:				
Police	1,371,199	32,161	46,251	1,357,109
Dispatching	106,302	154,254	-	260,556
Building commission	83,164	-	-	83,164
Total Public Safety	1,560,665	186,415	46,251	1,700,829
Public works	3,072,184	-	-	3,072,184
Fleet	17,013	-	-	17,013
Highways and streets	59,115,659	7,016,897	318,259	65,814,297
Parks and recreation	4,254,503	89,023	21,085	4,322,441
Health and sanitation:				
Health department	35,028	-	-	35,028
Rabies control	17,875	-	-	17,875
Total Health And Sanitation	52,903	-	-	52,903
Total Governmental Funds Capital Assets	\$ 87,154,130	32,737,125	15,337,927	104,553,328





# **STATISTICAL SECTION**

**CITY OF ARNOLD, MISSOURI**  
**GOVERNMENTAL FUNDS- COMPARATIVE BALANCE SHEETS**  
**AUGUST 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,761,516	3,484,045
Investments	317,260	316,395
Receivables (net of allowances for uncollectibles):		
Taxes	2,285,699	2,133,477
Special assessments	1,880,342	1,500,077
Intergovernmental	585,013	761,015
Miscellaneous	880,908	944,124
Due from other funds	54,456	49,127
Prepaid items	322,655	287,676
Restricted assets:		
Cash and cash equivalents	3,690,005	11,270,905
Capital improvements sales tax receivable	657,781	1,322,541
Investments	1,250,000	2,182,853
Total Assets	<u>\$ 15,685,635</u>	<u>24,252,235</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,480,691	2,851,387
Accrued liabilities	57,341	31,318
Due to other funds	551,856	54,581
Deferred revenue	3,018,533	3,106,347
Total Liabilities	<u>9,108,421</u>	<u>6,043,633</u>
 <b>Fund Balances</b>		
Reserved for:		
Prepaid items	322,655	287,676
Encumbrances	579,846	10,621,960
Bond escrow deposit	126,000	126,000
Bond reserve	-	525,972
Debt service reserve	232,816	520,256
Recreational center escrow deposit	1,250,000	1,250,000
Unreserved:		
Designated for sewer subdistrict projects	1,211,095	1,264,929
Designated for street projects	462,176	369,269
Designated for road reconstruction	550,000	550,000
Designated for neighborhood improvement projects	-	54,616
Designated for stormwater projects	-	280,656
Designated for recreational center	163,309	1,336,396
Designated for Greenway beautification	40,000	-
Designated for economic development	44,447	-
Designated for technology acquisitions	1,484	91,180
Designated for tourism	83,864	25,372
Designated for trash reimbursement	4,224	-
Undesignated	1,505,298	904,320
Total Fund Balances	<u>6,577,214</u>	<u>18,208,602</u>
Total Liabilities And Fund Balances	<u>\$ 15,685,635</u>	<u>24,252,235</u>



**CITY OF ARNOLD, MISSOURI**  
**GOVERNMENTAL FUNDS - COMPARATIVE STATEMENTS OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED AUGUST 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>REVENUES</b>		
Taxes	\$ 10,439,176	10,969,016
Special assessments	319,133	440,386
Licenses and permits	554,273	515,179
Fines and court costs	797,176	631,699
Intergovernmental	3,474,196	711,340
Charges for services	203,181	156,760
Investment income	387,852	276,247
Miscellaneous	281,881	310,048
Total Revenues	<u>16,456,868</u>	<u>14,010,675</u>
<b>EXPENDITURES</b>		
Current:		
General government	1,794,740	1,976,501
Public safety	4,446,103	4,045,557
Public works	5,848,333	2,770,280
Highways and streets	850,141	787,401
Parks and recreation	735,511	666,321
Health and sanitation	880,191	975,528
Capital outlay	12,115,857	5,449,754
Debt service:		
Principal	1,374,896	1,111,207
Interest	756,741	787,372
Total Expenditures	<u>28,802,513</u>	<u>18,569,921</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(12,345,645)</u>	<u>(4,559,246)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from capital lease	400,000	-
Sale of capital items	314,257	-
Transfer in	1,596,205	-
Transfer out	(1,596,205)	-
Total Other Financing Sources (Uses)	<u>714,257</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(11,631,388)	(4,559,246)
<b>FUND BALANCES, SEPTEMBER 1</b>	<u>18,208,602</u>	<u>22,767,848</u>
<b>FUND BALANCES, AUGUST 31</b>	<u><u>\$ 6,577,214</u></u>	<u><u>18,208,602</u></u>



**CITY OF ARNOLD, MISSOURI**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST THREE FISCAL YEARS**

<b>Function:</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
General government	\$ 1,935,204	2,092,831	1,760,587
Public safety	4,824,236	4,448,556	4,192,120
Public works	1,049,519	837,772	1,020,872
Highways and streets	2,275,559	2,223,000	1,191,238
Parks and recreation	761,557	585,666	563,526
Health and sanitation	883,772	985,793	986,340
Interest on long-term debt	749,147	779,696	290,267
	<u>\$ 12,478,994</u>	<u>11,953,314</u>	<u>10,004,950</u>

**CITY OF ARNOLD, MISSOURI**  
**GOVERNMENT-WIDE REVENUES BY SOURCE**  
**LAST THREE FISCAL YEARS**

<b>Source:</b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Program revenues:			
Charges for services	\$ 1,726,397	1,489,765	1,216,436
Operating grants and contributions	1,004,539	1,002,252	1,071,808
Capital grants and contributions	5,012,458	928,132	1,423,045
General revenues:			
Taxes:			
Property taxes	863,007	838,929	818,986
Sales taxes	6,745,540	7,368,939	6,040,919
Gross receipts taxes	1,837,302	1,781,808	1,729,837
Miscellaneous taxes	27,638	25,835	26,397
Investment income	387,852	276,247	172,335
Gain on sales of assets	18,312	-	-
Miscellaneous	110,114	118,141	188,815
Transfers	<u>(105,134)</u>	<u>(192,105)</u>	<u>(141,868)</u>
Total Revenues	<u><u>\$ 17,628,025</u></u>	<u><u>13,637,943</u></u>	<u><u>12,546,710</u></u>

**CITY OF ARNOLD, MISSOURI**  
**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Highways And Streets</b>	<b>Parks And Recreation</b>	<b>Health And Sanitation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
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
2001 (2)	1,448,222	3,901,286	2,404,619	1,527,186	521,361	1,023,861	706,149	825,832	12,358,516
2002	1,623,812	3,787,138	2,221,126	721,077	549,824	1,011,144	703,538	822,793	11,440,452
2003	1,910,074	3,915,183	2,705,462	1,143,693	549,509	983,565	2,338,215	1,496,343	15,042,044
2004	1,976,501	4,045,557	2,770,280	787,401	666,321	975,528	5,449,754	1,898,579	18,569,921
2005 (3)	1,794,740	4,446,103	5,848,333	850,141	735,511	880,191	12,115,857	2,131,637	28,802,513

(1) Includes all governmental fund types

(2) Road projects transferred from highways and streets to public works department and debt service accounted for separately.

(3) Recreation center construction



**CITY OF ARNOLD, MISSOURI**  
**GENERAL GOVERNMENT REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Special Assess- ments</b>	<b>Licenses And Permits</b>	<b>Fines And Court Costs</b>	<b>Intergovern- mental</b>	<b>Charges For Services</b>	<b>Investment Income</b>	<b>Miscel- laneous</b>	<b>Total</b>
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
2001	9,215,079	428,554	363,020	568,284	686,857	630,742	456,150	258,483	12,607,169
2002	9,334,785	419,270	391,055	633,418	550,277	292,351	268,847	276,722	12,166,725
2003	9,542,169	475,833	444,745	501,000	1,107,081	119,825	172,335	339,681	12,702,669
2004	10,969,016	440,386	515,179	631,699	711,340	156,760	276,247	310,048	14,010,675
2005	10,439,176	319,133	554,273	797,176	3,474,196	203,181	387,852	281,881	16,456,868

(1) Includes all governmental fund types

**CITY OF ARNOLD, MISSOURI**  
**TAX REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Public Utility Gross Receipts Taxes</b>	<b>Motor Fuel Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
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
2001	710,966	5,982,216	1,867,444	535,295	119,158	9,215,079
2002	784,409	6,159,926	1,724,863	545,538	120,049	9,334,785
2003	818,986	6,286,576	1,729,837	559,479	147,291	9,542,169
2004	838,929	7,618,703	1,781,808	578,703	150,873	10,969,016
2005	863,007	6,995,014	1,837,302	583,207	160,646	10,439,176

(1) Includes all governmental fund types

**CITY OF ARNOLD, MISSOURI**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent Collected As Current</b>	<b>Delinquent Tax (And Penalties) Collections</b>	<b>Total Tax Collections</b>	<b>Total Collections As Percent Of Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent Taxes As Percent Of Levy</b>
1996	\$ 525,276	\$ 467,869	89.1 %	\$ 52,355	\$ 492,467	93.8 %	\$ 17,318	2.34 %
1997	565,117	526,297	93.1	40,723	567,020	100.3	17,826	3.29
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
2001	708,787	661,782	93.4	46,057	707,839	99.9	16,978	2.40
2002	780,778	730,130	93.5	51,280	781,410	100.1	16,345	2.09
2003	814,105	759,996	93.4	59,237	819,233	100.6	36,228	4.45
2004	834,414	809,603	97.0	14,358	823,961	98.7	24,812	2.97
2005	859,110	802,501	93.4	15,718	818,219	95.2	23,218	2.70



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

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<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Ratio Of Total Assessed Value To Total Estimated Actual Value</b>
1996	\$ 104,735,900	\$ 458,432,133	22.8%
1997	108,097,300	487,008,416	22.2
1998	115,317,000	516,289,419	22.3
1999	128,404,600	580,411,190	22.1
2000	132,768,200	599,340,356	22.2
2001	145,829,500	650,337,845	22.4
2002	154,012,200	679,974,183	22.6
2003	176,057,800	764,386,661	23.0
2004	184,774,900	798,427,177	23.1
2005	188,897,200	819,074,995	23.1

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>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City of Arnold	<u>0.48</u>	<u>0.49</u>	<u>0.47</u>	<u>0.47</u>	<u>0.46</u>	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	<u>0.44</u>
Overlapping governments:										
State of Missouri	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Jefferson County	0.48	0.49	0.74	0.49	0.48	0.50	0.50	0.52	0.52	0.50
Consolidated School No. 6 of Jefferson County	3.78	3.78	3.61	3.61	3.58	3.50	3.51	3.53	4.60	4.46
Rock Community Fire Protection District	0.73	0.73	0.70	0.80	0.85	0.92	0.94	0.96	0.97	0.94
Rock Township Ambulance District	0.24	0.24	0.23	0.23	0.23	0.22	0.22	0.22	0.23	0.15
The Junior College District of Jefferson County	0.23	0.23	0.23	0.23	0.23	0.23	0.35	0.35	0.35	0.35
The Jefferson County Library District	0.20	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.18
Surtax-Commercial Only	-	-	-	-	-	-	-	0.24	0.24	0.24
Total Overlapping Governments	<u>5.69</u>	<u>5.70</u>	<u>5.73</u>	<u>5.58</u>	<u>5.59</u>	<u>5.59</u>	<u>5.74</u>	<u>6.04</u>	<u>7.13</u>	<u>6.85</u>
Total City And Overlapping Governments	<u>6.17</u>	<u>6.19</u>	<u>6.20</u>	<u>6.05</u>	<u>6.05</u>	<u>6.04</u>	<u>6.19</u>	<u>6.49</u>	<u>7.58</u>	<u>7.29</u>

Note: Above per \$100 assessed valuation

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL TAXPAYERS**  
**AUGUST 31, 2005**

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<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Tax Paid</u>
AmerenUE	Utility	\$ 1,081,030
Midwest Missouri Gas	Utility	422,761
Southwestern Bell Telephone	Utility	259,047
Metal Container Corporation	Aluminum Can Manufacturer	15,845
Schnucks	Grocery Store	11,967
Target	Retail Store	10,930
Suellentrop Family Partnership LP	Industrial Center	10,006
Home Depot	Retail Store	11,134
Water Tower LLC	Retail Stores	10,896
Convergy's Corporation	Customer Service	9,210



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

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<b>Fiscal Year</b>	<b>Special Assessment Billings (Due Within Fiscal Year)</b>	<b>Special Assessment Collected (1)</b>
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
2001	213,968	428,554
2002	294,473	419,270
2003	271,317	475,833
2004	257,765	440,386
2005	471,518	319,133

(1) Includes prepayments

**CITY OF ARNOLD, MISSOURI**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**AUGUST 31, 2005**

Assessed value as of January 1, 2005:

Real property	\$ 188,897,200	
Personal property	<u>66,443,924</u>	
		<u>\$255,341,124</u>

Debt limit - 10% of assessed value\* \$ 25,534,112

Amount of debt applicable to debt limit:

Total debt	17,335,775
Less - Exempt debt:	
Sewer revenue bonds	(1,285,775)
Certificates of participation (Municipal Complex)	(440,000)
Leasehold revenue bonds (Municipal Complex)	<u>(15,610,000)</u>

Net amount of debt applicable to debt limit -

Legal Debt Margin \$ 25,534,112

\*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, and 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 -**  
**GENERAL OBLIGATION BONDED DEBT**  
**AUGUST 31, 2005**

<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	\$ -	11.94 %	\$ -
Consolidated School District No. 6 of Jefferson County	30,700,000	41.96	12,881,720
City of Arnold	-	100.00	-
			<u>\$ 12,881,720</u>



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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2001	1,307,513	780,749	526,764	235,975	143,245	379,220	1.39
2002	1,242,428	752,559	489,869	228,500	124,770	353,270	1.39
2003	1,229,455	890,951	338,504	249,250	113,113	362,363	0.93
2004	1,284,447	932,011	352,436	266,500	99,837	366,337	0.96
2005	1,256,046	865,901	390,145	124,500	85,290	209,790	1.86

**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>Unem- ployment 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
2000	19,965	19,435	34.9	N/A	11,019	3.1
2005	21,162	N/A	N/A	N/A	11,554	4.3

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

(2) Source - Census Bureau

(3) Source - Consolidated School District No. 6 of Jefferson County

(4) Source - Missouri Department of Labor

**CITY OF ARNOLD, MISSOURI**  
**PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Real Property Value</b>				<b>Commercial Construction (1)</b>		<b>Residential Construction (1)</b>	
	<b>Commercial</b>	<b>Residential</b>	<b>Agriculture</b>	<b>Total</b>	<b>Number Of Units</b>	<b>Value</b>	<b>Number Of Units</b>	<b>Value</b>
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
2001	190,995,938	488,801,579	176,667	679,974,184	4	3,750,000	40	4,341,138
2002	237,207,188	526,999,474	180,000	764,386,662	5	1,838,350	77	7,910,565
2003	242,136,875	534,563,684	180,833	776,881,392	5	2,129,969	73	7,610,969
2004	254,499,063	543,768,947	159,167	798,427,177	8	3,432,125	144	19,298,252
2005	256,029,688	562,889,474	155,833	819,074,995	10	13,726,052	211	24,774,088

(1) Source - City of Arnold Community Development Department



**CITY OF ARNOLD, MISSOURI**  
**MISCELLANEOUS STATISTICAL DATA**  
**AUGUST 31, 2005**

Date of incorporation	September 1972
Form of government	Mayor/Council/Administrator
Number of full-time employees (excluding police)	58
Area in square miles	11.6
City of Arnold facilities and services:	
Miles of streets	77.01
Culture and recreation:	
Community centers	1
Parks	5
Park acreage	485
Swimming pools	3
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	29
Number of law violations:	
Physical arrests	2,393
Traffic violations	12,028
Sewerage system:	
Miles of sanitary sewers	96.3
Miles of storm sewers	7.4
Number of treatment plants	0
Number of pumping stations	9
Daily average treatment in gallons	1.8 million
Maximum daily capacity in gallons	11 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	11
Number of elementary school instructors	468
Number of secondary schools	5
Number of secondary school instructors	345
Number of community colleges	1

(Continued)

**CITY OF ARNOLD, MISSOURI**  
**MISCELLANEOUS STATISTICAL DATA (Continued)**  
**AUGUST 31, 2005**

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Fire protection:

Number of stations	3
Number of full-time fire personnel and officers	56
Number of volunteer fire personnel	10
Number of calls answered	2,867
Number of inspections conducted	6,750

Emergency ambulance services:

Number of stations	3
Number of emergency medical personnel and officers	48
Number of ambulance units	8
Number of calls answered	5,783

Water system:

Miles of water mains	113
Number of service connections	7,112
Number of fire hydrants	903
Daily average consumption in gallons	2.60 million
Maximum daily capacity in gallons	6.48 million