

# **CITY OF ARNOLD, MISSOURI**

## Comprehensive Annual Financial Report

### For The Fiscal Year Ended August 31, 2018



# **CITY OF ARNOLD, MISSOURI**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended August 31, 2018

Prepared by the  
Finance Department



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

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**INTRODUCTION**





February 11, 2019

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

State law and local ordinances require that all general-purpose local governments publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of Arnold, Missouri (the City) for the fiscal year ended August 31, 2018, is hereby submitted.

The comprehensive annual financial report consists of management's representations concerning the finances of the City. 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. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Hochschild, Bloom & Company LLP audited the City's financial statements. 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, 2018, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended August 31, 2018, are fairly presented in conformity with U.S. generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Incorporated in 1972 as a city of the third class, the City is located on the eastern border of the State of Missouri, south of the Meramec River at its confluence with the Mississippi River. The City has operated under the mayor-council-city administrator form of government since its inception. Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight council members. The mayor and council are elected on a nonpartisan basis. The mayor is elected to serve a four-year term. Council members serve two-year staggered terms, with four council members elected every year. 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, hiring employees, and overseeing the day-to-day operations of the City.

The City 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, snow removal and storm water system services are provided through the City. The City's recreation center operates as a department of the City, but is reported as a separate governmental fund. The storm water system and golf course are reported separately as proprietary funds in the City's financial statements.

## **Local Economy**

Arnold, the largest city in Jefferson County serves a population of 21,113 residents in 8,280 households based on [www.census.gov](http://www.census.gov) estimates as of July 1, 2017 and occupies an area of approximately 11.58 square miles. Residents are ideally located to commute to employment within the City, County and throughout the surrounding Metropolitan St. Louis area. Interstate Highway 55, U.S. Highway 61-67, and State Highways 141 and 231 provide access to St. Louis City, St. Louis and St. Charles counties along with the Metro-East (Illinois).

The economic condition and outlook of the City of Arnold continues to remain stable. The City believes it is in a favorable situation for the future given the continued increase in the number of retail sales and services establishments and the growth in manufacturing jobs within the city.

In December 2018, the Federal Reserve Bank of St Louis reported that as of August 2018, the seasonally-unadjusted unemployment rate for Jefferson County is at 3.2% down 0.6 percentage points 3.8% in August 2017. By comparison, as of August 2018, the unemployment rate for the State of Missouri was 3.4% while August 2017 was 4.2%. The St Louis metropolitan statistical area which includes some Illinois counties was 3.6% as of August 2018 and 4.1% for the same period last year. The adjacent counties of St. Louis, Franklin, and Washington were reported at 3.3%, 3.0%, and 4.4% in August 2018, respectively. From a high of 10.6% in January 2010, the August 2017 United States civilian unemployment rate of 3.9% has rebounded past its pre-recession level (August 2007; 4.6%).

The residential real estate tax base for fiscal year 2018 showed an increase of approximately 0.81% over last year's levels. The City's residential stock, geographic location and variety of services have kept real estate marketable. Although the City is

close to being built-out, newer projects still underway include the development of 144 residential units on the former Ott property and expansion of the Strawberry Ridge subdivision called The Enclave at Strawberry Ridge to include 12 villas. The appraised value of commercial real estate within the City decreased 0.12% during the same period. While the potential for further retail and industrial development remains favorable, the number of existing commercial vacancies and corresponding days dormant has increased in older developments.

The City's revenue structure relies primarily on sales taxes and gross receipts utility taxes. Utility tax receipts from the electric, gas, and cable companies continue to increase at a modest rate. A continued dip in telecommunications gross receipts tax has been attributed to changes in telecom marketing strategies and a shift by consumers to mobile services over landline services. City general sales tax receipts for fiscal year 2018 rose slightly ending 5.15% higher than 2017. After factoring in the EATS pass-through payments for the TIF projects and economic development set-aside, the City's net general sales tax receipts were 2.35% over the net tax for the prior fiscal year. We have projected a 1.5% increase in gross sales tax for fiscal year 2018 and will re-evaluate as the fiscal year progresses.

Due to the state of the local economy and its financial policies and practices, the City of Arnold received a credit rating of A+/Stable from Standard & Poor's in 2010. This rating was reviewed and reaffirmed in 2015 and in 2017.

### **Long-term Financial Planning**

The annual budget serves as the foundation for the City's financial planning and control. The City bases its revenue and expenditure assumptions on historical data and trends, with future costs derived from basic inflationary cost assumptions and known costs. Throughout the fiscal year, the city administrator meets to monitor trends in monthly revenue and expenditure activity, prioritize capital needs, review financial policies and work with mayor and council to develop fees for services. Actual revenue results for the past five years are analyzed for any developing trends and to aid in forecasting funding for the new budget year. All departments of the City are required to submit requests for appropriations to the city administrator and finance director. These requests are used as a starting point for developing a proposed expenditure budget based on the anticipated revenues forecasted.

Initial draft budget documents are refined through a series of reviews attended by the mayor, staff and interested councilpersons. Based on discussion during these meetings and according to City policy, the city administrator and finance director present the proposed budget to the mayor and city council for review in July prior to adoption. The city 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).

During the year, the city administrator has the authority to make transfers of appropriations between line items within individual departments. 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.



## **Major Budget and other Initiatives**

The City desires to plan for its success for decades to come. To encourage growth and stability, the City has established an economic development committee to actively seek out and support commercial development. In 2008, the City established the Arnold Retail Corridor Transportation Development District (ARC-TDD) to accommodate anticipated changes in traffic patterns and density because of the Triangle and Arnold Crossroads TIFs and other future developments. ACC-TDD project funds were used to help with the construction of road improvements at Astra Way and Missouri State Roads and Lone Star Drive in past years. The ARC-TDD is included in the basis financial statements as a distinctly presented component unit. Separate financial statements may be obtained from the City's finance department.

In December 2015, the City issued additional Chapter 100 Industrial Bonds in support of a second expansion of the Metal Container Corporation facility with a maximum principal amount of \$150 million adding another 24,000 sq. ft. to their complex. In addition to the Chapter 100 Industrial Bonds, the state has offered economic incentives to support this project. This expansion provides an estimated 70 new manufacturing jobs and insures Metal Container Corporation's presence in the City well into the future.

Construction was completed in 2018 on the Tenbrook Road sidewalk project funded in part by a grant from the Save Routes to School program. The City received notice of a federal congestion mitigation air quality grant award in October 2015 for improvements to the Jeffco-Tenbrook intersection and has completed easement acquisitions. This project will be constructed in tandem with the Tenbrook sidewalks project with completion of the Jeffco-Tenbrook intersection expected in late fiscal year 2019.

In January 2016, city council established a five-year street and road improvement plan and earmarking \$2.5 million in sewer system sale proceeds as funding. In year two, commercial streets; sections of Arnold Tenbrook, the Richardson Road intersection at St. John's Crossing and Manufacturer's Drive were replaced. The City plans to asphalt overlay approximately 132,000 square yards of residential streets in 2019.

In keeping with the City's focus on enhancing the leisure life provided residents, the City completed the construction of an additional permanent structure at the Arnold Farmers Market in Arnold City Park. The City has also been acquiring additional properties to expand the footprint of the Arnold City Park. Construction of the Jim Edwards Archery Park, with partial funding from the Missouri Department of Conservation, was completed in 2018. A new larger dog park with added amenities and features in Ferd B. Lang Park is expected to be completed in 2019 and will replace the existing dog areas in both Ferd B. Lang and Arnold City Park.

In 2014, council approved the establishment of a small business development program. Corridor55 opened in September 2014 providing co-working office space and support for fledgling local entrepreneurs. The Arnold Chamber of Commerce has relocated to Corridor55. While space is still available in the common areas for use, occupancy of all designated offices remains at 100% with a growing waiting list.

The City will continue to seek alternative funding sources, such as grants, and analyzing City operations for areas of efficiency and cost effectiveness. The City will also seek to

develop programs to enhance the services it offers to residents and to attract and support local business.

In 2016, the Arnold Community Foundation was established as an agency of the city to promote the general welfare by enriching the quality of life for its residents. The Foundation Board finalized its bylaws in 2017 and has the stated goals of: supporting community benefit activities, helping to support improvements in Parks & Recreation, and coordinating community beautification projects. In 2018 the foundation raised \$25,000 in donations.

Technological improvements played an important role in this year's activities with the replacement of the City's obsolete telecommunications system and further refinement and utilization of an electronic document management system. Current projects include online booking and payment of tee times for the municipal golf course, an enhanced security system for the recreation center and an internal study of the adequacy of the current accounting software and related systems.

FEMA disaster assistance funds were received in 2018 related to expenses from flood events over the past several years. In addition, the City has purchased an additional six properties within the flooded area. These properties will be demolished and the land potentially added to existing Arnold City Park. Also, the City purchased several properties in the Melody Lane / Key West Drive areas as part of a storm water upgrade project that is planned for 2019.

### **Relevant Financial Policies**

The City of Arnold has an established set of financial policies under which it operates. The most recently adopted is its Fund Balance Policy. Due to the General Fund's reliance on sales tax revenue, the City's Fund Balance Policy anticipates a target unassigned fund balance of not less than 34% or four months of annual operating revenues for the fiscal year and requires a plan of action to restore the balance if it falls below this level. For fiscal 2018, the General Fund unassigned fund balance of \$6,763,267 is approximately 47% of total revenues.

### **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 for its comprehensive annual financial report for the fiscal year ended August 31, 2017. This is the 29<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's finances.

Respectfully submitted,



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Bryan Richison  
City Administrator



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Bill Lehmann  
Finance Director



Government Finance Officers Association

**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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

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

---

Ron Counts

Mayor

**Council**

EJ Fleischmann  
Jason Fulbright  
David Owens  
Brian McArthur  
Mark Hood  
Vern Sullivan  
Butch Cooley  
Gary Plunk

Ward One  
Ward One  
Ward Two  
Ward Two  
Ward Three  
Ward Three  
Ward Four  
Ward Four

Dan Kroupa

Treasurer

Todd Hamby

Judge

Robert Sweeney

City Attorney

Bryan Richison

City Administrator

Tammi Casey

City Clerk

Bill Lehmann

Finance Director

Robert Shockey

Chief of Police

David Bookless

Community Development Director

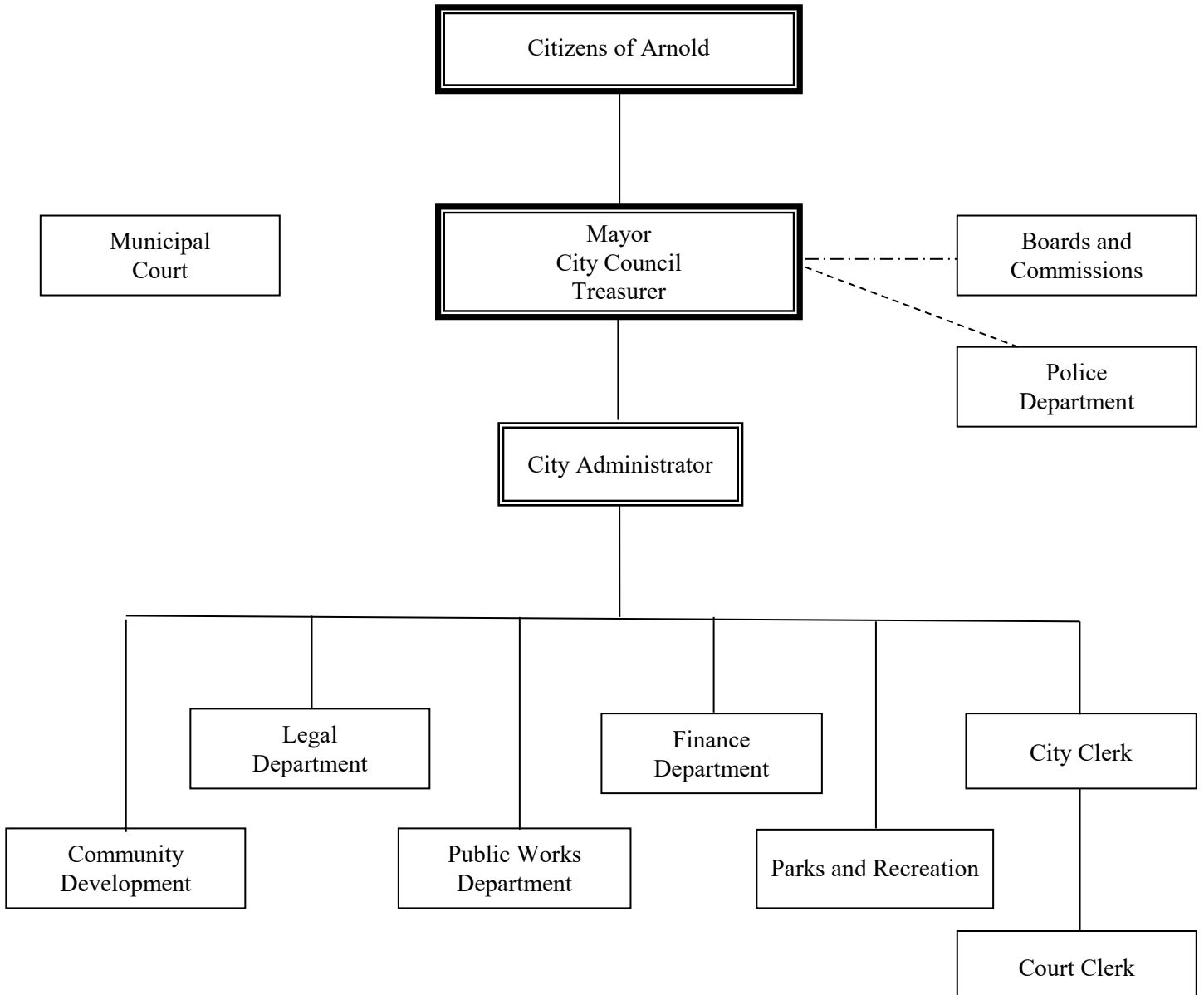
Tom Palasky

Public Works Director

Dickie Brown

Parks and Recreation Director

# City of Arnold Organization Chart



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## **FINANCIAL**







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

## INDEPENDENT AUDITOR'S REPORT

February 11, 2019

Honorable Mayor and Members of the City Council  
**CITY OF ARNOLD, MISSOURI**

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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 and introductory and statistical sections, as listed in the table contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

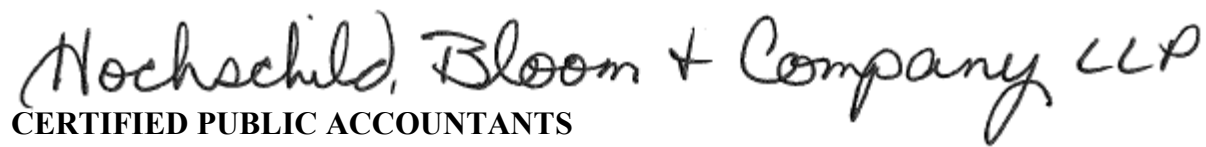
The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
**CERTIFIED PUBLIC ACCOUNTANTS**  
*Washington, Missouri*

# CITY OF ARNOLD, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2018

As management of the City of Arnold, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended August 31, 2018. Please read this narrative in conjunction with the letter of transmittal, the basic financial statements and the accompanying notes to financial statements.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$60,110,411 (*net position*). The City has a deficit unrestricted net position of \$13,708,169 due to \$27,972,917 in TIF bonds and notes outstanding at year-end for infrastructure assets not owned by the City.
- Governmental activities and business-type activities had a net position of \$55,093,472 and \$5,016,939, respectively, at fiscal year-end. The City's total net position increased by \$1,701,374 during the fiscal year. The combined governmental activities increasing by \$1,685,044 while the combined business-type activities increased by \$16,330.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$16,914,063, a decrease of \$1,601,291 in comparison with the prior year. Approximately 40% of this amount or \$6,763,267 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the General Fund was \$11,694,817, or approximately 73% of total General Fund expenditures.
- The City's total outstanding long-term debt, including compensated absences, decreased by \$3,539,765 during the current fiscal year to a total of \$42,046,087. In December 2016, Series 2016 of Tax Increment Revenue Bonds (TIF) were issued to refund the Series 2009 TIF bonds. The Series 2017 Leasehold Revenue Bonds were issued in August 2017 refunding the Series 2010 Leasehold Revenue Bonds.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplemental information intended to furnish additional detail to support 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, in a manner similar to a private-sector company. The two government-wide statements, **Statement of Net Position** and **Statement of Activities**, report the City's net position and how it has changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those activities that are normally associated with the operation of a government such as health, highways, public safety, and parks. Business-type activities are those activities of a government that are designed to be self-supporting.

The **Statement of Net Position** presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position also provides information on the City's net investment in capital assets, restricted items and unrestricted net position.

The **Statement of Activities** presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). To assess the overall

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018**

health of the City you need to consider additional non-financial factors such as changes in the City's property tax base or the condition of the City's roadway network.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety (police, courts, and justice services), public works, highways and streets, health and sanitation, tourism, parks and recreation (including the Recreation Center), economic development as well as interest and fiscal charges. The business-type activities include the golf course and the storm water system utility services provided by the City.

The government-wide financial statements include not only the City (known as the *primary government*), but also the legally separate Arnold Retail Corridor Transportation Development District (the District). The District is considered a component unit of the City. The District was organized to construct public infrastructure improvement projects to serve new transportation redevelopment projects in the City. The District's financial activity is discretely presented in the City's basic financial statements.

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

	<u>Government-wide Statements</u>	<u>Fund Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
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: golf course and storm water system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for City commissioned employees
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balance	* Statement of net position * Statement of revenues, expenses, and changes in net position	* Statement of fiduciary net position * Statement of changes in fiduciary net position
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 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 the 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 the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**Fund financial statements.** A *fund* is an accounting device that groups related accounts together to keep track of specific sources of funding and spending for particular purposes. The City, 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.

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**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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Recreation Center Fund and Special Allocation Fund, which are considered major funds. Data for the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements in the other supplemental information section of this report.

The City adopts annual appropriated budgets for its General Fund, Recreation Center Fund, Special Allocation Fund, Tourism Fund, and Drug Forfeiture Fund. Budgetary comparison statements have been provided for each fund to demonstrate compliance with these budgets.

**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 detail. With the disposal of the sewer system, the City maintains two *Enterprise Funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses Enterprise Funds to account for its storm water utility system and the Pomme Creek Golf Course. The City does not utilize the second type of proprietary fund, the *Internal Service Fund*. Typically, Internal Service Funds provide services that predominantly benefit governmental rather than performing business-type functions and are used to accumulate and allocate costs internally among an entity's various functions and departments.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or *fiduciary*, for its police employees' pension plan. 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 supplemental information* concerning budgetary presentations of budget to actual amounts. Other supplemental contains comparative governmental funds statements and combining and individual statements for the non-major governmental funds.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,110,411 at the close of the most recent fiscal year. This represents an increase in net position of 2.9% or \$1,701,374 higher than fiscal 2017. (Table A-2)

At the end of the current fiscal year, the City had positive balances in seven categories of net position (net investment in capital assets; restricted for capital improvements; restricted for debt service; restricted for public safety; restricted for tax increment financing; restricted for tourism; and restricted for pension) however, its unrestricted net position had a deficit balance of \$13,708,169.

**Table A-2**  
**City of Arnold's Net Position as of August 31, 2017 and 2018**  
*(In thousands of dollars)*

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 24,507	23,103	512	669	25,019	23,772
Capital assets	74,714	73,972	4,618	4,559	79,332	78,531
<b>Total assets</b>	<b>99,221</b>	<b>97,075</b>	<b>5,130</b>	<b>5,228</b>	<b>104,351</b>	<b>102,303</b>
<b>Total Deferred Outflows of Resources</b>	<b>4,567</b>	<b>4,823</b>	<b>93</b>	<b>50</b>	<b>4,660</b>	<b>4,873</b>
Long-term debt outstanding	46,691	42,590	82	12	46,773	42,602
Other liabilities	3,171	3,422	124	183	3,295	3,605
<b>Total liabilities</b>	<b>49,862</b>	<b>46,012</b>	<b>206</b>	<b>195</b>	<b>50,068</b>	<b>46,207</b>
<b>Total Deferred Inflows of Resources</b>	<b>436</b>	<b>793</b>	<b>16</b>	<b>66</b>	<b>452</b>	<b>859</b>
Net Investment in capital assets	61,540	61,364	4,618	4,559	66,158	65,923
Restricted for capital improvements	1,323	2,422	-	-	1,323	2,422
Restricted for debt service	2,333	1,422	-	-	2,333	1,422
Restricted for public safety	71	33	-	-	71	33
Restricted for tax increment financing	1,848	2,750	-	-	1,848	2,750
Restricted for tourism	176	217	-	-	176	217
Restricted for pension	-	1,051	-	-	-	1,051
Unrestricted	(13,801)	(14,166)	383	458	(13,418)	(13,708)
<b>Total net position</b>	<b>\$ 53,490</b>	<b>55,093</b>	<b>5,001</b>	<b>5,017</b>	<b>58,491</b>	<b>60,110</b>

The largest portion of the City's net position, \$65,922,688 in 2018 (a decrease of approximately 0.36% from 2017), 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 investment in its capital assets is reported net of related

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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 position, \$7,895,892 represents resources that are subject to external restrictions on how they may be used. Of this amount, \$4,172,016 or 53% is restricted by debt covenants while use of the remaining, \$3,723,876, is restricted by other governmental entities.

The remaining category of the City's net position represents a deficit balance of *unrestricted net position* totaling \$13,708,169 in 2018. This represents an increased deficit balance change as compared to the prior year's unrestricted net position of \$289,945 or slightly above 2%.

**Table A-3  
Change in City's Net Positions for the Years Ended August 31, 2017 and 2018  
(In thousands of dollars)**

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Percentage Change</i>	
	2017	2018	2017	2018	2017	2018	2017-2018	
<b>Revenues</b>								
Program revenues:								
Charges for services	\$ 3,593	2,476	964	1,012	4,557	3,488	(23.61)	%
Operating grants	1,239	1,451	-	-	1,239	1,451	19.53	
Capital grants	111	503	14	3	125	506	307.20	
General revenues:								
Taxes	17,146	17,788	-	-	17,146	17,788	3.74	
Investment income	16	26	-	-	16	26	61.71	
Miscellaneous	72	129	-	-	72	129	78.15	
<b>Total revenues</b>	<u>22,177</u>	<u>22,373</u>	<u>978</u>	<u>1,015</u>	<u>23,155</u>	<u>23,388</u>	1.11	
<b>Expenses</b>								
General government	3,749	3,985	-	-	3,749	3,985	6.29	
Public safety	5,651	6,145	-	-	5,651	6,145	8.75	
Public works	1,230	1,239	-	-	1,230	1,239	3.15	
Highways and streets	3,600	3,415	-	-	3,600	3,415	(5.13)	
Parks and recreation	2,596	2,696	-	-	2,596	2,696	3.87	
Health and sanitation	1,335	662	-	-	1,335	662	(50.27)	
Economic Development	125	116	-	-	125	116	(7.19)	
Storm Water system	-	-	542	531	542	531	(2.58)	
Golf Course	-	-	531	560	531	560	5.08	
Interest on long-term debt	3,020	2,338	-	-	3,020	2,338	(22.57)	
<b>Total expenses</b>	<u>21,306</u>	<u>20,596</u>	<u>1,073</u>	<u>1,091</u>	<u>22,379</u>	<u>21,687</u>	(2.97)	
Excess (deficiency) before special items and transfers	871	1,777	(95)	(76)	776	1,701	(118.73)	
Transfers	(248)	(92)	248	92	-	-	-	
<b>Increase (decrease) in net position</b>	<u>623</u>	<u>1,685</u>	<u>153</u>	<u>16</u>	<u>776</u>	<u>1,701</u>	118.77	
Net Position - September 1	52,867	53,490	4,848	5,001	57,715	58,491	1.20	
Restatement - OPEB	-	(82)	-	-	-	(82)	-	
Net Position - September 1, As Restated	<u>52,867</u>	<u>53,408</u>	<u>4,848</u>	<u>5,001</u>	<u>57,715</u>	<u>58,409</u>	1.2	
<b>Net position - August 31</b>	<u>\$ 53,490</u>	<u>55,093</u>	<u>5,001</u>	<u>5,017</u>	<u>58,491</u>	<u>60,110</u>	2.76	%



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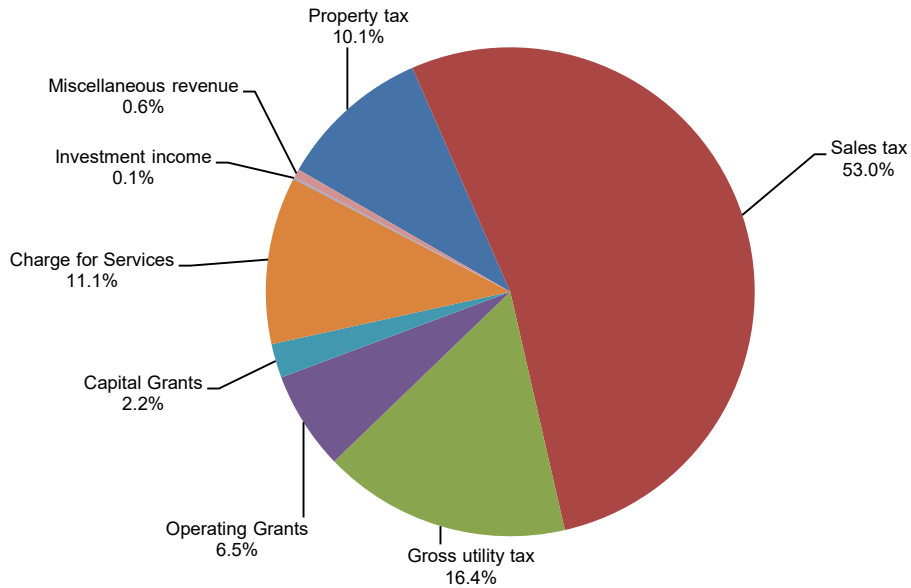
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**Governmental activities.** Governmental activities increased the City's net position by \$1,685,044. Key elements of this net increase are as follows:

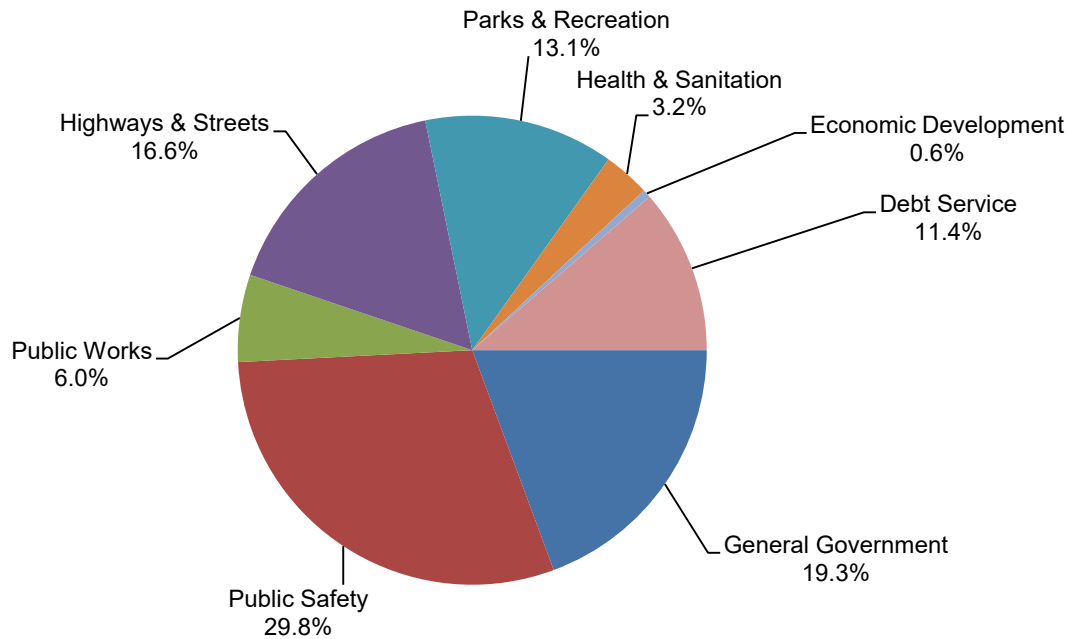
- Real property assessed valuations increased \$14,882,152 or slightly over 5.02%. Residential property values increased \$15,072,500 or 9.12% while commercial values including railroads & utilities decreased \$189,788 or 0.14%. In compliance with the Hancock Amendment, the City increased its property tax levy from 0.3902 cents/\$100 in assessed valuation, in 2017, to 0.3911 cents for fiscal year 2018. Triangle TIF District revenues were up by \$23,815. General Fund property tax revenues also increased approximately 2.72% or \$29,959.
- Sales tax revenues were \$353,408 or 3.08% higher than last year. Sales tax within the TIF Districts decreased \$84,432 or slightly more than 3.2%. Tourism tax received from the local hotels decreased \$18,555 or 5.4%.
- Overall gross receipts tax revenues increased \$198,321 or approximately 5.7% for the year. Goss receipts tax on waste water treatment showed an increase in revenue over last year of \$10,760 or 4.5%. However, cable TV fees dropped by 8.2% or 14,417 as traditional cable and other similar services continue to lose ground against new streaming services available. Gas utility tax revenues show an increase of \$44,397 or 11.33%, while electric utility tax revenues grew \$247,244 or 11.62% above last year due to 2018 having an unusually high number of days with temperatures reaching 80 degrees or higher (2<sup>nd</sup> most on record). This was combined with a slight rate increase in electric utility rate. Variance swings in electric and gas revenues occur each year based on the weather that the area experiences. Telephone utility tax continued to decline showing a drop of \$89,660. Part of the large drop is due to 2017 including a \$44,858 settlement payment from the Tracfone Wireless lawsuit. After adjusting for that one-time payment there is still a net drop of \$44,802 or almost 9.3% which is consistent with the established trend as telecom companies change pricing strategies and consumers continue to eliminate residential landlines in favor of cellular service only.
- Overall charges for services were below 2017 by \$1,116,766 or 31.1%. Fees for general government declined 58.5% or \$196,372. Public Safety revenues increased by \$99,249 or 10.9%. Of this amount, court fines and costs account for \$41,571 of the increase or 41.9% of the total increase and approximately 6.1% over last year's court revenues. Parks & recreation revenue decreased approximately 15.0% or \$214,167 primarily due to an increase in recreation center membership fees. Membership revenues decreased by \$189,268 or 34.6%, pool daily admissions decreased by \$9,613 or 10.2% and correspondingly concessions decreased by \$17,157 or 34.7%. Health and sanitation revenues dropped by \$805,476 or 87.8% due to city no longer billing for trash which is now being billed directly by the contracted trash company. This accounted for \$787,088 or 97.7% of the total decline.
- Capital Grants and Contributions increased by \$377,088 or 301% higher this fiscal year due to a State of Missouri - Safe Routes to School grant of \$179,294 which was used for sidewalk improvements near the high school. An additional \$130,000 was received from the Missouri Department of Conservation toward the construction of the new Jim Edwards Archery Park. Operating grants and contributions shows an increase of \$215,194 or approximately 17.0% more than last year. Fiscal year 2018 includes grant funds received from FEMA & SEMA for the 2015 and 2016 flood events.
- The City transferred \$91,644 from the General Fund to subsidize operations at the Golf Course.

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**Figure A-1  
Sources of Revenue - Governmental Activities**



**Figure A-2  
Expenses by Function - Governmental Activities**



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Table A-4 presents the cost of each of the City's seven governmental functions - general government including economic development, public safety (police, code enforcement, courts, and justice services), public works, highways and streets, parks and recreation (parks and recreation center), 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 \$20,594,689.
- However, the amount that our taxpayers paid for these activities through City taxes was \$17.2 million. Some of the costs were paid by:
  - Those who directly benefited from the programs,
  - Issuance of debt in conjunction or
  - Other governments and organizations that subsidized certain programs with grants and contributions.

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

	Total Cost of Services			Net Cost of Services		
	2017	2018	Percentage Change 2017-2018	2017	2018	Percentage Change 2017-2018
General government	\$ 3,749	3,985	6.30 %	\$ 3,359	3,467	3.22 %
Public safety	5,651	6,145	8.74	4,582	4,736	3.36
Public works	1,230	1,239	0.73	1,205	1,219	1.16
Highways and streets	3,600	3,415	(5.14)	2,487	2,387	(4.02)
Parks and recreation	2,596	2,696	3.85	1,167	1,352	15.85
Health and sanitation	1,335	662	(50.41)	418	549	31.34
Economic development	125	116	(7.20)	125	116	(7.20)
Interest on long-term debt	3,020	2,338	(22.58)	3,020	2,338	(22.58)
<b>Total</b>	<b>\$ 21,306</b>	<b>20,596</b>	<b>(3.33) %</b>	<b>\$ 16,363</b>	<b>16,164</b>	<b>(1.22) %</b>

**Business-type activities.** Business activities increased the City's net position by \$16,330. The key element of this increase was the transfer of \$91,644 from General Fund to subsidize the Pomme Creek Golf Course as previously mentioned. Other components are as follows:

- Storm water rates remain the same with charges for services increasing \$12,807 or approximately 2.23% while cost of services decreased \$11,363 or approximately 2.17% during the current year. No major in-house projects were begun this year. Part of the expense decrease is due, in part, to the retirement of the Public Works Director in May 2018. 25% of that position's salary was charged to Storm Water Fund.
- Charges for services increased \$36,666 or approximately 9.4% at the City's public golf course this year over last. Operating expenses increased \$29,917 or approximately 5.65%. Personnel costs were approximately 9.3% or \$25,696 over last year primarily due to a transition to a new full-time clubhouse supervisor. An increase in supply cost of \$21,705 or 23.3% is attributable an extraordinary decrease last year due to flooding

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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City 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, *unrestricted 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 discussed previously, this year the City transferred funds totaling \$91,644 from the General Fund to business activities to eliminate the negative cash position in the Golf Fund. These transfers along with other costs incurred account for the decrease in the City's General Fund of \$1,533,140 as compared with the prior year, leaving the General Fund with an ending fund balance of \$12,262,476. Of this amount \$567,606 represents prepaid items and is nonspendable. An additional amount of \$53 has been restricted for debt service. The City Council has committed portions of fund balance as follows: 1) \$123,226 for services and street improvements, 2) \$883,724 for sewer sub-district projects, 3) \$113,165 for greenway beautification, 4) \$529,628 for economic development, 5) \$9,066 for the pride in our City program, 6) \$4,746 in continued support of a city bus route and 7) \$850,420 for the remaining three years of the five-year residential street improvement project. Assigned for use in the future budget is \$2,417,575 which includes the Melody Lane and Jeffco-Tenbrook sidewalk and intersection projects. The remaining unassigned fund balance is \$6,763,267.

The Recreation Center Fund is strictly dedicated to the center's revenues and expenses. Revenues are generated through a ¼ cent general sales tax and user fees. The Recreation Center Fund reported an ending fund balance of \$203,804. Of this balance, prepaid items totaling \$22,333 are reported as nonspendable while the remaining \$181,471 is reported as committed. As predicted prior to building the recreation center, sales tax receipts are sufficient to cover debt service. User fees, although not adequate to cover operating expenditures, are set at a price point affordable for the vast majority of city residents and reviewed annually.

The Special Allocation Fund reports activities related to the City's Arnold Commons and Crossroads TIF projects. Revenues are received from incremental property and sales tax generated within the project area. These funds are then used to retire the related project debt. The Special Allocation Fund reported an ending fund balance of \$4,171,963 or an increase of \$27,713 or approximately 0.67% above last year. All of this amount is restricted for debt service. In December 2016, the City refunded the Series 2009 Triangle TIF bonds and issued Series 2016 bonds in the amount of \$27,674,501 for the Arnold Commons TIF project. As of August 2018, \$24,419,501 remains outstanding on the Series 2016 bonds. In October 2009, notes in the amount of \$3,319,555 were issued for the Arnold Crossroads TIF project. Additional notes in the amount of \$3,000,000 were issued May 2011 for the Arnold Crossroads Sub-Area #1 TIF project. As of August 2018, \$1,563,914 remains outstanding on the Arnold Crossroads and \$1,989,502 on the Arnold Crossroads Sub-Area #1 projects.

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

The unrestricted net position for the Storm Water Fund is \$477,927, an increase of \$92,863 from prior year. The Golf Fund ended the year with an unrestricted net position of (\$19,879), down \$17,747 from prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Results for the General Fund this year were less than anticipated by \$130,172. Actual total revenues were \$109,361 higher than final budget while actual total expenditures were \$436,672 higher than budget. Transfers to/from other funds and sale of capital assets totaling \$197,139 account for the remaining variance to budget.

Total tax revenue was above final estimated budget by \$208,652 or approximately 1.75%. Property tax revenues were \$30,078 above budget or 2.73%. Sales tax revenues were \$37,858 or 0.57% higher than final budget. Gross receipts tax was \$129,466 or 3.8% higher than final budget. Electrical and gas consumption were over budget by \$74,168 or 3.2% and under budget by \$4,198 or 0.95% respectively. Telephone tax exceeded final budget expectations by \$31,304 or approximately 7.7%. Sewer utility tax receipts were over budget expectations by \$28,196 or 12.8%. Motor fuel tax was \$11,250 over that budgeted as the price per gallon continued to rise slightly in 2018.

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Licenses and permits ended the fiscal year lower than budget by approximately 2.2% or \$11,673. Licenses to do business in the City were \$131,773 or 73.2% under budget. The budget is usually adjusted at mid-year based on the number of permits issued but due to key personnel transitions (due to retirements) that did not happen in 2018. Construction season picked up and building, mechanical and existing structure permits exceeded projected estimates by \$107,749 or almost 103. Animal licenses exceeded budget by \$7,390 or approximately 43%. These increases are attributed to positive changes in the economy. Owners/operators have the confidence to begin or expand business and consumers have additional discretionary income to support home improvements and animals.

Fines and court costs were over budget estimate by \$36,579 or 5.3%. Fines exceeded final budget by 5.2% or \$32,771. Court costs were also over budget estimate \$3,809 or 6.68%.

Intergovernmental revenues were \$137,084 or 16.0% below budget.

Charges for service revenues were over budget estimate by \$10,274 or approximately 5.4%.

Miscellaneous revenues were above budget by \$6,568 or 3.5%.

General government actual expenditures exceeded the final budget by just over 4.8% or \$149,572. This was driven in large part by higher than anticipated information technology support expenses above estimate by 37.7% or \$136,015. This was due to purchase of new phone system which was anticipated to happen in 2019. Also, all recurring phone expenses that were typically captured in other departments were captured in information technology department for FY18 (and will be going forward). expenses are \$0 (or negligible). In addition finance department expenses were \$16,155 or 4.2% above budget due to the retirement of the finance director and transition to a new director.

Public safety actual expenditures were over budget \$86,449 or 1.44%. Of this variance, \$64,633 or 74.8% occurred in the police budget primarily due to the addition of two officers throughout the year. Dispatch was over the adjusted budget by \$15,402 accounting for 17.8% of the public safety variance due to higher than expected personnel costs. The building commission budget exceeded budget by \$6,414 due to slightly higher than projected personnel costs for the addition of a part-time building inspector midway through 2018.

The public works budget shows a favorable variance of \$33,529 or 0.51% primarily due to retirement of the director late in the year and the appointment of an interim director from existing personnel to complete the year.

Highway and street expenditures were higher than estimated by \$73,529 or 7.1% due to overlay and slab replacement work that was expected to start in 2019 (\$66,699), and the addition of two part time personnel later in 2018.

Parks and recreation salaries wages were lower than final budget by \$55,453 or 11.01% due to the departure of one of the recreation supervisors. Park programs were \$62,122 (30.3%) under final budget due to less major events than originally planned. The remaining variances are maintenance, land and building and insurance related costs.

Total health and sanitation expenses finished 2018 slightly under budget by \$3,418 or 0.61%.

Capital outlays finished over the final budget by \$298,017 or 10.84%.

Debt service variance to budget is related to the absorption of the bond refinancing.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of August 31, 2018, amounted to \$78,531,183 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, and bridges. The decrease in the City's investment in capital assets for the current fiscal year was 1.01% (governmental activities decreased 0.99% and a 1.27% decrease for business-type activities). (See table A-5)

Capital asset events occurring during the fiscal year included the following:

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- General Fund included acquisition of JCYA property (\$118,436) which increased the footprint of Arnold City Park, purchase and installation of a perimeter security fence around the police parking lot (\$30,995), replacement carpeting in the police department (\$14,390), a replacement water heater and storage tank in city hall (\$18,669), panic bar devices for the city hall front doors (\$6,856), an emergency generator for city hall (\$32,419), electronic door readers for the police department (\$18,531), a cloud-based hosted phone solution (\$45,055) and a police department license plate reader system (\$19,567).
- Other General Fund events included technology infrastructure rewiring in the police department (\$23,072), a replacement HVAC system in the public works building (\$5,377), completion of the archery park (\$219,513), fencing for the new dog park (\$19,077) and updated flood inundation mapping (\$64,000),
- Acquisition were made for four of the Melody project properties (\$595,205), six flood properties (\$142,935) and three properties deemed unsafe were bought and the buildings demolished (\$27,771).
- As part of the annual police vehicle replacement program, seven police cars were purchased (one due to significant damage incurred) (\$282,558) and one police vehicles were retired (\$25,884). One police car was transferred and re-purposed to the building department (\$22,258). Parks (\$25,721) purchased a replacement pickup truck. Four trucks were retired, one in public works (\$25,884), one in highways and streets (\$27,103), and two in parks (\$40,214).
- Highway & streets completed improvements in the Maxville Gardens neighborhood improvement district (\$172,815) and also acquired a drop hammer (\$7,650).
- The Recreation Center pool compressors were replaced (\$15,000), some interior remodeling was completed in the vending area (\$6,611) and a floor scrubber was purchased (\$7,784).
- The Parks/Golf Course purchased an industrial walking mower (\$5,524) and a 61" zero radius propelled mower (\$7,720).
- Other General Fund assets retired included old phone system (\$99,139), old electronic door lock system (\$11,608) and an asphalt paver (\$16,335).

For more detailed information about the City's capital assets, see note C in the notes to the financial statements.

**Table A-5  
City's Capital Assets as of August 31, 2017 and 2018  
(Net of depreciation)**

	Governmental Activities		Business-type Activities		Total Capital Assets	
	2017	2018	2017	2018	2017	2018
Land	\$ 27,987,844	28,872,190	3,363,160	3,363,160	31,351,004	32,235,350
Buildings	10,935,736	10,633,981	341,944	321,162	11,277,680	10,955,143
Machinery and Equipment	420,308	545,884	74,548	57,486	494,856	603,370
Automobiles and trucks	991,227	927,784	-	-	991,227	927,784
Infrastructure	33,979,701	32,178,772	-	-	33,979,701	32,178,772
Storm Water lines	-	-	838,025	817,083	838,025	817,083
Construction in progress	399,576	813,681	-	-	399,576	813,681
<b>Total</b>	<b>\$ 74,714,392</b>	<b>73,972,292</b>	<b>4,617,677</b>	<b>4,558,891</b>	<b>79,332,069</b>	<b>78,531,183</b>

**Long-term debt.** At year-end the City had \$41,261,410 in bonds and notes outstanding - a decrease of 8.0% from last year - as shown in Table A-6.

For more detailed information about the City's long-term liabilities, see note D in the notes to financial statements.

**CITY OF ARNOLD, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2018**

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 is \$38,419,609. The City currently has no general obligation debt outstanding.

**Table A-6  
City's Outstanding Debt as of August 31, 2017 and 2018  
(In thousands of dollars)**

	Governmental		Business-type		Total		Percentage
	Activities		Activities				Change
	2017	2018	2017	2018	2017	2018	2017-2018
Revenue bonds and notes (backed by specific tax and fee revenues)	\$ 44,849	41,261	-	-	44,849	41,261	(8.00) %

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

- The unemployment rate, not seasonally adjusted, for Jefferson County for August 2018 was 3.2%, which is a decrease from a rate of 3.8% a year ago. This is lower than the national and state's average unemployment rate of 3.9% and 3.4% respectively, all rates not seasonally adjusted.
- The Consumer Price Index (CPI-U) for All Urban Consumers indicates that nationwide inflation has increased 2.7% over the August 2017 rate. Inflationary trends for the Midwest region (2.1%) compare favorably to the Northeast (2.7%), South (2.4%) and West (3.6%) regions indices.

All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

The property tax rate set to support the 2018 fiscal year budget is \$0.3911 per \$100 of assessed value. The local sales tax rate is anticipated to remain at 1¼%, with 1% allocated for General Fund operations and ¼% allocated to the Recreation Center Fund.

Storm water fees remain at \$3 per month per equivalent residential unit.

Incorporated into the budget for fiscal year 2019 is the third year of City's first bargaining agreement with the Fraternal Order of Police. This three-year agreement provides for annual wage increases and other changes for commissioned and other personnel.

**Requests for Information**

This financial report is designed to provide a general overview of the City'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 City of Arnold Finance Office, 2101 Jeffco Blvd., Arnold, MO, 63010.

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Transportation Development District
<b>ASSETS</b>				
Cash and investments	\$ 13,451,473	487,796	13,939,269	3,790,808
Receivables (net of allowances for uncollectibles):				
Taxes	3,312,975	-	3,312,975	-
Special assessments	1,178,649	-	1,178,649	-
Service fees	371,337	179,212	550,549	-
Intergovernmental	21,035	-	21,035	-
Miscellaneous	157,424	1,500	158,924	-
Prepaid items	589,939	871	590,810	-
Restricted assets:				
Cash and investments	1,448,693	-	1,448,693	-
Capital improvements sales tax receivable	2,421,984	-	2,421,984	-
Net pension asset	149,815	-	149,815	-
Capital assets:				
Land and construction in progress	29,685,871	3,363,160	33,049,031	-
Other capital assets, net of accumulated depreciation	44,286,421	1,195,731	45,482,152	-
Total Assets	97,075,616	5,228,270	102,303,886	3,790,808
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	3,048,376	-	3,048,376	-
Deferred amounts related to pensions	1,774,351	49,795	1,824,146	-
Total Deferred Outflows Of Resources	4,822,727	49,795	4,872,522	-
<b>LIABILITIES</b>				
Accounts payable	2,070,074	45,529	2,115,603	-
Accrued liabilities	138,199	31,213	169,412	-
Accrued interest payable	1,061,892	-	1,061,892	-
Unearned revenue	151,916	106,284	258,200	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	2,394,955	-	2,394,955	1,270,000
Due in more than one year:				
Long-term debt	39,651,132	-	39,651,132	11,920,000
Total OPEB liability	447,341	-	447,341	-
Net pension liability	96,855	12,149	109,004	-
Total Liabilities	46,012,364	195,175	46,207,539	13,190,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to OPEB	16,268	-	16,268	-
Deferred amounts related to pensions	776,239	65,951	842,190	-
Total Deferred Inflows Of Resources	792,507	65,951	858,458	-
<b>NET POSITION</b>				
Net investment in capital assets	61,363,797	4,558,891	65,922,688	-
Restricted for capital improvements	2,421,984	-	2,421,984	-
Restricted for debt service	1,422,442	-	1,422,442	1,887,304
Restricted for public safety	33,434	-	33,434	-
Restricted for tax increment financing	2,749,574	-	2,749,574	-
Restricted for tourism	217,386	-	217,386	-
Restricted for transportation development	-	-	-	915,126
Restricted for pension	1,051,072	-	1,051,072	-
Unrestricted net position	(14,166,217)	458,048	(13,708,169)	(12,201,622)
Total Net Position	\$ 55,093,472	5,016,939	60,110,411	(9,399,192)



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes In Net Position							Component Unit Transportation Development District
	Expenses	Program Revenues			Primary Government			
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 3,984,929	139,607	25,000	353,110	(3,467,212)	-	(3,467,212)	-
Public safety	6,145,438	1,011,285	398,583	-	(4,735,570)	-	(4,735,570)	-
Public works	1,238,647	-	-	19,238	(1,219,409)	-	(1,219,409)	-
Highways and streets	3,414,602	-	1,027,625	-	(2,386,977)	-	(2,386,977)	-
Parks and recreation	2,695,515	1,213,846	-	130,000	(1,351,669)	-	(1,351,669)	-
Health and sanitation	661,153	111,543	-	-	(549,610)	-	(549,610)	-
Economic development	116,015	-	-	-	(116,015)	-	(116,015)	-
Interest and fiscal charges on long-term debt	2,338,390	-	-	-	(2,338,390)	-	(2,338,390)	-
Total Governmental Activities	<u>20,594,689</u>	<u>2,476,281</u>	<u>1,451,208</u>	<u>502,348</u>	<u>(16,164,852)</u>	<u>-</u>	<u>(16,164,852)</u>	<u>-</u>
<b>Business-type Activities</b>								
Storm water	530,870	586,259	-	-	-	55,389	55,389	-
Golf	560,426	426,544	3,179	-	-	(130,703)	(130,703)	-
Total Business-type Activities	<u>1,091,296</u>	<u>1,012,803</u>	<u>3,179</u>	<u>-</u>	<u>-</u>	<u>(75,314)</u>	<u>(75,314)</u>	<u>-</u>
Total Primary Government	<u>\$ 21,685,985</u>	<u>3,489,084</u>	<u>1,454,387</u>	<u>502,348</u>	<u>(16,164,852)</u>	<u>(75,314)</u>	<u>(16,240,166)</u>	<u>-</u>
<b>Component Unit</b>								
Transportation development district	<u>\$ 1,634,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,634,560)</u>
<b>General Revenues</b>								
Taxes:								
Property					2,257,200	-	2,257,200	-
Sales					11,826,751	-	11,826,751	2,903,281
Gross receipts					3,657,747	-	3,657,747	-
Miscellaneous					45,703	-	45,703	-
Investment income					25,874	-	25,874	28,221
Miscellaneous					127,065	-	127,065	-
Gain on sale of capital assets					1,200	-	1,200	-
Transfers					(91,644)	91,644	-	-
Total General Revenues And Transfers					<u>17,849,896</u>	<u>91,644</u>	<u>17,941,540</u>	<u>2,931,502</u>
<b>CHANGE IN NET POSITION</b>					1,685,044	16,330	1,701,374	1,296,942
NET POSITION, SEPTEMBER 1					<u>53,408,428</u>	<u>5,000,609</u>	<u>58,409,037</u>	<u>(10,696,134)</u>
NET POSITION, AUGUST 31					<u>\$ 55,093,472</u>	<u>5,016,939</u>	<u>60,110,411</u>	<u>(9,399,192)</u>

See notes to financial statement

**CITY OF ARNOLD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AUGUST 31, 2018**

	<b>General</b>	<b>Recreation Center</b>	<b>Special Allocation</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 11,768,755	153,907	1,279,609	249,202	13,451,473
Receivables (net of allowances for uncollectibles):					
Taxes	1,667,474	282,988	1,332,205	30,308	3,312,975
Special assessments	1,178,649	-	-	-	1,178,649
Service fees	371,337	-	-	-	371,337
Intergovernmental	21,035	-	-	-	21,035
Court	77,924	-	-	-	77,924
Miscellaneous	51,724	27,776	-	-	79,500
Due from other funds	-	-	137,760	-	137,760
Prepaid items	567,606	22,333	-	-	589,939
Restricted assets:					
Cash and investments	26,304	-	1,422,389	-	1,448,693
Capital improvements sales tax receivable	2,421,984	-	-	-	2,421,984
Total Assets	<u>\$ 18,152,792</u>	<u>487,004</u>	<u>4,171,963</u>	<u>279,510</u>	<u>23,091,269</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,877,373	189,011	-	3,690	2,070,074
Accrued liabilities	134,084	4,115	-	-	138,199
Due to other funds	110,208	27,552	-	-	137,760
Unearned revenue	89,394	62,522	-	-	151,916
Total Liabilities	<u>2,211,059</u>	<u>283,200</u>	<u>-</u>	<u>3,690</u>	<u>2,497,949</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue:					
Special assessments	1,179,569	-	-	-	1,179,569
Court fines	77,704	-	-	-	77,704
Taxes	2,421,984	-	-	-	2,421,984
Total Deferred Inflows Of Resources	<u>3,679,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,679,257</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	567,606	22,333	-	-	589,939
Restricted for:					
Debt service	53	-	1,422,389	-	1,422,442
Public safety	-	-	-	33,434	33,434
Tax increment financing	-	-	2,749,574	-	2,749,574
Tourism	-	-	-	217,386	217,386
Committed for:					
Recreation Center	-	181,471	-	-	181,471
Purchase of services and street improvements	123,226	-	-	-	123,226
Sewer sub district projects	883,724	-	-	-	883,724
Greenway beautification	113,165	-	-	-	113,165
Economic development	529,628	-	-	-	529,628
Pride in our City	9,066	-	-	-	9,066
City bus route	4,746	-	-	-	4,746
Street improvements	850,420	-	-	-	850,420
Community foundation	-	-	-	25,000	25,000
Assigned for:					
Subsequent year's budget	2,417,575	-	-	-	2,417,575
Unassigned	6,763,267	-	-	-	6,763,267
Total Fund Balances	<u>12,262,476</u>	<u>203,804</u>	<u>4,171,963</u>	<u>275,820</u>	<u>16,914,063</u>
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<u>\$ 18,152,792</u>	<u>487,004</u>	<u>4,171,963</u>	<u>279,510</u>	<u>23,091,269</u>

**CITY OF ARNOLD, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2018**

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Total Fund Balances - Governmental Funds	\$ 16,914,063
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$133,229,028 and the accumulated depreciation is \$59,256,736.</p>	73,972,292
<p>Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds.</p>	
Net pension asset	149,815
Net pension liability	(96,855)
Deferred outflows related to pensions	1,774,351
Deferred inflows related to pensions	(776,239)
Total OPEB liability	(447,341)
Deferred inflows related to OPEB	(16,268)
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.</p>	3,679,257
<p>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:</p>	
Accrued interest payable	(1,061,892)
Accrued compensated absences	(784,677)
Certificates of participation outstanding	(13,240,000)
Tax increment revenue bonds outstanding	(24,419,501)
Tax increment revenue notes outstanding	(3,553,416)
Unamortized bond premium	(172,545)
Unamortized bond deferred charges	3,048,376
Unamortized bond discount	124,052
	124,052
Total Net Position Of Governmental Activities	\$ 55,093,472

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>General</u>	<u>Recreation Center</u>	<u>Special Allocation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 12,139,379	1,450,669	3,812,506	165,967	17,568,521
Special assessments	3,754	-	-	-	3,754
Licenses and permits	526,632	-	-	-	526,632
Fines and court costs	723,579	-	-	-	723,579
Intergovernmental	718,384	-	-	8,731	727,115
Charges for services	200,252	1,103,453	-	6,705	1,310,410
Investment income	6,828	-	19,046	-	25,874
Donations	-	-	-	25,000	25,000
Miscellaneous	194,050	8,625	-	-	202,675
Total Revenues	<u>14,512,858</u>	<u>2,562,747</u>	<u>3,831,552</u>	<u>206,403</u>	<u>21,113,560</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,213,045	-	12,500	131,435	3,356,980
Public safety	6,081,497	-	-	26,908	6,108,405
Public works	619,225	-	-	-	619,225
Highways and streets	1,112,571	-	-	-	1,112,571
Parks and recreation	796,537	1,714,897	-	-	2,511,434
Health and sanitation	559,781	-	-	-	559,781
Economic development	-	-	116,015	-	116,015
Capital outlay	3,046,735	27,641	-	19,567	3,093,943
Debt service:					
Principal	405,000	600,000	2,578,037	-	3,583,037
Interest	106,163	324,566	1,097,287	-	1,528,016
Cost of issuance	35,000	-	-	-	35,000
Total Expenditures	<u>15,975,554</u>	<u>2,667,104</u>	<u>3,803,839</u>	<u>177,910</u>	<u>22,624,407</u>
<b>REVENUES OVER (UNDER) EXPEN- DITURES</b>	<u>(1,462,696)</u>	<u>(104,357)</u>	<u>27,713</u>	<u>28,493</u>	<u>(1,510,847)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	1,200	-	-	-	1,200
Transfers out	(91,644)	-	-	-	(91,644)
Total Other Financing Sources (Uses)	<u>(90,444)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,444)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,553,140)	(104,357)	27,713	28,493	(1,601,291)
FUND BALANCES, SEPTEMBER 1	<u>13,815,616</u>	<u>308,161</u>	<u>4,144,250</u>	<u>247,327</u>	<u>18,515,354</u>
<b>FUND BALANCES, AUGUST 31</b>	<u>\$ 12,262,476</u>	<u>203,804</u>	<u>4,171,963</u>	<u>275,820</u>	<u>16,914,063</u>

**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, 2018**

Net Change In Fund Balances - Governmental Funds \$ (1,601,291)

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

Capital outlays are reported in the 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 depreciation (\$3,064,061) exceeded capital outlays over the capitalization threshold (\$2,350,864) in the current period. (713,197)

The net effect of various transactions involving capital assets:

Donated capital assets	1,000	
Disposal of capital assets	(29,903)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 1,268,117

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of 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.

Repayments:

Certificates of participation	1,005,000	
Tax increment revenue bonds	1,970,000	
Tax increment revenue notes	608,037	
Amortization	(380,820)	
Net Adjustment	3,202,217	3,202,217

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 the governmental funds:

Accrued interest on bonds	(394,554)	
OPEB expense	(20,765)	
Accrued compensated absences	(48,262)	
Pension expense	21,682	(441,899)

Change In Net Position Of Governmental Activities \$ 1,685,044

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**AUGUST 31, 2018**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 459,073	28,723	487,796
Receivables:			
Service fees	179,212	-	179,212
Other	-	1,500	1,500
Prepaid items	-	871	871
Total Current Assets	<u>638,285</u>	<u>31,094</u>	<u>669,379</u>
<b>Noncurrent Assets</b>			
Capital assets:			
Land and right-of-way	2,554	3,360,606	3,363,160
Other capital assets, net of accumulated depreciation	<u>1,078,493</u>	<u>117,238</u>	<u>1,195,731</u>
Total Capital Assets	<u>1,081,047</u>	<u>3,477,844</u>	<u>4,558,891</u>
Total Assets	<u>1,719,332</u>	<u>3,508,938</u>	<u>5,228,270</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>35,249</u>	<u>14,546</u>	<u>49,795</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	10,688	34,841	45,529
Accrued liabilities	23,350	7,863	31,213
Unearned revenue	106,284	-	106,284
Total Current Liabilities	<u>140,322</u>	<u>42,704</u>	<u>183,026</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	<u>8,600</u>	<u>3,549</u>	<u>12,149</u>
Total Liabilities	<u>148,922</u>	<u>46,253</u>	<u>195,175</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts related to pensions	<u>46,685</u>	<u>19,266</u>	<u>65,951</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,081,047	3,477,844	4,558,891
Unrestricted	<u>477,927</u>	<u>(19,879)</u>	<u>458,048</u>
Total Net Position	<u>\$ 1,558,974</u>	<u>3,457,965</u>	<u>5,016,939</u>

See notes to financial statements

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Storm Water</b>	<b>Golf</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 586,259	426,544	1,012,803
<b>OPERATING EXPENSES</b>			
Cost of services	493,396	538,031	1,031,427
Depreciation	37,474	21,312	58,786
Total Operating Expenses	<u>530,870</u>	<u>559,343</u>	<u>1,090,213</u>
<b>OPERATING INCOME (LOSS)</b>	<u>55,389</u>	<u>(132,799)</u>	<u>(77,410)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	3,179	3,179
Interest expense and fiscal charge	-	(1,083)	(1,083)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>2,096</u>	<u>2,096</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	55,389	(130,703)	(75,314)
TRANSFER IN	<u>-</u>	<u>91,644</u>	<u>91,644</u>
<b>CHANGE IN NET POSITION</b>	55,389	(39,059)	16,330
NET POSITION, SEPTEMBER 1	<u>1,503,585</u>	<u>3,497,024</u>	<u>5,000,609</u>
<b>NET POSITION, AUGUST 31</b>	<u>\$ 1,558,974</u>	<u>3,457,965</u>	<u>5,016,939</u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 601,746	451,476	1,053,222
Payments to suppliers	(99,365)	(219,774)	(319,139)
Payments to employees	(388,022)	(299,424)	(687,446)
Net Cash Provided By (Used In)			
Operating Activities	<u>114,359</u>	<u>(67,722)</u>	<u>46,637</u>
<b>Cash flows from noncapital financing activities:</b>			
Intergovernmental revenue	-	3,179	3,179
Due to other funds	-	110	110
Transfer from other funds	-	91,644	91,644
Net Cash Provided By Noncapital			
Financing Activities	<u>-</u>	<u>94,933</u>	<u>94,933</u>
<b>Cash flows used in capital and related financing activities:</b>			
Interest expense and fiscal charge	<u>-</u>	<u>(1,083)</u>	<u>(1,083)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	114,359	26,128	140,487
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 1</b>	<u>344,714</u>	<u>2,595</u>	<u>347,309</u>
<b>CASH AND CASH EQUIVALENTS, AUGUST 31</b>	<u><u>\$ 459,073</u></u>	<u><u>28,723</u></u>	<u><u>487,796</u></u>



**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Storm Water</u>	<u>Golf</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 55,389	(132,799)	(77,410)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	37,474	21,312	58,786
(Increase) decrease in:			
Receivables	(43,072)	24,932	(18,140)
Deferred outflows - pension related	34,484	8,631	43,115
Prepaid items	1,820	-	1,820
Increase (decrease) in:			
Accounts payable	(5,994)	8,732	2,738
Accrued liabilities	(5,811)	3,176	(2,635)
Unearned revenues	58,559	-	58,559
Net pension liability	(53,043)	(16,940)	(69,983)
Deferred inflows - pension related	34,553	15,234	49,787
Total Adjustments	<u>58,970</u>	<u>65,077</u>	<u>124,047</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 114,359</u>	<u>(67,722)</u>	<u>46,637</u>

**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION -**  
**PENSION TRUST FUND**  
**AUGUST 31, 2018**

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**ASSETS**

Investments	\$ 13,328,295
Contribution receivable	<u>78,677</u>
Total Assets	<u><u>\$ 13,406,972</u></u>

**NET POSITION**

Restricted for pensions	<u><u>\$ 13,406,972</u></u>
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**CITY OF ARNOLD, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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**ADDITIONS**

Contributions:

Employer contributions	\$ 379,796
Employee contributions	269,023
Total Contributions	648,819

Net appreciation in fair value of investments,  
interest, and dividends

	925,639
Total Additions	1,574,458

**DEDUCTIONS**

Service benefits	88,683
Refunds of member contributions	76,677
Administrative expenses	26,645
Total deductions	192,005

**CHANGE IN NET POSITION** 1,382,453

NET POSITION - RESTRICTED FOR PENSIONS,  
SEPTEMBER 1 12,024,519

**NET POSITION - RESTRICTED FOR PENSIONS,**  
**AUGUST 31** \$ 13,406,972

**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 include the financial activities of the City and any component units, entities which are financially accountable to the City. The Arnold Retail Corridor Transportation Development District (the District) was created on March 12, 2008. A majority of the directors of the District are appointed by the Mayor of the City and confirmed by the City Council. The District is also included in the City's reporting entity because of the City's ability to impose its will on the District as the City provides administrative support to the District. The District is organized for the purpose of constructing certain transportation related projects in the City. The District is a component unit of the City and is discretely presented as such in the basic financial statements. Separate financial statements of the District may be obtained from the City's Finance Director.

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

The government-wide financial statements (i.e., the statement of net position 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.

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

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

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

Governmental funds 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, sales 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 funds:

**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 and expenditures related to 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.

**Special Allocation Fund** -- This fund is used exclusively for the revenues and expenditures related to the tax increment financing districts.

The other governmental funds of the City are considered nonmajor. They are Special Revenue Funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The City reports the following major proprietary funds:

**Storm Water Fund** -- This fund is used to account for operations of the storm water department.

**Golf Fund** -- This fund is used to account for operations of the golf course.

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

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

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.

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 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 Funds are charges for services. Operating expenses for the Enterprise Funds include the cost of services, administration expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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.

**5. Allowance for Doubtful Accounts**

The allowance for uncollectible receivables is as follows:

	<b>August 31</b>
	<b>2018</b>
	<hr/>
General Fund	<u>\$ 16,464</u>

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

**6. 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”.

**7. 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 recorded as expenditures when consumed rather than purchased. Prepaid items are equally offset by fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

**8. Restricted Assets**

Certain cash and investments set aside for the repayment of various long-term bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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.

**9. Capital Assets**

Capital assets, which include property, equipment, intangibles, 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. Intangible assets include the right to use other governmental entity’s operating facilities and/or land. Donated capital assets are recorded at their estimated acquisition 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 capital assets, as applicable.

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

**9. Capital Assets (Continued)**

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

Assets	Years
Buildings, treatment plants, and other improvements	10 - 30
Automotive equipment	3 - 5
Machinery and equipment	3 - 15
Storm water lines	50
Infrastructure	30
Intangibles	50

**10. Compensated Absences**

City employees generally earn vacation at the rate of 0.83 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 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. Compensated time accrued is also paid upon the date of separation. Sick leave vests after 10 years of service at a rate of \$50 per day and is payable to the employee upon termination. All vacation pay, sick leave, and comp time is accrued when incurred in the government-wide and proprietary fund financial statements.

**11. 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 position. Bond premiums and discounts, are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

**12. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an out-



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

**12. Deferred Outflows/Inflows of Resources (Continued)**

flow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category in the government-wide statement of net position. The first item is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflows related to the pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualifies for reporting in this category. The first item arises under a modified accrual basis of accounting. Unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The third item is deferred and is related to OPEB on the government-wide statements.

**13. Fund Balance Policies**

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balances that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City Council officials to which the City Council has designated authority. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund. In other governmental funds other than the general fund; if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

**13. Fund Balance Policies (Continued)**

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 34% of annual operating revenues for the fiscal year. Should the balance fall below the 34%, the City will identify a plan to restore the fund balance to its targeted amount. Should the fund balance exceed the 34%, City Council may consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future outlays for maintenance, additional staffing, or other recurring expenditures.

**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. Encumbrances outstanding at year-end were \$123,226 for the General Fund.

**15. Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America 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. Pensions**

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans (the Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**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 (FDIC).

As of August 31, 2018, 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.

As of August 31, 2018, the discretely presented component units' bank balances were entirely insured or collateralized with securities by the discretely presented component units or by their agents in the discretely presented component units' name.

**2. Investments**

As of August 31, 2018, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
<b>Primary Government</b>					
Money market funds	\$ 2,433,756	-	2,433,756	-	Not rated
<b>Component Unit</b>					
Money market funds	3,790,608	-	3,790,608	-	Not rated
<b>Fiduciary Fund</b>					
Mutual funds	7,196,707	7,196,707	-	-	N/A
Money market funds	207,287	-	207,287	-	Not rated
Defined benefit guaranteed portfolio	5,924,301	5,924,301	-	-	Not rated
Total Fiduciary Fund Investments	13,328,295	13,121,008	207,287	-	
Grand Total Investments	\$ 19,552,659	13,121,008	6,431,651	-	

**Investment Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the City minimizes credit risk by diversifying the portfolio to reduce potential losses on individual securities.

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

**2. Investments (Continued)**

**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. In accordance with its investment policy, the City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. In accordance with its investment policy, the City minimizes concentration of credit risk by diversifying the investment portfolio.

**Custodial Credit Risk**

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by diversifying the investment portfolio.

**3. Fair Value Measurements**

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City has the following recurring fair value measurements as of August 31, 2018:

Primary Government:

- Money market funds of \$2,433,756 are not subject to fair value classification

Component Unit:

- Money market funds of \$3,790,608 are not subject to fair value classification

Fiduciary Fund:

- Mutual funds of \$7,196,707 are valued using quoted market prices (Level 1 inputs)
- Money market funds of \$207,287 are not subject to fair value classification
- Defined benefit guaranteed portfolio fund of \$5,924,301 are valued using existing contracts and readily available financial information (Level 2 inputs)

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

**NOTE C - CAPITAL ASSETS**

Capital asset activity was as follows:

	<b>For The Year Ended August 31, 2018</b>			
	<b>Balance August 31 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance August 31 2018</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land and right-of-way	\$ 27,987,844	884,346	-	28,872,190
Construction in progress	399,576	633,616	219,511	813,681
Total Capital Assets Not Being Depreciated	<u>28,387,420</u>	<u>1,517,962</u>	<u>219,511</u>	<u>29,685,871</u>
Capital assets being depreciated:				
Buildings and other improvements	19,625,627	340,942	12,000	19,954,569
Automotive equipment	2,698,057	319,858	93,202	2,924,713
Machinery and equipment	2,449,143	219,798	127,082	2,541,859
Infrastructure	77,949,201	172,815	-	78,122,016
Total Capital Assets Being Depreciated	<u>102,722,028</u>	<u>1,053,413</u>	<u>232,284</u>	<u>103,543,157</u>
Less - Accumulated depreciation for:				
Buildings and other improvements	8,689,891	634,764	4,067	9,320,588
Automotive equipment	1,706,830	361,331	71,232	1,996,929
Machinery and equipment	2,028,835	94,222	127,082	1,995,975
Infrastructure	43,969,500	1,973,744	-	45,943,244
Total Accumulated Depreciation	<u>56,395,056</u>	<u>3,064,061</u>	<u>202,381</u>	<u>59,256,736</u>
Total Capital Assets Being Depreciated, Net	<u>46,326,972</u>	<u>(2,010,648)</u>	<u>29,903</u>	<u>44,286,421</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,714,392</u>	<u>(492,686)</u>	<u>249,414</u>	<u>73,972,292</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

	<b>For The Year Ended August 31 2018</b>
<b>Governmental Activities</b>	
General government	\$ 612,832
Public safety	223,035
Public works	35,528
Highways and streets	2,116,673
Parks and recreation	72,054
Health and Sanitation	<u>3,939</u>
Total	<u>\$ 3,064,061</u>

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

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

	<b>August 31 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>August 31 2018</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land and right-of-way	\$ 3,363,160	-	-	3,363,160
Capital assets being depreciated:				
Buildings	467,912	-	-	467,912
Machinery and equipment	563,976	-	-	563,976
Storm water lines	902,993	-	-	902,993
Total Capital Assets Being Depreciated	1,934,881	-	-	1,934,881
Less - Accumulated depreciation for:				
Buildings	125,968	20,782	-	146,750
Machinery and equipment	489,428	17,062	-	506,490
Storm water lines	64,968	20,942	-	85,910
Total Accumulated Depreciation	680,364	58,786	-	739,150
Total Capital Assets Being Depreciated, Net	1,254,517	(58,786)	-	1,195,731
Business-type Activities Capital Assets, Net	\$ 4,617,677	(58,786)	-	4,558,891

Depreciation expense was charged to functions/programs of the business-type activities as follows:

	<b>For The Year Ended August 31 2018</b>
<b>Business-type Activities</b>	
Storm water	\$ 37,474
Golf	21,312
Total	\$ 58,786

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

**NOTE D - LONG-TERM DEBT**

Long-term debt activity was as follows:

	<b>For The Year Ended August 31, 2018</b>			<b>Balance August 31 2018</b>	<b>Amounts Due Within One Year</b>
	<b>Balance August 31 2017</b>	<b>Additions</b>	<b>Reductions</b>		
<b>Governmental Activities</b>					
Certificates of participation	\$ 14,245,000	-	1,005,000	13,240,000	970,000
Plus - Premium	193,250	-	20,705	172,545	-
Tax increment revenue notes	4,161,453	-	608,037	3,553,416	588,786
Tax increment revenue bonds	26,389,501	-	1,970,000	24,419,501	640,000
Less - Discounts	(139,767)	-	(15,715)	(124,052)	-
Compensated absences	736,415	232,366	184,104	784,677	196,169
Total Governmental Activities	<u>\$ 45,585,852</u>	<u>232,366</u>	<u>3,772,131</u>	<u>42,046,087</u>	<u>2,394,955</u>
<b>Component Unit</b>					
Sales tax revenue bonds	<u>\$ 14,460,000</u>	<u>-</u>	<u>1,270,000</u>	<u>13,190,000</u>	<u>1,270,000</u>

Compensated absences are generally liquidated by the General Fund and the Recreation Center Fund. Certificates of participations are generally liquidated by the General Fund and the Recreation Center Fund. Tax increment revenue notes and bonds are generally liquidated by the Special Allocation Fund.

**Governmental Activities**

***Certificates of Participation***

In June 2012, the City issued \$12,965,000 of certificates of participation (Series 2012) to refund the Series 2003 certificates of participation. The Series 2012 bonds bear interest ranging from 2% to 3.5% and are due August 15, 2031.

In August 2017, the City issued \$4,015,000 of Certificates of Participation (Series 2017) to refund the Series 2010 Certificates of Participation. The Series 2017 bonds bear an interest rate of 3.0% and are due December 15, 2026. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt issue has been removed from the City's financial statements. As of August 31, 2018, \$4,250,000 of this defeased debt is outstanding.

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

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

Certificates of participation debt service requirements to maturity are as follows:

<u>For The Years Ending August 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 970,000	411,763	1,381,763
2020	1,000,000	382,513	1,382,513
2021	1,025,000	353,950	1,378,950
2022	1,055,000	323,050	1,378,050
2023	1,090,000	291,175	1,381,175
2024 - 2028	5,515,000	939,003	6,454,003
2029 - 2031	2,585,000	182,875	2,767,875
Total	<u>\$ 13,240,000</u>	<u>2,884,329</u>	<u>16,124,329</u>

***Tax Increment Revenue Bonds and Notes***

The City has tax increment revenue bonds and notes which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and incremental increases in economic activity taxes from the project areas. The bonds and notes do not constitute a general obligation of the City.

Bonds and notes outstanding at August 31, 2018 are as follows:

	<u>Date Issued</u>	<u>Date Of Maturity</u>	<u>Date Of Annual Principal Payment</u>	<u>Original Amount</u>	<u>Balance August 31 2018</u>
Triangle Redevelopment (Series A)	12-14-2016	05-01-2028	May 1	\$ 23,050,000	\$ 19,795,000
Triangle Redevelopment (Series B)	12-14-2016	09-14-2028	May 1	4,624,501	4,624,501
Arnold Crossroads (Series B)	10-15-2009	07-06-2028	November 1	3,319,555	1,563,914
Arnold Crossroads (Series A) Drury Redevelopment	05-20-2011	07-06-2028	May 1	3,000,000	1,989,502

**Component Unit**

***Sales Tax Revenue Bonds***

The District issued \$20,025,000 of sales tax revenue bonds on April 1, 2010 for the purpose of providing funds to finance additional costs of the Transportation Project Fund, the Debt Service Reserve Fund for the Series 2010 bonds, pay the costs of issuance of the Series 2010 bonds, and to advance refund the 2008A and 2009 sales tax revenue notes. The sales tax revenue bonds bear interest ranging from 5.7% to 6.65%.



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

The bonds and the interest, which are special limited obligations of the District, are payable solely from the pledged revenues appropriated by the District and held by the Trustee under the indenture. The bonds and interest do not constitute a debt of the District, the City, the Arnold Triangle Transportation Development District, the Missouri Highways and Transportation Commission, the State, or any political subdivision thereof.

**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***

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 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.

***Benefits Provided***

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.

***Employees Covered by Benefit Terms***

At August 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>52</u>
Total	<u>67</u>

***Contributions***

The City contributes to the Plan based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to

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

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

finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. City Ordinance requires each member to contribute 8½% of gross salary. For the year ended August 31, 2018, the City's contribution to the Plan was 14.3% of annual covered payroll.

***Net Pension Liability (Asset)***

The City's net pension liability (asset) was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.5%, average, including inflation
Investment rate of return	6.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the 2018 Combined Current Liability male and female rates, and RP-2014 Disabled Mortality Table, male and female rates.

The actuarial assumptions used in the August 31, 2018 valuation were based upon an annual review of actual experience compared to previous assumptions used, and a perspective on future expectations.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**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)**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
US Cash	2.50%	0.30%
US Short Bonds	12.50	1.42
US Interm Bonds	22.50	1.73
US High Yield Bonds	12.50	4.01
US Large Caps	17.50	4.38
US Small Caps	5.00	5.65
US Mid Caps	5.00	4.94
Non-US Equity	10.00	5.92
Non-US Small Cap	5.00	6.11
Non-US REITs	2.50	6.34
Infrastructure	5.00	4.96

***Discount Rate***

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**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)**

**Changes in the Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
<b>Balances at August 31, 2017</b>	\$ 10,948,414	12,024,519	(1,076,105)
<b>Changes for the year</b>			
Service cost	311,717	-	311,717
Interest	726,619	-	726,619
Difference between expected and actual experience	471,628	-	471,628
Assumption changes or inputs	964,139	-	964,139
Contributions - employer	-	379,796	(379,796)
Contributions - employee	-	269,023	(269,023)
Net investment income	-	925,639	(925,639)
Benefit payments and expenses	(165,360)	(165,360)	-
Administrative expenses	-	(26,645)	26,645
Net Changes	<u>2,308,743</u>	<u>1,382,453</u>	<u>926,290</u>
<b>Balances at August 31, 2018</b>	<u>\$ 13,257,157</u>	<u>13,406,972</u>	<u>(149,815)</u>

The net pension liability (asset) is generally liquidated by the General Fund.

Changes of assumptions and other inputs reflect a change in the interest rate and discount rate both from 6.5% in 2017 to 6.0% in 2018.

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 6.0%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1% point lower (5.0%) or 1% point higher (7.0%) than the current rate:

	<b><u>1% Decrease</u></b>	<b><u>Current Rate</u></b>	<b><u>1% Increase</u></b>
Net pension liability (asset)	\$ 1,832,256	(149,815)	(1,777,564)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended August 31, 2018, the employer recognized pension expense of \$181,242. At August 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**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>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences between expected and actual experience	\$ 540,108	(131,023)	409,085
Changes of assumptions	837,279	(109,906)	727,373
Net difference between projected and actual earnings	-	(9,551)	(9,551)
Total	<u>\$ 1,377,387</u>	<u>(250,480)</u>	<u>1,126,907</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>For The Plan Years Ending August 31</b>		
2019		\$ 269,389
2020		135,233
2021		110,876
2022		140,503
2023		170,127
Thereafter		300,779
Total		<u>\$ 1,126,907</u>

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

***Plan Description***

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS

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

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

issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at [www.molagers.org](http://www.molagers.org).

***Benefits Provided***

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

**2018 Valuation**

Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	- %

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

***Employees Covered by Benefit Terms***

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>71</u>
Total	<u>180</u>

***Contributions***

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 17.2% of annual covered payroll.

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

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

*Net Pension Liability (Asset)*

The City's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2018.

*Actuarial Assumptions*

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were RP-2014 Healthy Annuity mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00%	5.16%
Fixed income	26.00	2.86
Real assets	21.00	3.23
Strategic Assets	10.00	5.59

**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)**

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
<b>Balances at June 30, 2017</b>	\$ 19,036,237	18,210,264	825,973
<b>Changes for the year</b>			
Service cost	385,281	-	385,281
Interest	1,363,132	-	1,363,132
Difference between expected and actual experience	243,133	-	243,133
Contributions - employer	-	548,282	(548,282)
Net investment income	-	2,237,515	(2,237,515)
Benefit payments, including refunds	(862,462)	(862,462)	-
Administrative expense	-	(14,595)	14,595
Other	-	(62,687)	62,687
Net Changes	1,129,084	1,846,053	(716,969)
<b>Balances at June 30, 2018</b>	\$ 20,165,321	20,056,317	109,004

The net pension liability (asset) is generally liquidated by the General Fund, Golf Fund, and Stormwater Fund.

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.



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

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

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

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$ 2,929,193	109,004	(2,209,988)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended August 31, 2018, the City recognized pension expense of \$754,374. Reported deferred outflows and inflows of resources are related to the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 195,173	(77,102)	118,071
Net difference between projected and actual earnings	-	(514,608)	(514,608)
Assumption changes	150,539	-	150,539
Contributions subsequent to the measurement date*	101,047	-	101,047
Total	<u>\$ 446,759</u>	<u>(591,710)</u>	<u>(144,951)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability (asset) for the next fiscal year.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**For The Plan  
Years Ending  
June 30**

2019	\$ 262,998
2020	(12,225)
2021	(310,530)
2022	<u>(186,241)</u>
Total	<u>\$ (245,998)</u>

**Payable to the Pension Plan**

At August 31, 2018, the City had no required contributions payable to the pension plan.

**NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

***Plan Description***

The City's OPEB plan (the Plan) provides OPEB for all full-time employees of the City. The Plan is a single-employer defined benefit OPEB plan administered by the City. The Plan, as established by City resolution, assigned the authority to establish and amend the benefit terms and financing requirements to the City. No assets are accumulated in a trust for the Plan. The Plan does not issue a stand-alone report. The OPEB liability is generally liquidated by the General Fund.

***Benefits Provided***

The Plan provides healthcare benefits to employees hired prior to March 4, 2010 who have attained 10 years of service and are eligible to receive retirement benefits. Non-uniformed employees who are eligible to retire once they have attained age 55 plus 5 years of service or age 60 and police who are eligible to retire once they have attained age 50 plus 5 years of service or age 55. The City pays the monthly group health insurance premium for the individual. Retirees must contribute to the cost-sharing premium to retain coverage.

***Employees Covered by Benefit Terms***

At August 31, 2018, the following employees were covered by the benefit terms:

Actives	62
Retirees and Surviving Spouses	1
Spouses of Current Retirees	<u>-</u>
Total	<u>63</u>

***Total OPEB Liability***

The City's total OPEB liability was measured as of August 31, 2018, and was determined by an actuarial valuation as of that date.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.00% including inflation
Discount rate	3.96%
Healthcare cost trend rates	Medical cost trend rate of 6.9% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2097 and beyond.

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table for males and females, as appropriate, with generational projection based on Scale MP-2016.

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

**NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

The Plan has not had a formal actuarial experience study performed.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at August 31, 2017</b>	<b>\$ 442,844</b>
<b>Changes for the year</b>	
Service cost	18,222
Interest	15,994
Effect of assumption changes or inputs	(18,798)
Benefit payments	(10,921)
Net Changes	4,497
<b>Balance at August 31, 2018</b>	<b>\$ 447,341</b>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.96%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.96%) or 1% point higher (4.96%) than the current discount rate:

	<u><b>1% Decrease</b></u>	<u><b>Discount Rate</b></u>	<u><b>1% Increase</b></u>
Total OPEB Liability	\$ 490,134	447,341	408,235

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rates of 6.9% decreasing to 4.0%, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.9% decreasing to 3.0%) or 1% point higher (7.9% decreasing to 5.0%) than the current healthcare cost trend rates:

	<u><b>1% Decrease</b></u>	<u><b>Discount Rate</b></u>	<u><b>1% Increase</b></u>
Total OPEB Liability	\$ 393,031	447,341	511,082

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

**NOTE F - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended August 31, 2018, the City recognized negative OPEB expense of \$31,686. Deferred outflows and inflows of resources related to OPEB are from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net</u>
Changes of assumptions or other inputs	\$ -	(16,268)	(16,268)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For The Years Ending August 31</u>		
2019		\$ (2,530)
2020		(2,530)
2021		(2,530)
2022		(2,530)
2023		(2,530)
Thereafter		(3,618)
Total		\$ (16,268)

**NOTE G - INTERFUND ASSETS/LIABILITIES**

Individual interfund assets and liabilities are as follows:

**Due From/To Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>August 31 2018</u>
Special Allocation Fund - Major Fund	General Fund - Major Fund	\$ 110,208
Special Allocation Fund - Major Fund	Recreation Center Fund - Major Fund	27,552
Total		\$ 137,760

The outstanding balances between funds result mainly from the time lag between dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending August 31, 2019.

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

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**NOTE H - INTERFUND TRANSACTIONS**

Individual interfund transactions are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended August 31 2018</u>
Golf Course Fund	General Fund	<u>\$ 91,644</u>

Interfund transfers were used to: 1) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization or 2) move revenues from the fund that ordinance or budget.

**NOTE I - PROPERTY TAXES**

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

The City's property tax calendar is as follows:

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

**NOTE J - INSURANCE**

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a statewide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multi-line 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. The policy is for replacement cost and expires June 30, 2019.

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 \$557,684 for MIRMA's fiscal year ended June 30, 2018. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

**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 most of these matters will not have material adverse effect on the financial condition of the City.

**NOTE L - CONDUIT DEBT**

In December 2012 and December 2015, the City authorized to issue \$88,000,000 and \$150,000,000, respectively, of industrial revenue bonds, to provide funds for the purpose of carrying out industrial development projects by the City providing a loan to a private corporation pursuant to a loan agreement between the City and the private corporation. The loan agreement calls for the private corporation to repay the loans in the principal amount of the bonds plus any interest thereon. Upon repayment of the bonds, ownership of the acquired facilities transfers to the corporation. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. At August 31, 2018 the principal amount payable for the 2012 and 2015 issues were \$87,912,091 and \$84,611,309, respectively.

**NOTE M - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$7,895,892 of restricted net position, of which \$5,422,378 is restricted by enabling legislation.

**NOTE N - TAX INCREMENT REVENUES PLEDGED**

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes to finance certain improvements in the City. The bonds and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved areas. Incremental taxes were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds and notes per Note D is payable through July 2028. For the current year, principal and interest paid and total incremental tax revenues were \$3,675,324 and \$3,812,506, respectively.

**NOTE O - TAX ABATEMENT**

During 2017, the City implemented the disclosure requirements of GASB Statement No. 77, *Tax Abatement Disclosures*. In Missouri, a municipality can issue industrial development revenue bonds (“Revenue Bonds”) pursuant to Chapter 100 of the Revised Statutes of Missouri (RSMo). Under the Act, the municipality may issue Revenue Bonds to finance the cost of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such municipality, buildings, fixtures and machinery. Under the Chapter 100 Revenue Bonds, the City has two tax abatement projects which were entered into with Metal Container Corporation. Total property taxes abated under this agreement totaled \$44,895 in fiscal year ended August 31, 2018.

**NOTE P - RESTATEMENT OF NET POSITION**

The previously reported net position has been restated as follows:

	<u><b>Governmental Activities</b></u>
Net position, August 31, 2017, as previously reported	\$ 53,490,372
Restatement for GASB 75 implementation	<u>(81,944)</u>
Net Position, August 31, 2017, As Restated	<u><u>\$ 53,408,428</u></u>

**NOTE Q - FUTURE ACCOUNTING PRONOUNCEMENT**

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

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**REQUIRED SUPPLEMENTAL  
INFORMATION**



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ 1,100,000	1,100,000	1,130,078	30,078
Sales	8,235,608	6,683,706	6,721,564	37,858
Public utility gross receipts	3,250,000	3,368,331	3,497,797	129,466
Motor fuel	525,000	545,000	556,250	11,250
Other	230,000	233,690	233,690	-
Total Taxes	<u>13,340,608</u>	<u>11,930,727</u>	<u>12,139,379</u>	<u>208,652</u>
<b>Special Assessments</b>	<u>15,000</u>	<u>4,000</u>	<u>3,754</u>	<u>(246)</u>
<b>Licenses and Permits</b>	<u>598,750</u>	<u>538,305</u>	<u>526,632</u>	<u>(11,673)</u>
<b>Fines and Court Costs</b>	<u>635,000</u>	<u>687,000</u>	<u>723,579</u>	<u>36,579</u>
<b>Intergovernmental</b>	<u>851,697</u>	<u>855,468</u>	<u>718,384</u>	<u>(137,084)</u>
<b>Charges for Services</b>	<u>135,520</u>	<u>189,978</u>	<u>200,252</u>	<u>10,274</u>
<b>Investment Income</b>	<u>8,000</u>	<u>10,537</u>	<u>6,828</u>	<u>(3,709)</u>
<b>Miscellaneous</b>				
Administration	7,500	7,500	7,500	-
Other	121,077	179,982	186,550	6,568
Total Miscellaneous	<u>128,577</u>	<u>187,482</u>	<u>194,050</u>	<u>6,568</u>
Total Revenues	<u>15,713,152</u>	<u>14,403,497</u>	<u>14,512,858</u>	<u>109,361</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
General and administrative	976,007	1,104,335	1,115,219	10,884
Mayor and council	141,125	147,624	146,829	(795)
Municipal court	153,337	142,539	133,668	(8,871)
Administrator	213,545	222,432	236,459	14,027
Treasurer	56,459	53,963	49,603	(4,360)
Finance	354,494	382,668	398,823	16,155
Collector of revenue	175,103	160,448	165,215	4,767
Attorney	149,000	175,325	181,829	6,504
Elections	15,550	29,000	28,172	(828)
Planning commission	295,426	284,190	260,264	(23,926)
IT Support	495,201	360,949	496,964	136,015
Total General Government	<u>3,025,247</u>	<u>3,063,473</u>	<u>3,213,045</u>	<u>149,572</u>

**(Continued)**

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Public Safety</b>				
Police	5,458,661	5,334,518	5,399,151	64,633
Dispatching	373,892	346,535	361,937	15,402
Building commission	329,776	313,995	320,409	6,414
Total Public Safety	<u>6,162,329</u>	<u>5,995,048</u>	<u>6,081,497</u>	<u>86,449</u>
<b>Public Works</b>	<u>786,107</u>	<u>652,754</u>	<u>619,225</u>	<u>(33,529)</u>
<b>Highways and Streets</b>	<u>1,618,105</u>	<u>1,039,032</u>	<u>1,112,571</u>	<u>73,539</u>
<b>Parks and Recreation</b>	<u>979,252</u>	<u>967,880</u>	<u>796,537</u>	<u>(171,343)</u>
<b>Health and Sanitation</b>				
Health department	65,679	63,106	59,743	(3,363)
Rabies control	162,116	164,596	170,404	5,808
Vector control	14,025	13,537	13,706	169
Solid waste	318,394	321,960	315,928	(6,032)
Total Health And Sanitation	<u>560,214</u>	<u>563,199</u>	<u>559,781</u>	<u>(3,418)</u>
<b>Capital Outlay</b>	<u>4,533,784</u>	<u>2,748,718</u>	<u>3,046,735</u>	<u>298,017</u>
<b>Debt Service</b>	<u>506,473</u>	<u>508,778</u>	<u>546,163</u>	<u>37,385</u>
Total Expenditures	<u>18,171,511</u>	<u>15,538,882</u>	<u>15,975,554</u>	<u>436,672</u>
<b>REVENUES UNDER EXPENDITURES</b>	<u>(2,458,359)</u>	<u>(1,135,385)</u>	<u>(1,462,696)</u>	<u>(327,311)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	10,000	-	1,200	1,200
Transfers out	(330,701)	(287,583)	(91,644)	195,939
Total Other Financing Sources (Uses)	<u>(320,701)</u>	<u>(287,583)</u>	<u>(90,444)</u>	<u>197,139</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (2,779,060)</u></u>	<u><u>(1,422,968)</u></u>	<u><u>(1,553,140)</u></u>	<u><u>(130,172)</u></u>
FUND BALANCE, SEPTEMBER 1			<u>13,815,616</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u><u>\$ 12,262,476</u></u>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - RECREATION CENTER FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 1,505,000	1,505,000	1,450,669	(54,331)
Charges for services	1,294,775	982,775	1,103,453	120,678
Miscellaneous	3,000	3,000	8,625	5,625
Total Revenues	2,802,775	2,490,775	2,562,747	71,972
<b>EXPENDITURES</b>				
Recreation center	1,961,638	1,917,688	1,714,897	(202,791)
Capital outlay	36,800	27,000	27,641	641
Debt service	924,688	924,688	924,566	(122)
Total Expenditures	2,923,126	2,869,376	2,667,104	(202,272)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (120,351)</b>	<b>(378,601)</b>	<b>(104,357)</b>	<b>274,244</b>
<b>FUND BALANCE, SEPTEMBER 1</b>			<b>308,161</b>	
<b>FUND BALANCE, AUGUST 31</b>			<b>\$ 203,804</b>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL ALLOCATION FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,061,000	1,118,661	1,127,122	8,461
Sales	2,774,500	2,998,716	2,685,384	(313,332)
Investment income	825	1,620	19,046	17,426
Total Revenues	<u>3,836,325</u>	<u>4,118,997</u>	<u>3,831,552</u>	<u>(287,445)</u>
<b>EXPENDITURES</b>				
General government	7,500	7,500	12,500	5,000
Economic development	134,500	148,843	116,015	(32,828)
Debt service	2,762,554	1,815,537	3,675,324	1,859,787
Total Expenditures	<u>2,904,554</u>	<u>1,971,880</u>	<u>3,803,839</u>	<u>1,831,959</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 931,771</u></u>	<u><u>2,147,117</u></u>	27,713	<u><u>(2,119,404)</u></u>
FUND BALANCE, SEPTEMBER 1			<u>4,144,250</u>	
<b>FUND BALANCE, AUGUST 31</b>			<u><u>\$ 4,171,963</u></u>	

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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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 all funds.
- c. Public 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 accounting principles generally accepted in the United States of America except that budgets do not include economic development and debt proceeds related to the tax increment financing projects and refunding of long-term debt. Expenditures modified for some year-end accruals may not legally exceed budgeted appropriations at the department level.
- f. Budget amendments at the department level must be approved by the City Council. Management may authorize transfers of appropriations within a department. Current year includes budget amendments.
- g. Appropriations lapse at year-end.

For the year ended August 31, 2018, the General Fund, Special Allocation Fund, and the Drug Forfeiture Fund had expenditures exceeding appropriations by \$436,672, \$1,831,959, and \$1,089, respectively. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future year's revenues.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS -**  
**POLICE PENSION PLAN**  
**FOR THE YEARS ENDED AUGUST 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 311,717	263,218	175,917	176,733
Interest	726,619	693,244	630,585	578,315
Differences between expected and actual experience	471,628	75,152	122,039	(136,162)
Change in assumptions or inputs	964,139	(153,868)	-	-
Contributions - employee	-	-	241,540	226,449
Benefit payments and expenses	(165,360)	(652,541)	(162,144)	(230,099)
Net Change In Total Pension Liability	<u>2,308,743</u>	<u>225,205</u>	<u>1,007,937</u>	<u>615,236</u>
Total Pension Liability Beginning	<u>10,948,414</u>	<u>10,723,209</u>	<u>9,715,272</u>	<u>9,100,036</u>
Total Pension Liability (a)	<u>\$ 13,257,157</u>	<u>10,948,414</u>	<u>10,723,209</u>	<u>9,715,272</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employee	\$ 269,023	240,428	241,540	226,449
Contributions - employer	379,796	350,724	343,409	319,690
Return on investment	925,639	876,341	550,354	(18,629)
Benefit payments and expenses	(165,360)	(652,541)	(162,144)	(230,099)
Administrative expenses	(26,645)	(47,085)	-	-
Net Change In Plan Fiduciary Net Position	<u>1,382,453</u>	<u>767,867</u>	<u>973,159</u>	<u>297,411</u>
Plan Fiduciary Net Position Beginning	<u>12,024,519</u>	<u>11,256,652</u>	<u>10,283,493</u>	<u>9,986,082</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 13,406,972</u>	<u>12,024,519</u>	<u>11,256,652</u>	<u>10,283,493</u>
<b>Net Pension Liability (Asset) Ending (a)-(b)</b>	<u>\$ (149,815)</u>	<u>(1,076,105)</u>	<u>(533,443)</u>	<u>(568,221)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.1 %	109.8	105.0	105.8
Covered Payroll	\$ 2,659,470	2,244,045	2,120,719	2,232,146
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(5.63) %	(47.95)	(25.15)	(25.46)

Note: Information is not available for fiscal years prior to 2015.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - POLICE PENSION PLAN**  
**LAST TEN FISCAL YEARS**

	For The Years Ended August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined pension contribution	\$ 244,461	290,240	300,077	261,882	321,337	358,484	376,207	387,774	426,095	391,668
Contributions in relation to the actuarially determined contribution	<u>379,796</u>	<u>350,724</u>	<u>343,409</u>	<u>320,444</u>	<u>385,966</u>	<u>312,110</u>	<u>436,396</u>	<u>497,394</u>	<u>503,087</u>	<u>579,665</u>
Contribution Deficiency (Excess)	<u>\$ (135,335)</u>	<u>(60,484)</u>	<u>(43,332)</u>	<u>(58,562)</u>	<u>(64,629)</u>	<u>46,374</u>	<u>(60,189)</u>	<u>(109,620)</u>	<u>(76,992)</u>	<u>(187,997)</u>
Covered Payroll	\$ 2,659,470	2,244,045	2,120,719	2,232,146	2,563,733	2,118,338	2,137,664	2,095,229	2,166,741	2,133,648
Contributions as a Percentage of Covered Payroll	14.28 %	15.63	16.19	14.36	15.05	14.73	20.41	23.74	23.22	27.17

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of September 1 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate cost method
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value
Inflation	2.50%
Salary increases	4.5%, compounded annually
Investment rate of return	6.0%, net of investment expenses, including inflation
Retirement age	Age 55 for participants age 54 on the valuation date; immediate for all others
Mortality	2018 Combined Current Liability, male and female rates, and RP-2014 Disabled Mortality Table, male and female rates

Other information:

There were no benefit changes during the year.



**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - LAGERS**  
**FOR THE YEARS ENDED AUGUST 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 385,281	369,891	388,891	395,808
Interest on the total pension liability	1,363,132	1,317,216	1,222,060	1,178,720
Difference between expected and actual experience	243,133	(156,327)	87,035	(171,511)
Changes of assumptions	-	-	556,016	-
Benefit payments, including refunds	(862,462)	(946,107)	(918,710)	(688,962)
Net Change In Total Pension Liability	<u>1,129,084</u>	<u>584,673</u>	<u>1,335,292</u>	<u>714,055</u>
 Total Pension Liability Beginning	 <u>19,036,237</u>	 <u>18,451,564</u>	 <u>17,116,272</u>	 <u>16,402,217</u>
 Total Pension Liability Ending (a)	 <u><u>\$ 20,165,321</u></u>	 <u><u>19,036,237</u></u>	 <u><u>18,451,564</u></u>	 <u><u>17,116,272</u></u>
 <b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 548,282	507,576	532,194	618,572
Net investment income	2,237,515	1,959,445	(55,034)	353,689
Benefit payments, including refunds	(862,462)	(946,107)	(918,710)	(688,962)
Administrative expense	(14,595)	(14,074)	(13,709)	(15,005)
Other	(62,687)	(8,630)	(18,372)	(70,688)
Net Change In Plan Fiduciary Net Position	<u>1,846,053</u>	<u>1,498,210</u>	<u>(473,631)</u>	<u>197,606</u>
 Plan Fiduciary Net Position Beginning	 <u>18,210,264</u>	 <u>16,712,054</u>	 <u>17,185,685</u>	 <u>16,988,079</u>
 Plan Fiduciary Net Position Ending (b)	 <u><u>\$ 20,056,317</u></u>	 <u><u>18,210,264</u></u>	 <u><u>16,712,054</u></u>	 <u><u>17,185,685</u></u>
 <b>Net Pension Liability (Asset) Ending (a)-(b)</b>	 <u><u>\$ 109,004</u></u>	 <u><u>825,973</u></u>	 <u><u>1,739,510</u></u>	 <u><u>(69,413)</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 99.46 %	 95.66	 90.57	 100.41
 Covered Payroll (for February 28/29 Valuation)	 \$ 3,298,031	 3,032,161	 3,012,624	 3,246,681
 Net Pension Liability (Asset) as a Percentage of Covered Payroll	 3.31 %	 27.24	 57.74	 (2.14)

Notes:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS - LAGERS**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined pension contribution	\$ 581,350	505,454	541,736	604,504	643,932	654,442	631,978	593,553	470,727	496,495
Contributions in relation to the actuarially determined contribution	555,513	505,454	541,736	604,504	643,932	582,422	570,401	505,281	470,727	496,495
Contribution Deficiency	\$ 25,837	-	-	-	-	72,020	61,577	88,272	-	-
Covered Payroll	\$ 3,229,727	3,120,084	3,186,682	3,232,643	3,285,367	3,131,304	3,240,915	3,043,863	3,017,480	2,990,934
Contributions as a Percentage of Covered Payroll	17.20 %	16.20	17.00	18.70	19.60	18.60	17.60	16.60	15.60	16.60

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal and modified terminal funding

Amortization method

A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period

Multiple bases from 11 to 16 years

Asset valuation method

5 years smoothed market; 20% corridor

Inflation

3.25% wage inflation; 2.5% price inflation

Salary increases

3.25% to 6.55%, including wage inflation

Investment rate of return

7.25%, net of investment expenses

Retirement age

Experience-based table of rates that are specific to the type of eligibility condition

Mortality

The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

**CITY OF ARNOLD, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED AUGUST 31**

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	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 18,222
Interest	15,994
Changes of assumptions or other inputs	(18,798)
Benefit payments	(10,921)
Net Change In Total OPEB Liability	4,497
Total OPEB Liability Beginning	442,844
Total OPEB Liability Ending	\$ 447,341
Covered Payroll	\$ 7,267,314
Total OPEB Liability as a Percentage of Covered Payroll	6.16 %

Note:  
Information is not available for fiscal years prior to 2018.

**OTHER SUPPLEMENTAL  
INFORMATION**



**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - GOVERNMENTAL FUNDS -**  
**COMPARATIVE BALANCE SHEETS**  
**AUGUST 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and investments	\$ 13,451,473	14,198,591
Receivables (net of allowances for uncollectibles):		
Taxes	3,312,975	3,181,934
Special assessments	1,178,649	1,010,409
Service fees	371,337	464,626
Intergovernmental	21,035	204,218
Court	77,924	77,714
Miscellaneous	79,500	95,013
Due from other funds	137,760	926,007
Prepaid items	589,939	518,991
Restricted assets:		
Cash and investments	1,448,693	2,356,484
Capital improvements sales tax receivable	2,421,984	1,322,929
	<b>\$ 23,091,269</b>	<b>24,356,916</b>
Total Assets		
<b>LIABILITIES</b>		
Accounts payable	\$ 2,070,074	2,073,043
Accrued liabilities	138,199	104,778
Due to other funds	137,760	926,117
Unearned revenue	151,916	326,484
Total Liabilities	2,497,949	3,430,422
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue:		
Special assessments	1,179,569	1,010,507
Court fines	77,704	77,704
Taxes	2,421,984	1,322,929
Total Deferred Inflows Of Resources	3,679,257	2,411,140
<b>FUND BALANCES</b>		
Nonspendable	589,939	518,991
Restricted	4,422,836	4,428,144
Committed	2,720,446	3,991,785
Assigned	2,417,575	2,609,756
Unassigned	6,763,267	6,966,678
Total Fund Balances	16,914,063	18,515,354
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	<b>\$ 23,091,269</b>	<b>24,356,916</b>

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - GOVERNMENTAL FUNDS -**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
Taxes	\$ 17,568,521	17,501,872
Special assessments	3,754	21,871
Licenses and permits	526,632	635,538
Fines and court costs	723,579	682,008
Intergovernmental	727,115	222,885
Charges for services	1,310,410	2,418,187
Investment income	25,874	16,286
Donations	25,000	-
Miscellaneous	202,675	159,320
Total Revenues	21,113,560	21,657,967
 <b>EXPENDITURES</b>		
Current:		
General government	3,356,980	3,023,190
Public safety	6,108,405	5,742,063
Public works	619,225	646,852
Highways and streets	1,112,571	1,427,853
Parks and recreation	2,511,434	2,445,720
Health and sanitation	559,781	1,318,330
Economic development	116,015	124,699
Capital outlay	3,093,943	1,726,012
Debt service:		
Principal	3,583,037	3,717,049
Interest	1,528,016	1,894,787
Cost of issuance	35,000	830,321
Total Expenditures	22,624,407	22,896,876
 <b>REVENUES UNDER EXPENDITURES</b>	(1,510,847)	(1,238,909)
 <b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of long-term debt	-	31,689,501
Premium on issuance of long-term debt	-	193,250
Discount on issuance of long-term debt	-	(141,000)
Payments to escrow agent	-	(32,953,377)
Sale of capital assets	1,200	150
Transfers in	-	359,044
Transfers out	(91,644)	(607,141)
Total Other Financing Sources (Uses)	(90,444)	(1,459,573)
 <b>NET CHANGE IN FUND BALANCES</b>	(1,601,291)	(2,698,482)
 <b>FUND BALANCES, SEPTEMBER 1</b>	18,515,354	21,213,836
 <b>FUND BALANCES, AUGUST 31</b>	\$ 16,914,063	18,515,354

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AUGUST 31, 2018**

	<u>Special Revenue Funds</u>			<u>Totals</u>
	<u>Tourism</u>	<u>Drug Forfeiture</u>	<u>Community Foundation</u>	
<b>ASSETS</b>				
Cash and investments	\$ 189,078	35,124	25,000	249,202
Receivables:				
Taxes	30,308	-	-	30,308
Total Assets	<u>\$ 219,386</u>	<u>35,124</u>	<u>25,000</u>	<u>279,510</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,000	1,690	-	3,690
 <b>Fund Balances</b>				
Restricted for:				
Public safety	-	33,434	-	33,434
Tourism	217,386	-	-	217,386
Committed for:				
Community foundation	-	-	25,000	25,000
Total Fund Balances	<u>217,386</u>	<u>33,434</u>	<u>25,000</u>	<u>275,820</u>
Total Liabilities And Fund Balances	<u>\$ 219,386</u>	<u>35,124</u>	<u>25,000</u>	<u>279,510</u>

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

	<b>Special Revenue Funds</b>			<b>Totals</b>
	<b>Tourism</b>	<b>Drug Forfeiture</b>	<b>Community Foundation</b>	
<b>REVENUES</b>				
Taxes	\$ 165,967	-	-	165,967
Intergovernmental	-	8,731	-	8,731
Charges for services	6,705	-	-	6,705
Donations	-	-	25,000	25,000
Total Revenues	<u>172,672</u>	<u>8,731</u>	<u>25,000</u>	<u>206,403</u>
<b>EXPENDITURES</b>				
Current:				
General government	131,435	-	-	131,435
Public safety	-	26,908	-	26,908
Capital outlay	-	19,567	-	19,567
Total Expenditures	<u>131,435</u>	<u>46,475</u>	<u>-</u>	<u>177,910</u>
<b>NET CHANGES IN FUND BALANCES</b>	41,237	(37,744)	25,000	28,493
FUND BALANCES, SEPTEMBER 1	<u>176,149</u>	<u>71,178</u>	<u>-</u>	<u>247,327</u>
<b>FUND BALANCES, AUGUST 31</b>	<u><u>\$ 217,386</u></u>	<u><u>33,434</u></u>	<u><u>25,000</u></u>	<u><u>275,820</u></u>



**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - TOURISM FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Sales	\$ 160,000	137,887	165,967	28,080
Charges for services	-	-	6,705	6,705
Total Revenues	160,000	137,887	172,672	34,785
 <b>EXPENDITURES</b>				
General government	160,000	156,633	131,435	(25,198)
 <b>NET CHANGE IN FUND BALANCE</b>	\$ -	(18,746)	41,237	59,983
 FUND BALANCE, SEPTEMBER 1			176,149	
 FUND BALANCE, AUGUST 31			\$ 217,386	

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DRUG FORFEITURE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Intergovernmental	\$ 8,000	8,731	8,731	-
<b>EXPENDITURES</b>				
Public safety	-	25,819	26,908	1,089
Capital outlay	22,000	19,567	19,567	-
Total Expenditures	22,000	45,386	46,475	1,089
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (14,000)</b>	<b>(36,655)</b>	<b>(37,744)</b>	<b>(1,089)</b>
<b>FUND BALANCE, SEPTEMBER 1</b>			71,178	
<b>FUND BALANCE, AUGUST 31</b>			<b>\$ 33,434</b>	

**CITY OF ARNOLD, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - COMMUNITY FOUNDATION FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2018**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Donations	\$ -	15,000	25,000	10,000
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>15,000</u>	25,000	<u>10,000</u>
FUND BALANCE, SEPTEMBER 1			<u>-</u>	
FUND BALANCE, AUGUST 31			<u>\$ 25,000</u>	

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## **STATISTICS**



This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City’s overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	74 - 78
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City’s local revenue sources.	79 - 86
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	87 - 89
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	90 - 92
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	93 - 97

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF ARNOLD, MISSOURI**  
**NET POSITION BY COMPONENT -**  
**LAST TEN FISCAL YEARS**

	August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 61,363,797	61,540,455	61,600,974	61,358,328	60,954,323	62,495,954	58,747,273	60,189,604	61,515,001	60,433,335
Restricted	7,895,892	5,751,073	7,168,385	7,020,552	6,209,178	5,750,389	5,795,745	6,511,773	6,468,111	6,129,354
Unrestricted	(14,166,217)	(13,801,156)	(15,902,356)	(13,878,273)	(25,947,438)	(25,777,303)	(24,245,868)	(22,961,899)	(20,707,866)	(18,506,005)
<b>Total Governmental Activities Net Position</b>	<u>\$ 55,093,472</u>	<u>53,490,372</u>	<u>52,867,003</u>	<u>54,500,607</u>	<u>41,216,063</u>	<u>42,469,040</u>	<u>40,297,150</u>	<u>43,739,478</u>	<u>47,275,246</u>	<u>48,056,684</u>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 4,558,891	4,617,677	4,466,526	404,017	13,866,892	13,383,043	13,366,162	12,568,136	11,847,340	10,925,826
Restricted	-	-	-	325,978	526,603	588,203	701,303	804,880	906,603	1,001,303
Unrestricted	458,048	382,932	381,525	233,535	4,659,261	3,624,652	3,732,210	4,347,127	4,873,833	4,777,204
<b>Total Business-type Activities Net Position</b>	<u>\$ 5,016,939</u>	<u>5,000,609</u>	<u>4,848,051</u>	<u>963,530</u>	<u>19,052,756</u>	<u>17,595,898</u>	<u>17,799,675</u>	<u>17,720,143</u>	<u>17,627,776</u>	<u>16,704,333</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 65,922,688	66,158,132	66,067,500	61,762,345	74,821,215	75,878,997	72,113,435	72,757,740	73,362,341	71,359,161
Restricted	7,895,892	5,751,073	7,168,385	7,346,530	6,735,781	6,338,592	6,497,048	7,316,653	7,374,714	7,130,657
Unrestricted	(13,708,169)	(13,418,224)	(15,520,831)	(13,644,738)	(21,288,177)	(22,152,651)	(20,513,658)	(18,614,772)	(15,834,033)	(13,728,801)
<b>Total Primary Government Net Position</b>	<u>\$ 60,110,411</u>	<u>58,490,981</u>	<u>57,715,054</u>	<u>55,464,137</u>	<u>60,268,819</u>	<u>60,064,938</u>	<u>58,096,825</u>	<u>61,459,621</u>	<u>64,903,022</u>	<u>64,761,017</u>

Source: Basic financial statements

GASB 63 and 65 were implemented in 2013.

The City implemented GASB Statement No. 68 in fiscal year 2015.

The City implemented GASB 75 and reported amounts restricted for pension in fiscal year 2018.

**CITY OF ARNOLD, MISSOURI**

**CHANGE IN NET POSITION -  
LAST TEN FISCAL YEARS**

	<b>For The Years Ended August 31</b>									
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
General government	\$ 3,984,929	3,748,672	3,771,398	3,507,185	3,521,130	3,437,488	3,560,571	3,631,193	3,486,489	3,597,393
Public safety	6,145,438	5,651,075	5,705,617	6,120,075	5,564,406	5,699,347	5,557,136	5,513,045	5,498,118	5,383,461
Public works	1,238,647	1,230,443	1,120,005	517,705	506,642	652,774	471,241	449,991	396,500	372,884
Highways and streets	3,414,602	3,600,472	3,578,202	3,022,074	3,499,006	3,180,611	3,247,948	3,056,308	2,882,196	2,660,880
Parks and recreation	2,695,515	2,595,859	2,599,236	2,371,529	2,430,932	2,286,290	2,311,042	2,172,650	2,205,143	2,130,516
Health and sanitation	661,153	1,335,456	1,345,275	1,232,741	1,202,951	1,209,726	1,199,147	1,147,650	1,054,674	1,157,513
Economic development	116,015	124,699	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457
Interest on long-term debt	2,338,390	3,019,715	2,936,044	3,039,906	3,105,566	3,161,479	3,182,550	3,310,085	3,366,950	2,948,229
Total Governmental Activities Expenses	<u>20,594,689</u>	<u>21,306,391</u>	<u>21,217,758</u>	<u>19,941,982</u>	<u>19,952,272</u>	<u>19,759,965</u>	<u>19,614,583</u>	<u>22,392,049</u>	<u>22,303,670</u>	<u>18,586,333</u>
<b>Business-type Activities</b>										
Sewer system	-	-	-	2,883,157	4,111,479	4,138,224	3,604,074	3,866,989	3,678,042	3,658,824
Storm water	530,870	542,233	544,671	525,572	595,741	608,027	638,757	559,128	622,227	388,188
Golf	560,426	530,576	862,906	649,484	753,705	759,006	783,657	747,928	712,700	670,794
Special item - disposal of sewer system	-	-	-	8,247,633	-	-	-	-	-	-
Total Business-type Activities Expenses	<u>1,091,296</u>	<u>1,072,809</u>	<u>1,407,577</u>	<u>12,305,846</u>	<u>5,460,925</u>	<u>5,505,257</u>	<u>5,026,488</u>	<u>5,174,045</u>	<u>5,012,969</u>	<u>4,717,806</u>
Total Primary Government Expenses	<u>21,685,985</u>	<u>22,379,200</u>	<u>22,625,335</u>	<u>32,247,828</u>	<u>25,413,197</u>	<u>25,265,222</u>	<u>24,641,071</u>	<u>27,566,094</u>	<u>27,316,639</u>	<u>23,304,139</u>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
Charges for services:										
General government	139,607	335,979	352,912	513,502	474,475	473,810	467,566	449,918	627,522	610,250
Public safety	1,011,285	912,036	823,464	1,084,746	1,076,383	1,335,540	1,227,070	1,344,111	1,552,797	1,474,468
Parks and recreation	1,213,846	1,428,013	1,393,972	1,262,388	1,279,638	1,284,012	1,378,811	1,308,168	1,307,476	1,142,149
Health and sanitation	111,543	917,019	894,289	822,800	31,859	27,951	29,407	224,383	569,093	32,845
Operating grants and contributions	1,451,208	1,239,193	1,491,836	1,182,988	1,151,413	1,086,620	1,085,599	1,050,800	1,122,352	1,089,981
Capital grants and contributions	502,348	111,320	1,608,538	1,572,516	148,700	2,375,066	1,408,288	66,116	2,625,844	255,553
Total Governmental Activities Program Revenues	<u>4,429,837</u>	<u>4,943,560</u>	<u>6,565,011</u>	<u>6,438,940</u>	<u>4,162,468</u>	<u>6,582,999</u>	<u>5,596,741</u>	<u>4,443,496</u>	<u>7,805,084</u>	<u>4,605,246</u>
<b>Business-type Activities</b>										
Charges for services:										
Sewer system	-	-	-	2,877,893	3,834,801	3,997,660	3,795,399	3,951,341	3,816,409	3,383,075
Storm water	586,259	573,452	576,378	580,298	585,636	589,987	575,621	574,991	570,520	579,425
Golf	426,544	389,878	381,704	324,046	482,520	434,990	561,806	454,091	407,735	480,578
Operating grants and contributions	3,179	-	41,513	-	-	-	-	-	29,382	21,011
Capital grants and contributions	-	13,940	137,216	87,311	89,460	16,000	1,150	2,432	806,725	60,407
Total Business-type Activities Program Revenues	<u>1,015,982</u>	<u>977,270</u>	<u>1,136,811</u>	<u>3,869,548</u>	<u>4,992,417</u>	<u>5,038,637</u>	<u>4,933,976</u>	<u>4,982,855</u>	<u>5,630,771</u>	<u>4,524,496</u>
Total Primary Government Revenues	<u>5,445,819</u>	<u>5,920,830</u>	<u>7,701,822</u>	<u>10,308,488</u>	<u>9,154,885</u>	<u>11,621,636</u>	<u>10,530,717</u>	<u>9,426,351</u>	<u>13,435,855</u>	<u>9,129,742</u>
<b>NET REVENUES (EXPENSES)</b>										
Governmental activities	(16,164,852)	(16,362,831)	(14,652,747)	(13,503,042)	(15,789,804)	(13,176,966)	(14,017,842)	(17,948,553)	(14,498,586)	(13,981,087)
Business-type activities	(75,314)	(95,539)	(270,766)	(8,436,298)	(468,508)	(466,620)	(92,512)	(191,190)	617,802	(193,310)
Total Primary Government Net Revenues (Expenses)	<u>(16,240,166)</u>	<u>(16,458,370)</u>	<u>(14,923,513)</u>	<u>(21,939,340)</u>	<u>(16,258,312)</u>	<u>(13,643,586)</u>	<u>(14,110,354)</u>	<u>(18,139,743)</u>	<u>(13,880,784)</u>	<u>(14,174,397)</u>

(Continued)



**CITY OF ARNOLD, MISSOURI**  
**CHANGE IN NET POSITION - (Continued)**  
**LAST TEN FISCAL YEARS**

	For The Years Ended August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>GENERAL REVENUES AND OTHER CHANGE IN NET POSITION</b>										
<b>Governmental Activities</b>										
Taxes:										
Property	2,257,200	2,167,507	2,151,266	2,270,828	1,959,557	2,137,107	1,856,713	1,956,378	1,767,838	1,448,479
Sales	11,826,751	11,473,343	11,386,525	10,800,694	9,943,752	9,676,868	9,266,574	8,934,269	8,492,485	7,619,458
Gross receipts	3,657,747	3,459,426	3,418,667	3,371,996	3,375,222	3,264,019	3,014,815	3,239,828	3,389,556	2,726,791
Miscellaneous	45,703	45,475	37,719	71,954	41,950	43,139	38,972	33,694	31,616	33,541
Investment income	25,874	16,286	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284
Gain on sale of assets	1,200	150	13,443	86,336	14,234	66,936	57,673	28,128	20,085	-
Miscellaneous	127,065	72,110	139,300	37,507	115,861	122,575	92,531	144,042	22,812	42,447
Transfers	(91,644)	(248,097)	(4,155,266)	9,737,008	(1,636,767)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Total Governmental Activities General Revenues And Other Change In Net Position	<u>17,849,896</u>	<u>16,986,200</u>	<u>13,019,143</u>	<u>26,405,536</u>	<u>13,836,177</u>	<u>15,348,856</u>	<u>14,391,280</u>	<u>14,412,785</u>	<u>13,797,836</u>	<u>11,992,000</u>
<b>Business-type Activities</b>										
Investment income	-	-	21	77,044	218,439	240,758	252,864	273,557	295,641	380,619
Gain on sale of assets	-	-	-	-	700	8,801	-	-	-	-
Miscellaneous	-	-	-	7,036	1,550	3,284	-	-	-	-
Transfers	91,644	248,097	4,155,266	(9,737,008)	1,636,767	10,000	10,000	10,000	10,000	10,000
Total Business-type Activities General Revenues And Other Change In Net Position	<u>91,644</u>	<u>248,097</u>	<u>4,155,287</u>	<u>(9,652,928)</u>	<u>1,857,456</u>	<u>262,843</u>	<u>262,864</u>	<u>283,557</u>	<u>305,641</u>	<u>390,619</u>
Total Primary Gov- ernment General Revenues And Other Change In Net Position	<u>17,941,540</u>	<u>17,234,297</u>	<u>17,174,430</u>	<u>16,752,608</u>	<u>15,693,633</u>	<u>15,611,699</u>	<u>14,654,144</u>	<u>14,696,342</u>	<u>14,103,477</u>	<u>12,382,619</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	1,685,044	623,369	(1,633,604)	12,902,494	(1,953,627)	2,171,890	373,438	(3,535,768)	(700,750)	(1,989,087)
Business-type activities	16,330	152,558	3,884,521	(18,089,226)	1,388,948	(203,777)	170,352	92,367	923,443	197,309
Total Primary Gov- ernment	<u>\$ 1,701,374</u>	<u>775,927</u>	<u>2,250,917</u>	<u>(5,186,732)</u>	<u>(564,679)</u>	<u>1,968,113</u>	<u>543,790</u>	<u>(3,443,401)</u>	<u>222,693</u>	<u>(1,791,778)</u>

Source: Basic financial statements

**CITY OF ARNOLD, MISSOURI**  
**FUND BALANCES OF GOVERNMENTAL FUNDS -**  
**LAST TEN FISCAL YEARS**

	August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>										
Reserved	\$ -	-	-	-	-	-	-	-	2,176,044	2,139,403
Unreserved	-	-	-	-	-	-	-	-	8,318,041	6,844,666
Nonspendable	567,606	493,335	483,636	489,501	522,442	441,169	455,108	511,169	-	-
Restricted	53	36,567	1,136,598	1,137,151	1,136,477	1,136,421	1,136,361	563,726	-	-
Committed	2,513,975	3,709,280	3,675,215	2,067,288	1,513,074	1,557,117	4,410,590	1,395,119	-	-
Assigned	2,417,575	2,609,756	761,402	422,849	-	530,792	994,533	-	-	-
Unassigned	6,763,267	6,966,678	9,083,974	14,249,970	3,608,130	6,305,284	4,505,675	9,213,575	-	-
<b>Total General Fund</b>	<u>\$ 12,262,476</u>	<u>13,815,616</u>	<u>15,140,825</u>	<u>18,366,759</u>	<u>6,780,123</u>	<u>9,970,783</u>	<u>11,502,267</u>	<u>11,683,589</u>	<u>10,494,085</u>	<u>8,984,069</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	-	-	-	-	-	-	-	5,358,284	4,998,863
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	(1,074,478)	(828,954)
Nonspendable	22,333	25,656	80,815	31,292	21,194	29,152	29,126	10,285	-	-
Restricted	4,422,783	4,391,577	5,752,721	5,750,583	5,163,232	4,923,977	4,430,694	5,347,559	-	-
Committed	206,471	282,505	239,475	204,631	316,059	-	-	-	-	-
Unassigned	-	-	-	-	-	(1,402,075)	(1,289,620)	(1,318,166)	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 4,651,587</u>	<u>4,699,738</u>	<u>6,073,011</u>	<u>5,986,506</u>	<u>5,500,485</u>	<u>3,551,054</u>	<u>3,170,200</u>	<u>4,039,678</u>	<u>4,283,806</u>	<u>4,169,909</u>

Source: Basic financial statements

For fiscal year 2011 GASB 54 was implemented.

**CITY OF ARNOLD, MISSOURI**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS -**  
**LAST TEN FISCAL YEARS**

	For The Years Ended August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES</b>										
Taxes	\$ 17,568,521	17,501,872	17,662,798	17,074,710	15,860,454	16,422,424	14,738,118	14,939,098	14,551,361	12,279,968
Special assessments	3,754	21,871	12,563	41,512	47,414	208,907	55,981	111,477	95,886	161,495
Licenses and permits	526,632	635,538	642,360	818,274	652,512	730,422	637,167	555,788	522,881	615,026
Fines and court costs	723,579	682,008	668,018	713,514	847,185	1,039,805	902,336	1,105,288	1,216,172	1,131,240
Intergovernmental	727,115	222,885	694,838	1,369,663	323,383	2,503,248	1,557,334	263,517	458,470	138,593
Charges for services	1,310,410	2,418,187	2,347,758	2,153,945	1,355,238	1,363,277	1,455,029	1,549,582	2,132,339	1,375,957
Investment income	25,874	16,286	27,489	29,213	22,368	48,212	74,002	86,446	83,444	131,284
Donations	25,000	-	-	-	-	-	-	-	-	-
Miscellaneous	202,675	159,320	329,228	318,015	333,865	349,730	324,627	308,653	325,600	356,143
<b>Total Revenues</b>	<b>21,113,560</b>	<b>21,657,967</b>	<b>22,385,052</b>	<b>22,518,846</b>	<b>19,442,419</b>	<b>22,666,025</b>	<b>19,744,594</b>	<b>18,919,849</b>	<b>19,386,153</b>	<b>16,189,706</b>
<b>EXPENDITURES</b>										
General government	3,356,980	3,023,190	3,022,711	2,896,449	2,876,530	2,767,426	2,938,282	2,939,835	2,904,369	2,836,320
Public safety	6,108,405	5,742,063	5,688,691	5,401,754	5,620,891	5,489,942	5,438,986	5,452,098	5,513,458	5,530,890
Public works	619,225	646,852	607,211	598,889	618,618	556,904	460,444	542,848	505,578	424,779
Highways and streets	1,112,571	1,427,853	1,440,050	1,004,793	1,401,373	1,377,329	1,318,793	1,211,431	1,210,324	994,971
Parks and recreation	2,511,434	2,445,720	2,510,169	2,333,348	2,320,950	2,250,733	2,241,380	2,133,731	2,096,335	2,110,396
Health and sanitation	559,781	1,318,330	1,330,789	1,233,389	1,203,039	1,204,374	1,198,127	1,147,456	1,054,900	1,157,017
Economic development	116,015	124,699	161,981	130,767	121,639	132,250	84,948	3,111,127	3,413,600	335,457
Capital outlay	3,093,943	1,726,012	1,339,597	1,611,488	348,711	5,718,016	1,734,019	294,258	1,100,240	934,502
Debt service:										
Principal	3,583,037	3,717,049	2,846,292	2,224,535	1,838,000	1,866,476	1,009,055	1,554,964	1,261,679	820,284
Interest	1,528,016	1,894,787	2,435,786	2,606,642	2,727,230	2,758,930	2,686,033	2,762,969	2,603,519	2,041,283
Bond issue costs	35,000	830,321	-	-	-	-	218,681	155,551	125,000	796,889
Payments to escrow agent	-	-	-	-	-	-	1,843,000	414,390	-	-
<b>Total Expenditures</b>	<b>22,624,407</b>	<b>22,896,876</b>	<b>21,383,277</b>	<b>20,042,054</b>	<b>19,076,981</b>	<b>24,122,380</b>	<b>21,171,748</b>	<b>21,720,658</b>	<b>21,789,002</b>	<b>17,982,788</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,510,847)</b>	<b>(1,238,909)</b>	<b>1,001,775</b>	<b>2,476,792</b>	<b>365,438</b>	<b>(1,456,355)</b>	<b>(1,427,154)</b>	<b>(2,800,809)</b>	<b>(2,402,849)</b>	<b>(1,793,082)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of long-term debt	-	31,689,501	-	-	-	-	12,965,000	10,140,000	3,319,555	28,485,000
Premium/discount on issuance	-	52,250	-	-	-	-	(12,936)	8,564	-	(235,250)
Refunding of long-term debt	-	(32,953,377)	-	-	-	-	(12,733,383)	(6,420,507)	-	(24,236,569)
Issuance of capital lease	-	-	-	-	-	-	-	-	777,810	31,800
Proceeds from insurance premium	-	-	-	-	-	-	110,000	-	-	-
Proceeds from sale of capital assets	1,200	150	14,062	37,507	30,100	315,725	57,673	28,128	20,085	-
Transfers in	-	359,044	107,236	9,976,578	1,859,521	-	-	-	25,000	-
Transfers out	(91,644)	(607,141)	(4,262,502)	(418,220)	(3,496,288)	(10,000)	(10,000)	(10,000)	(35,000)	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(90,444)</b>	<b>(1,459,573)</b>	<b>(4,141,204)</b>	<b>9,595,865</b>	<b>(1,606,667)</b>	<b>305,725</b>	<b>376,354</b>	<b>3,746,185</b>	<b>4,107,450</b>	<b>4,034,981</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (1,601,291)</b>	<b>(2,698,482)</b>	<b>(3,139,429)</b>	<b>12,072,657</b>	<b>(1,241,229)</b>	<b>(1,150,630)</b>	<b>(1,050,800)</b>	<b>945,376</b>	<b>1,704,601</b>	<b>2,241,899</b>
Debt service as a percentage of noncapital expenditures	25.2 %	25.8	27.0	24.5	25.3	20.6	17.8	21.1	18.6	22.9

Source: Basic financial statements

**CITY OF ARNOLD, MISSOURI**  
**PROGRAM REVENUES BY FUNCTIONS/PROGRAMS -**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	Program Revenues									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>										
General government	\$ 517,717	389,206	408,413	513,502	485,075	501,560	467,566	453,075	787,472	695,250
Public safety	1,409,868	1,069,486	1,255,381	1,267,963	1,260,519	1,472,757	1,362,136	1,435,487	1,731,838	1,555,561
Public works	19,238	25,434	18,534	22,131	-	1,661,672	453,885	-	156,522	73,840
Highways and streets	1,027,625	1,113,307	2,590,047	2,549,597	1,103,702	1,614,989	1,873,416	999,630	3,243,512	1,094,219
Parks and recreation	1,343,846	1,429,108	1,398,342	1,262,611	1,279,653	1,285,333	1,396,181	1,314,691	1,315,837	1,152,846
Health and sanitation	111,543	917,019	894,294	823,136	33,519	46,688	43,557	240,613	569,903	33,530
Total Governmental Activities	<u>4,429,837</u>	<u>4,943,560</u>	<u>6,565,011</u>	<u>6,438,940</u>	<u>4,162,468</u>	<u>6,582,999</u>	<u>5,596,741</u>	<u>4,443,496</u>	<u>7,805,084</u>	<u>4,605,246</u>
<b>Business-type Activities</b>										
Sewer system	-	-	-	2,877,893	3,924,261	4,013,660	3,796,549	3,951,341	4,623,134	3,443,482
Storm water	586,259	587,392	713,594	667,609	585,636	589,987	575,621	577,423	599,902	600,436
Golf	429,723	389,878	423,217	324,046	482,520	434,990	561,806	454,091	407,735	480,578
Total Business-type Activities	<u>1,015,982</u>	<u>977,270</u>	<u>1,136,811</u>	<u>3,869,548</u>	<u>4,992,417</u>	<u>5,038,637</u>	<u>4,933,976</u>	<u>4,982,855</u>	<u>5,630,771</u>	<u>4,524,496</u>
Total Primary Government	<u>\$ 5,445,819</u>	<u>5,920,830</u>	<u>7,701,822</u>	<u>10,308,488</u>	<u>9,154,885</u>	<u>11,621,636</u>	<u>10,530,717</u>	<u>9,426,351</u>	<u>13,435,855</u>	<u>9,129,742</u>

Source: Basic financial statements

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes (1)</b>	<b>Public Utility Gross Receipts Taxes</b>	<b>Motor Fuel Taxes</b>	<b>Other Taxes</b>	<b>Total</b>
2018	\$ 2,257,200	\$ 11,023,584	\$ 3,497,797	\$ 556,250	\$ 233,690	\$ 17,568,521
2017	2,167,506	11,248,242	3,459,427	564,645	62,052	17,501,872
2016	2,151,266	11,537,907	3,197,614	549,872	226,139	17,662,798
2015	2,270,828	10,850,085	3,169,822	559,752	224,223	17,074,710
2014	1,959,557	9,974,869	3,166,690	529,739	229,599	15,860,454
2013	2,137,107	10,456,039	3,075,765	525,885	227,628	16,422,424
2012	1,856,713	9,283,841	2,850,729	533,081	213,754	14,738,118
2011	1,956,378	9,115,555	3,107,237	553,861	206,067	14,939,098
2010	1,767,838	8,738,803	3,274,363	561,099	209,258	14,551,361
2009	1,448,479	7,510,784	2,565,201	552,562	202,942	12,279,968

Source: Required supplemental information and basic financial statements

(1) The City participates in the county-wide sales tax sharing pool and a point of sale sharing, therefore, not all sales tax is not the City's own source revenue.

**CITY OF ARNOLD, MISSOURI**  
**SALES TAX REVENUE - GOVERNMENTAL FUNDS -**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Sales Tax (1%)</b>	<b>Recreation Center Sales Tax (0.25%)</b>	<b>Jefferson County Shared Capital Improvement Sales Tax</b>	<b>Shared Vehicle Sales Tax</b>	<b>Hotel/Motel Sales Tax (5%)</b>	<b>Jurisdictional Sales Tax</b>	<b>Total Sales Tax</b>
2018	\$ 6,003,196	\$ 1,450,669	\$ 434,980	\$ 283,388	\$ 165,967	\$ 2,685,384	\$ 11,023,584
2017	5,708,919	1,382,719	927,306	275,059	173,887	2,780,352	11,248,242
2016	5,694,010	1,380,546	1,140,340	271,890	154,724	2,896,397	11,537,907
2015	5,575,444	1,347,848	781,784	255,947	157,724	2,731,338	10,850,085
2014	5,216,383	1,255,500	722,580	248,214	148,746	2,383,446	9,974,869
2013	4,966,989	1,200,381	1,452,885	218,971	140,480	2,476,333	10,456,039
2012	4,893,553	1,179,379	680,650	211,150	140,148	2,178,961	9,283,841
2011	4,715,004	1,136,159	835,050	210,437	124,359	1,686,544	8,707,553
2010	4,472,382	1,081,040	905,185	195,398	152,768	1,932,029	8,738,802
2009	4,464,163	1,079,581	567,880	190,543	145,115	1,063,503	7,510,785

Source: Required supplemental information and basic financial statements

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

<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>Real Property</b>	<b>Railroads And Utilities</b>	<b>Total</b>		<b>Total Direct Tax Rate</b>	<b>Ratio Of Total Assessed Value To Total Estimated Actual Value</b>
				<b>Assessed Value</b>	<b>Estimated Actual Value</b>		
2018	2017	\$ 303,402,400	\$ 7,899,361	\$ 311,301,761	\$ 1,358,293,052	0.391	22.9 %
2017	2016	288,627,560	7,792,049	296,419,609	1,279,561,859	0.390	23.2
2016	2015	283,140,826	8,227,322	291,368,148	1,262,789,107	0.400	23.1
2015	2014	280,800,247	7,414,869	288,215,116	1,244,969,539	0.401	23.2
2014	2013	276,950,700	7,382,457	284,333,157	1,228,943,555	0.397	23.1
2013	2012	277,940,900	6,893,679	284,834,579	1,227,103,131	0.397	23.2
2012	2011	277,026,900	7,018,823	284,045,723	1,221,808,487	0.397	23.2
2011	2010	274,310,100	6,370,930	280,681,030	1,188,269,463	0.397	23.6
2010	2009	267,251,900	6,042,845	273,294,745	1,180,555,245	0.397	23.1
2009	2008	257,603,500	5,639,930	263,243,430	1,144,071,678	0.425	23.0

Notes:

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.

Source: Jefferson County Assessor

**CITY OF ARNOLD, MISSOURI**  
**ASSESSED VALUES FOR TAX INCREMENT FINANCING DISTRICTS -**  
**LAST TEN FISCAL YEARS**

Tax Year	Triangle TIF			Crossroads TIF			Crossroads Sub Area #1 TIF		
	Assessed Value	Base Assessed Value	Amount Above Base	Assessed Value	Base Assessed Value	Amount Above Base	Assessed Value	Base Assessed Value	Amount Above Base
2017	\$ 13,625,100	\$ 1,700,400	\$ 11,924,700	\$ 4,319,900	\$ 2,466,200	\$ 1,853,700	\$ 3,058,400	\$ 1,782,600	\$ 1,275,800
2016	13,625,100	1,700,400	11,924,700	4,319,900	2,466,200	1,853,700	3,058,400	1,782,600	1,275,800
2015	13,625,100	1,700,400	11,924,700	4,319,900	2,466,200	1,853,700	3,058,400	1,782,600	1,275,800
2014	14,099,411	1,700,400	12,399,011	4,243,318	2,466,200	1,777,118	3,058,400	1,782,600	1,275,800
2013	13,674,300	1,700,400	11,973,900	4,243,200	3,124,400	1,118,800	3,058,400	1,124,400	1,934,000
2012	14,201,400	1,700,400	12,501,000	4,231,500	3,124,400	1,107,100	3,058,500	1,124,400	1,934,100
2011	14,137,200	1,700,400	12,436,800	3,998,400	3,124,400	874,000	3,058,500	1,124,400	1,934,100
2010	12,397,400	1,700,400	10,697,000	3,188,500	3,124,400	64,100	1,227,500	1,124,400	103,100
2009	12,397,400	1,700,400	10,697,000	3,188,500	3,124,400	64,100	1,227,500	1,124,400	103,100
2008	7,187,300	1,700,400	5,486,900	3,044,600	3,101,600	(57,000)	1,312,800	1,147,200	165,600

Source: Jefferson County Assessor



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

	<b>For The Years Ended August 31</b>									
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
City of Arnold:										
General	0.391	0.390	0.400	0.401	0.397	0.397	0.397	0.397	0.397	0.425
Overlapping governments:										
State of Missouri	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Jefferson County	0.557	0.567	0.526	0.531	0.532	0.533	0.505	0.505	0.499	0.496
Consolidated School No. 6 of Jefferson County	4.527	4.559	4.650	4.583	4.650	4.617	4.604	4.587	4.563	4.530
Rock Community Fire Protection District	1.246	1.245	0.763	0.803	0.931	0.707	0.712	0.716	0.715	0.707
Rock Township Ambulance District	0.131	0.202	0.209	0.210	0.210	0.210	0.132	0.136	0.127	0.123
The Junior College District of Jefferson County	0.332	0.332	0.341	0.344	0.340	0.339	0.336	0.336	0.336	0.334
The Jefferson County Library District	0.280	0.280	0.176	0.178	0.176	0.175	0.189	0.189	0.188	0.186
Surtax-Commercial Only	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240

Source: Jefferson County Assessor (rates stated per \$100 assessed valuation)

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL TAXPAYERS -**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Taxpayer</b>	<b>2018</b>			<b>2009</b>		
	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage Of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Valuation</b>	<b>Rank</b>	<b>Percentage Of Total City Taxable Assessed Value</b>
Walmart Real Estate Bussiness Trust 555	\$ 4,729,900	1	1.52 %	\$ -	-	- %
Missouri American Water Company	4,162,900	2	1.34	-	-	-
Metal Container Corporation	3,689,400	3	1.19	3,835,600	2	1.46
THF Arnold Triangle Development, LLC (Lowe's)	2,809,600	4	0.90	3,700,400	3	1.41
MCW-RD Richardson Crossing LLC (Schnucks)	2,656,800	5	0.85	2,964,500	4	1.13
Water Tower LLC	2,638,200	6	0.85	2,638,300	5	1.00
Dayton Hudson Corporation (Target)	2,496,000	7	0.80	2,496,000	7	0.95
Dierbergs Arnold LLC	-	-	-	2,453,300	8	0.93
LSREF4 Rebound LLC (Convergy's Corporation)	2,375,900	8	0.76	2,375,900	10	0.90
HD Development of Maryland (Home Depot)	2,245,700	9	0.72	2,542,600	6	0.97
Suellentrop Family Partnership LP	2,080,000	10	0.67	2,401,700	9	0.91
Ameren	-	-	-	4,486,879	1	1.70
<b>Total</b>	<b><u>\$ 29,884,400</u></b>		<b><u>9.60 %</u></b>	<b><u>\$ 29,895,179</u></b>		<b><u>11.36 %</u></b>

Source: Jefferson County Assessor

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

<u>Fiscal Year</u>	<u>Tax Levy Year</u>	<u>Net Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent Collected As Current</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent Of Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent Of Levy</u>
2018	2017	\$ 1,125,135	\$ 1,107,362	98.4 %	\$ -	\$ 1,107,362	98.4 %	\$ 17,773	1.6 %
2017	2016	1,095,000	1,085,348	99.1	5,704	1,091,052	99.6	9,652	0.9
2016	2015	1,075,295	1,060,702	98.6	14,846	1,075,548	100.0	14,593	1.4
2015	2014	1,064,577	1,042,115	97.9	22,454	1,064,569	100.0	4,421	0.4
2014	2013	1,040,624	1,011,172	97.2	29,334	1,040,506	100.0	1,761	0.2
2013	2012	1,042,510	1,025,466	98.4	17,044	1,042,510	100.0	3,820	0.4
2012	2011	1,040,059	987,178	94.9	45,601	1,032,779	99.3	7,280	0.7
2011	2010	1,028,100	1,003,690	97.6	24,410	1,028,100	100.0	549	0.1
2010	2009	1,023,806	1,003,897	98.1	19,909	1,023,806	100.0	-	-
2009	2008	1,072,745	1,042,501	97.2	30,244	1,072,745	100.0	-	-

(1) Originally adjusted for strike offs and additions by the Board of Equalization after 1978.

Source: Jefferson County Collector's office

**CITY OF ARNOLD, MISSOURI**  
**RATIOS OF OUTSTANDING DEBT BY TYPE -**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage Of Personal Income (1)	Per Capita
	Capital Lease Obligations	Certificates Of Participation	Leasehold Revenue Bonds	Revenue Bonds	Tax Increment Revenue Notes And Bonds	Revenue Bonds	Capital Lease Obligations	Notes Payable			
2018	\$ -	\$ 13,412,545	\$ -	\$ -	\$ 27,848,865	\$ -	\$ -	\$ -	\$ 41,261,410	4.86 %	\$ 1,952
2017	-	14,428,829	-	-	30,420,608	-	-	-	44,849,437	5.41	2,068
2016	-	16,225,529	-	-	27,917,449	-	-	-	44,142,978	5.48	2,067
2015	-	17,171,128	-	-	29,805,452	3,815,250	-	-	50,791,830	6.47	2,391
2014	-	18,076,632	-	-	31,111,793	12,077,430	-	14,646,790	75,912,645	9.97	3,592
2013	70,177	18,952,136	-	-	31,991,422	12,770,972	3,460	15,091,201	78,879,368	10.43	3,754
2012	279,320	19,775,000	-	-	33,014,485	13,369,667	13,605	14,939,207	81,391,284	11.26	3,906
2011	512,557	7,140,000	13,690,000	-	33,460,303	14,169,250	23,404	15,490,557	84,486,071	11.71	4,060
2010	768,269	-	14,090,000	6,670,000	31,359,555	14,750,416	47,135	16,120,537	83,805,912	12.28	4,066
2009	217,138	-	14,455,000	6,895,000	28,485,000	15,363,416	47,502	16,521,497	81,984,553	11.97	3,979

(1) See Demographics and Economic Statistics Table

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

**CITY OF ARNOLD, MISSOURI**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AUGUST 31, 2018**

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<u>Name Of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share Of Overlapping Debt</u>
The Junior College District of Jefferson County	\$ 10,382,027	9.56 %	\$ 992,525
Consolidated School No. 6 of Jefferson County	<u>55,378,081</u>	32.92	<u>18,229,048</u>
	65,760,108		19,221,573
City direct debt	<u>41,261,410</u>	100.00 %	<u>41,261,410</u>
Total Direct And Overlapping Debt	<u>\$ 107,021,518</u>		<u>\$ 60,482,983</u>

Source: Information was obtained by contacting the Taxing Jurisdiction and the Jefferson County Collector's office. The percentage applicable to the City is based on the jurisdiction's assessed value within the boundaries of the City.

**CITY OF ARNOLD, MISSOURI**  
**LEGAL DEBT MARGIN INFORMATION -**  
**LAST TEN FISCAL YEARS**

	Fiscal Years									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 38,419,609	36,924,409	36,126,514	35,712,870	35,185,812	36,029,611	36,369,775	36,055,771	35,520,119	34,691,869
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 38,419,609</u>	<u>36,924,409</u>	<u>36,126,514</u>	<u>35,712,870</u>	<u>35,185,812</u>	<u>36,029,611</u>	<u>36,369,775</u>	<u>36,055,771</u>	<u>35,520,119</u>	<u>34,691,869</u>
Total Net Debt Applicable To The Limit As Percentage Of Debt Limit	-	%	-	-	-	-	-	-	-	-

Note: Bonded indebtedness is limited by Sections 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

**CITY OF ARNOLD, MISSOURI**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS -**  
**LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Median Age (2)</b>	<b>Personal Income (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment</b>	<b>Jefferson County Unemployment Rate (3)</b>
2018	21,113	39.0	\$ 848,573,696	\$ 40,192	11,483	3.4 %
2017	21,319	40.1	815,537,026	38,254	11,619	3.7
2016	21,357	40.1	806,013,180	37,740	11,407	4.9
2015	21,243	40.4	784,865,121	36,947	11,677	4.8
2014	21,134	39.1	761,119,876	36,014	11,567	6.0
2013	21,013	38.6	756,404,961	35,997	11,564	6.5
2012	20,837	42.1	722,647,997	34,681	11,614	7.2
2011	20,808	39.9	721,642,248	34,681	11,690	8.4
2010	20,609	40.1	682,446,426	33,114	11,767	9.5
2009	20,603	40.1	684,699,499	33,233	11,646	10.3

(1) Source: U.S. Census Bureau

(2) Source: Department of Commerce Bureau of Economic Analysis

(3) Source: Federal Reserve Economic Data

**CITY OF ARNOLD, MISSOURI**  
**PRINCIPAL EMPLOYERS -**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent Of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent Of Total City Employment</u>
Fox School District	812	1	4.04 %	-	-	- %
Convergys Corpotation	453	2	2.25	1,050	1	5.23
Metal Container Corporation	320	3	1.59	185	5	0.92
LMC Industries	300	4	1.49	300	3	1.49
Sinclair & Rush	300	4	1.49	-	-	-
Wal-Mart	217	6	1.08	340	2	1.69
Kohl's Department Store	192	7	0.96	-	-	-
Texas Roadhouse	150	8	0.75	150	7	0.75
Dierberg's	137	9	0.68	135	10	0.67
Target	129	10	0.64	140	9	0.70
Lowe's	120	11	0.60	-	-	-
City of Arnold	117	12	0.58	-	-	-
Shop & Save	113	13	0.56	200	4	1.00
Home Depot	103	14	0.51	140	8	0.70
Schnuck's	101	15	0.50	150	6	0.75
Total	<u>3,564</u>		<u>17.72 %</u>	<u>2,790</u>		<u>13.90 %</u>

Source: City Clerk's office



**CITY OF ARNOLD, MISSOURI**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTIONS/PROGRAMS -**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	Full-Time Equivalent Employees As Of August 31									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Legislative services	1	1	1	1	1	1	1	1	1	1
Administrative services	5	5	5	5	6	6	6	7	7	8
Maintenance of municipal property	3	3	3	3	2	2	-	-	-	-
Municipal court	2	2	2	2	2	2	2	2	2	2
Finance	4	4	4	4	4	4	4	4	4	4
Police:										
Officers	47	48	47	47	47	47	47	45	47	49
Administrative services	5	4	3	3	3	3	3	3	3	3
Dispatch	5	5	8	8	8	8	8	8	8	8
Public works:										
Administration	3	3	3	3	3	3	3	3	3	3
Street maintenance	9	9	8	9	10	9	8	9	8	8
Fleet	2	2	2	2	2	2	2	2	2	2
Building department:										
Administration	5	5	4	4	4	5	5	5	4	4
Inspectors	1	1	2	2	2	2	2	1	1	2
Engineers	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
Administration	3	3	3	3	3	6	4	3	1	3
Maintenance	10	10	11	12	12	10	6	6	6	6
Supervisors	2	2	2	2	2	1	1	1	1	1
Seasonal and part-time programs	13	13	16	13	13	12	-	-	-	-
Sewer:										
Maintenance	-	-	-	-	8	7	7	7	8	7
Storm water:										
Maintenance	5	5	4	5	5	5	5	5	4	4
Health department:										
Administration	1	1	1	1	1	1	1	1	1	1
Rabies controller	2	2	2	2	2	2	2	2	2	2
Golf course:										
Administration	2	2	1	1	1	3	2	2	2	2
Maintenance	2	2	1	2	2	5	1	1	1	1
Seasonal and part-time	7	5	4	5	5	2	-	-	-	-

Source: City payroll department records

**CITY OF ARNOLD, MISSOURI**  
**OPERATING INDICATORS BY FUNCTIONS/PROGRAMS -**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	Fiscal Years									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police - patrol:										
Arrests	N/A	1,799	1,930	2,014	2,186	1,943	2,455	2,110	2,173	1,748
Traffic citations	6,982	7,342	7,555	7,687	8,105	8,075	10,451	9,345	9,263	13,740
Crime reports	16,623	16,155	15,028	14,408	14,074	12,230	14,552	13,996	14,417	14,970
Accident reports	901	893	830	775	712	603	730	798	776	912
Warrants	2,178	1,866	1,921	2,999	4,751	4,650	3,026	3,274	2,955	2,497
Public works:										
Road repair - tons of mix	6,220	339	416	311	4,100	4,500	1,252	806	2,248	1,684
Traffic control signs serviced	110	104	110	100	200	300	13	10	8	8
Weed violations issued - HW	220	36	159	321	150	186	164	238	181	159
Acres mowed and maintained	7	7	7	7	15	10	25	25	25	25
Parks and recreation: (2)										
Park program participants	947	1,269	2,650	990	1,944	1,443	2,591	-	-	-
Park pavilion rentals	474	524	488	918	537	511	535	-	-	-
Recreation Center memberships	2,503	3,449	2,300	2,976	3,434	4,019	3,433	-	-	-
Recreation Center program participants	3,935	7,660	9,247	6,675	5,766	6,885	6,624	-	-	-
Recreation Center room rentals	772	935	1,041	1,101	1,136	1,264	1,325	-	-	-
Member golf rounds	N/A	N/A	2,333	2,832	3,596	4,957	5,870	-	-	-
9-hole golf rounds	7,152	N/A	5,245	5,114	5,862	5,708	4,767	-	-	-
18-hole golf rounds	8,672	N/A	6,849	6,158	9,982	9,485	11,036	-	-	-
All other golf rounds	N/A	N/A	4,296	981	1,294	1,802	7,701	-	-	-
Planning and building:										
Site development/concept plans	21	14	10	26	24	23	21	22	21	23
Rezoning applications	2	1	2	2	3	2	3	3	4	1
Text amendments	4	1	-	3	1	2	4	3	1	4
Building permits issued	753	995	655	568	559	595	503	539	480	427
Building inspections completed	1,815	2,935	3,064	3,006	2,431	2,899	2,952	2,661	2,520	2,448
Finance and administration:										
Merchant licenses issued (1)	704	692	699	665	661	655	90	91	68	80
Payroll checks issued	4,653	5,028	5,245	5,061	5,138	5,081	4,977	4,842	4,995	4,799
Accounts payable processed	3,597	3,691	4,083	4,537	4,795	4,919	4,686	4,444	4,788	5,011
Requests for public records	37	27	27	30	32	53	35	71	34	25

Source: City records - various departments listed

N/A - Information not available

(1) Prior to 2013 merchant licenses only included merchants headquartered in the City. Starting in 2013 all merchants are included.

(2) Information prior to 2012 not available.

**CITY OF ARNOLD, MISSOURI**  
**CAPITAL ASSETS STATISTICS BY FUNCTIONS/PROGRAMS -**  
**LAST TEN FISCAL YEARS**

FUNCTIONS/PROGRAMS	Fiscal Years									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	22	22	23	24	31	31	31	31	31	29
Motorcycles	2	2	2	2	2	2	2	2	2	2
Public works:										
Miles of streets	83	83	82	80	80	80	80	80	80	80
Traffic lights and signals	6	6	6	7	6	6	6	6	6	6
Miles of sanitary sewers	-	-	-	-	112.1	112.1	112.1	112.1	112.1	112.1
Miles of storm sewers	60.0	60.0	60.0	60.0	60.0	59.0	59.0	58.0	58.0	57.0
Number of pumping stations	-	-	6	-	6	6	6	6	6	6
Parks and recreation:										
Number of parks	7	6	6	5	5	5	5	5	5	5
Acres of parks	488	488	488	488	488	488	485	485	485	485
Tennis courts	-	-	-	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Golf course	1	1	1	1	1	1	1	1	1	1

Source: City finance department records

**CITY OF ARNOLD, MISSOURI**  
**TRIANGLE TIF FUNDS DEPOSITED -**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Payments In Lieu Of Taxes</b>	<b>Economic Activity Taxes</b>	<b>Municipal Revenues</b>	<b>TDD Revenues</b>	<b>TDD Subsidy</b>	<b>Total</b>
2018	\$ 869,383	\$ 1,422,678	\$ -	\$ 377,061	\$ 200,000	\$2,869,122
2017	845,568	1,506,188	-	380,870	200,000	2,932,626
2016	847,030	1,562,951	-	417,397	200,000	3,027,378
2015	985,536	1,539,557	-	374,861	200,000	3,099,954
2014	693,358	1,463,569	-	345,749	200,000	2,702,676
2013	876,008	1,301,816	51,430	324,689	200,000	2,753,943
2012	617,086	1,674,140	51,557	322,007	200,000	2,864,790
2011	846,601	1,145,257	-	314,639	200,000	2,506,497
2010	732,581	616,405	-	229,325	333,600	1,911,911
2009	368,442	754,586	-	586,842	-	1,709,870

Source: City records

Note: Started collecting revenues in fiscal year 2008.

**CITY OF ARNOLD, MISSOURI**  
**HISTORIC COLLECTIONS OF PILOTS AND ECONOMIC TAX REVENUES -**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Triangle TIF</b>		<b>Crossroads TIF</b>		<b>Crossroads TIF - SubArea 1</b>			<b>Total</b>
	<b>PILOTS</b>	<b>EATS</b>	<b>PILOTS</b>	<b>EATS</b>	<b>PILOTS</b>	<b>EATS</b>	<b>Tourism</b>	
2018	\$ 906,716	1,999,739	140,994	516,176	79,412	8,697	160,673	3,812,407
2017	845,568	2,087,056	131,391	512,626	90,429	9,362	171,308	3,847,740
2016	847,030	2,180,348	131,668	541,672	90,624	8,925	165,452	3,965,719
2015	985,536	2,114,419	125,693	464,503	90,235	8,664	143,751	3,932,801
2014	693,358	2,009,318	126,332	277,028	94,998	(16,993)	114,094	3,298,135
2013	876,008	2,150,119	77,570	215,088	135,535	9,034	102,093	3,565,447
2012	617,086	1,996,146	60,456	89,084	133,811	8,069	85,663	2,990,315
2011	862,354	1,525,515	11,855	102,067	39,689	(16,352)	75,317	2,600,445
2010	732,581	1,750,714	(14,272)	111,203	25,722	70,111	-	2,676,059
2009	368,442	1,063,502	7,292	-	-	-	-	1,439,236

Source: City records

**CITY OF ARNOLD, MISSOURI**  
**GENERAL FUND REVENUE SOURCES -**  
**LAST FOUR FISCAL YEARS**

<u>Sources</u>	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Retail sales taxes	\$ 6,003,196	41.36 %	\$ 5,708,919	38.67 %	\$ 5,694,010	37.09 %	\$ 5,575,444	35.34 %
Gross receipt tax on utilities	3,497,797	24.10	3,285,059	22.25	3,197,614	20.83	3,169,822	20.09
Jefferson County shared capital improvement sales taxes	434,980	3.00	927,306	6.28	1,140,340	7.43	781,784	4.96
Local property tax	1,130,078	7.79	1,100,119	7.45	1,081,943	7.05	1,069,364	6.78
Motor fuel taxes	556,250	3.83	564,646	3.83	549,872	3.58	559,752	3.55
Shared vehicle tax	283,388	1.95	275,059	1.86	271,890	1.77	255,947	1.62
Other taxes	233,690	1.61	236,418	1.60	226,139	1.47	224,224	1.42
Special assessments	3,754	0.03	21,871	0.15	12,563	0.08	41,512	0.26
License and permits	526,632	3.63	635,538	4.31	642,360	4.18	818,274	5.19
Fines and court costs	723,579	4.98	682,008	4.62	668,018	4.35	713,514	4.52
Intergovernmental	718,384	4.95	215,583	1.46	684,515	4.46	1,353,761	8.58
Charges for services	200,252	1.38	990,161	6.71	947,678	6.17	889,918	5.64
Investment income	6,828	0.05	14,061	0.10	25,037	0.16	25,039	0.16
Miscellaneous	194,050	1.34	105,085	0.71	211,519	1.38	296,757	1.88
Total Revenues	<u>\$ 14,512,858</u>	<u>100.00 %</u>	<u>\$ 14,761,833</u>	<u>100.00 %</u>	<u>\$ 15,353,498</u>	<u>100.00 %</u>	<u>\$ 15,775,112</u>	<u>99.99 %</u>

Source: Basic financial statements.

Note: Information will be expanded in future years.