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City of Lake. St Louis

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Prepared by: Office of Administration

THE CITY OF LAKE SAINT LOUIS, MISSOURI
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**INTRODUCTORY
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August 31, 2004

The Honorable Mayor and
Members of the Board of Aldermen
The City of Lake Saint Louis, Missouri

Submitted herewith for your review is the Comprehensive Annual Financial Report (CAFR) of The City of Lake Saint Louis, Missouri for the fiscal year ended June 30, 2004. The Finance Department staff prepared the CAFR. The City is responsible for both the accuracy of the presented data and the fairness and completeness of the presentation, including all disclosures. 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 fairly present the City's financial position and results of operations. We have included all disclosures necessary to enable readers to gain an understanding of the City's financial activities during the fiscal year ended June 30, 2004.

This report is presented for the purpose of providing the Board of Aldermen, the Administration and the citizens of Lake Saint Louis with a detailed and complete report of financial activity during the fiscal year ended June 30, 2004. The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City organizational chart and a list of principal City officials. The financial section includes the government wide financial statements and the fund financial statements and schedules, Management Discussion and Analysis (MD&A), Required and Additional Supplementary Information as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Lake Saint Louis, Missouri's MD&A can be found immediately following the Independent Auditors' Report.

GOVERNMENT PROFILE

The City of Lake Saint Louis, Missouri was incorporated in 1975. The City was organized under Missouri State Statutes as a Fourth Class City. The Mayor is elected at large to a four-year term, and two aldermen from each of the City's three wards are elected to two-year terms on a nonpartisan basis. The Mayor may vote only in the event of a tie vote by the Board of Aldermen. The Mayor also has veto power. A City Administrator, appointed by the Mayor and Board of Aldermen, is the chief administrative officer of the City and is responsible for the coordination and supervision of City operations.

The City has several advisory boards and committees composed of citizens appointed by the Mayor with the advice and consent of the Board of Aldermen. The advisory boards and committees include the Park Board, The Personnel Review/Police Review Board, the Development Review Board, the Tree Board, the Tax Increment Financing Committee, the Industrial Development Authority and the Economic Development Advisory Board. In addition, the Mayor, with the advice and consent of the Board of Aldermen appoints citizens to other boards and commissions which have responsibility for governmental functions related to zoning and building codes. These boards and commissions are the Planning and Zoning Commission, the Architectural Review Board, the Building Appeals Board and the Board of Adjustment.

The City has approximately 62 full time employees and provides a full range of non-utility municipal services. These services include public works maintenance, public works construction and improvement, planning and zoning, building inspections, engineering, parks, general administrative services and public safety.

ECONOMIC CONDITION AND OUTLOOK

The City of Lake Saint Louis, Missouri is located in St. Charles County and is easily accessible to the rest of the metropolitan St. Louis region by two major highways. Lambert-St. Louis International Airport is a 30-minute drive while the downtown St. Louis area is within a 45-minute drive of the City.

As its name implies, the City's central feature is its two lakes. However, lakes are not the only recreational amenity available to City residents. Lake Saint Louis offers some of the very best recreational facilities available anywhere in the St. Louis area, such as an 18-hole golf course, a par 3 nine-hole golf course, tennis courts, beaches, swimming pools, equestrian facilities and parks.

Officials of Lake Saint Louis, which is located in one of the fastest growing areas of the nation, have anticipated and planned for the City's growth since it's inception. Evidence of the City's planned community environment is demonstrated by the high quality and diversity of housing, well-planned residential and commercial areas, and by an abundance of recreational amenities.

ECONOMIC CONDITION AND OUTLOOK (continued)

While the City's financial position is currently strong, the administration continues to advocate appropriate high quality economic development, which will provide for the City's financial stability and growth for decades to come.

MAJOR INITIATIVES

During the 2003/2004 fiscal year the Henke Road project was substantially completed. Construction of the new Civic Center was also nearing completion at June 30th, with occupancy expected in mid-September, 2004. The Spillway Bridge reconstruction project was well under way by the end of the 2003/2004 fiscal year with completion expected in late November, 2004. In the coming year, the City plans to complete a traffic loop study in cooperation with St. Charles County to facilitate planning for future road infrastructure improvement and expansion within the City. City staff also plans numerous large street repair and replacement and sidewalk addition projects. The park maintenance facility, ballfields and playgrounds will be upgraded and expanded during 2004/2005. City administration will begin planning and developing recently donated land, which will eventually serve the City's residents as an additional park.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing the City's accounting system, considerations is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance that assets are effectively safeguarded and those transactions are executed in accordance with management's authorization and are properly recorded. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management. Within this framework, we believe that the City's system of internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Missouri State Law and the City Code require annual budgets to be prepared for the General and Capital Projects funds. Budgetary control is maintained by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Appropriations lapse at year end to the extent that they have not been expended. The Board of Aldermen exercises control over budgeted expenditures throughout the fiscal year.

DEBT ADMINISTRATION

As of June 30, 2004, the City had \$9,605,722 in outstanding general obligation debt. Under Missouri Statutes, the City's general obligation debt issuance is subject to legal limitation based on ten percent of total assessed value of real property. At June 30, 2004 this debt limit was \$19,132,180.

These bonds, issued for street and drainage improvements, land acquisition and development of a park, acquisition and construction of a highway interchange and construction of a civic center, are considered to be net direct tax supported debt.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in certificates of deposit ranging in terms from seven to thirty-four days. During the fiscal year ended June 30, 2004, the City's cash resources were approximately divided between demand deposits (5%) and time deposits (95%). The amount of interest earned was \$90,687, a decrease of \$38,760 from the 2002/2003 fiscal year.

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CAPITAL PROJECTS

Proceeds of general obligation bond issues are accounted for in capital project funds until the improvement projects are completed. At the end of the fiscal year, completed projects are transferred to general fixed assets. The last completed project financed by general obligation bonds was to assist the Missouri State Highway Department in the acquisition of property, planning, engineering and construction of a highway interchange project at Missouri Highway 40/61 and Lake Saint Louis Boulevard. Projects financed by general obligation bonds and uncompleted at June 30, 2004 include the street replacement program and the Civic Center construction project.

RISK MANAGEMENT

The City constantly strives to reduce the number and severity of accidents involving City employees. The City has established a Safety Committee that meets monthly to discuss, review and develop safety policies and procedures. A safety audit is conducted annually in cooperation with the City's insurance carrier, Missouri Intergovernmental Risk Management Association.

FUTURE PROSPECTS

The City's future financial prospects are extremely positive. Because of the many recreational amenities offered by the community, the City's easy access to major highways and the City's location in the "golden triangle" of St. Charles County, Lake Saint Louis should continue to experience an increasing rate of residential growth.

In addition to the expected residential growth, City staff anticipates that the current increase in commercial development will continue at an increased rate into the future. With the construction of an interchange along Highway 40/61 and the addition of an outer road to service this interchange, and with the development of the Hawk Ridge Business Park, City staff are optimistic that Lake Saint Louis will continue to attract commercial development of the highest quality.

PRELIMINARY DRAFT
INDEPENDENT AUDIT
SHOWALTER & JABOURI CPAs

It is the policy of The City of Lake Saint Louis, Missouri to have an independent audit of all books and accounts, financial records and transactions of the City made at the close of each fiscal year. A Certified Public Accountant, selected by the Board of Aldermen, performs this audit annually. The 2003/2004 fiscal year audit has been completed and the independent auditor's opinion is included in this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Saint Louis for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award that recognizes adherence to the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the City's current report continues to conform to the Certificate of Achievement program requirements, and it is being submitted to the GFOA for review.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Office staff. I would like to express my appreciation to all who assisted and contributed to the preparation of this report. I would also like to thank the Mayor and the Board of Aldermen for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

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Respectfully submitted,

Renee M. Roettger, CPA
Director of Finance

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Board of Aldermen
The City of Lake Saint Louis, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of The City of Lake Saint Louis, Missouri, as of and for the year ended June 30, 2004, which collectively comprise The City of Lake Saint Louis, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The City of Lake Saint Louis, Missouri's management. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of The City of Lake Saint Louis, Missouri, as of June 30, 2004 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during fiscal year 2004, The City of Lake Saint Louis, Missouri, adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The management's discussion and analysis on pages 3 through 8, the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund on pages 35 through 39, and the Schedule of Funding Progress on page 40, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2004 on our consideration of The City of Lake Saint Louis, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Lake Saint Louis, Missouri's basic financial statements. The introductory section, the various Schedules of Revenues, Expenditures and Change in Fund Balance - Budget and Actual listed as additional supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical information to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

St. Louis, Missouri
August 27, 2004

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Governmental Activities</u>
-- ASSETS --	
Cash and cash equivalents.....	\$ 5,169,940
Taxes receivable.....	22,756
Interest and other local receivable.....	909,245
Prepaid items.....	210,868
Capital assets:	
Land.....	2,264,517
Construction in progress.....	4,915,957
Other capital assets, net of accumulated depreciation.....	<u>1,045,820</u>
TOTAL ASSETS.....	<u>\$ 14,539,103</u>
-- LIABILITIES --	
Accounts payable.....	\$ 804,256
Deferred revenue.....	79,668
Accrued compensation.....	106,550
Funds held in escrow.....	403,984
Accrued interest.....	539,457
Long-Term Liabilities:	
Due within one year.....	204,280
Due in more than one year.....	<u>9,540,889</u>
Total Liabilities.....	<u>11,679,084</u>
-- NET ASSETS --	
Invested in capital assets, net of related debt.....	(87,258)
Restricted for:	
Capital projects.....	922,535
Debt service.....	481,908
Unrestricted.....	<u>1,542,834</u>
Total Net Assets.....	<u>2,860,019</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 14,539,103</u>

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See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Administration.....	\$ 523,636	\$ 64,765	\$ -	\$ 9,000	\$ (449,871)
Finance.....	269,688	-	-	-	(269,688)
Police.....	1,926,444	357,884	68,824	-	(1,499,736)
Community development.....	480,875	555,140	154,629	-	228,894
Public works.....	806,107	-	660,778	495,811	350,482
Court.....	160,995	-	-	-	(160,995)
Parks.....	547,677	177,319	-	1,348,295	977,937
Facilities.....	304,723	-	-	-	(304,723)
Interest and fiscal charges.....	468,268	-	-	-	(468,268)
TOTAL GOVERNMENTAL ACTIVITIES.....	\$ 5,488,413	\$ 1,155,108	\$ 884,231	\$ 1,853,106	(1,595,968)

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General Revenues

Taxes:

Property taxes, levied for general purposes	1,454,620
Property taxes, levied for debt service.....	773,977
Sales taxes.....	923,790
Utility.....	732,250
Other.....	18,936
Investment earnings.....	90,687
Loss on sale of Capital Assets.....	(129,228)
Other revenues.....	61,975
TOTAL GENERAL REVENUES.....	3,927,007
CHANGE IN NET ASSETS.....	2,331,039
NET ASSETS BEGINNING OF YEAR.....	528,980
NET ASSETS END OF YEAR.....	\$ 2,860,019

See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Street Projects</u>	<u>Capital Projects</u>	<u>City Hall Construction</u>	<u>Total Governmental Funds</u>
-- ASSETS --						
Cash and cash equivalents.....	\$ 1,809,170	\$ 613,680	\$ 217,358	\$ 1,493,303	\$ 1,036,429	\$ 5,169,940
Taxes receivable.....	15,931	6,825	-	-	-	22,756
Interest and other local receivable.....	280,016	48	162,507	466,572	102	909,245
Prepaid items.....	210,868	-	-	-	-	210,868
TOTAL ASSETS.....	\$ 2,315,985	\$ 620,553	\$ 379,865	\$ 1,959,875	\$ 1,036,531	\$ 6,312,809
-- LIABILITIES AND FUND BALANCES --						
LIABILITIES:						
Accounts payable.....	\$ 103,820	\$ 586,440	\$ 113,996	\$ 804,256	\$ 804,256	\$ 804,256
Deferred revenue.....	90,241	4,568	-	-	-	94,809
Accrued compensation.....	106,550	-	-	-	-	106,550
Funds held in escrow.....	403,984	-	-	-	-	403,984
Total Liabilities.....	704,595	4,568	-	586,440	113,996	1,409,599
FUND BALANCES:						
Reserved for:						
Debt service.....	-	615,985	-	-	-	615,985
Street projects.....	-	-	379,865	-	-	379,865
Capital projects.....	-	-	-	1,373,435	-	1,373,435
City hall construction.....	-	-	-	-	922,535	922,535
Prepaid items.....	210,868	-	-	-	-	210,868
Unreserved:						
Undesignated.....	1,400,522	-	-	-	-	1,400,522
Total Fund Balances.....	1,611,390	615,985	379,865	1,373,435	922,535	4,903,210
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,315,985	\$ 620,553	\$ 379,865	\$ 1,959,875	\$ 1,036,531	\$ 6,312,809

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Total Fund Balance - Governmental Funds..... \$ 4,903,210

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,474,510 and the accumulated depreciation is \$1,248,216..... 8,226,294

Property taxes assessed by the City, but not collected as of year end are deferred within the fund statements. However, revenue for this amount is recognized in the government-wide statements..... 15,141

Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and therefore are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. All liabilities are reported in the government-wide statement of net assets. Balances as of June 30, 2004 are:

General obligation bonds.....	(9,605,722)	
Notes payable.....	(49,250)	
Compensated absences.....	(83,697)	
Capital lease obligation.....	(6,500)	
Accrued interest payable.....	(539,457)	
Total.....		<u>(10,284,626)</u>

Total Net Assets - Governmental Activities..... \$ 2,860,019

See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General	Debt Service	Interchange	Street Projects	Capital Projects	City Hall Construction	Total Governmental Funds
REVENUES:							
Taxes	\$ 3,119,020	\$ 769,409	\$ -	\$ -	\$ -	\$ -	\$ 3,888,429
Fees, licenses, fines and permits.....	913,864	-	-	-	-	-	913,864
Intergovernmental.....	734,613	-	-	2,164	648,276	-	1,385,053
Recreation.....	177,319	-	-	-	-	-	177,319
Interest.....	25,952	7,270	201	2,733	23,378	31,153	90,687
Miscellaneous.....	120,892	-	-	-	88,295	9,000	218,187
Total Revenues.....	5,091,660	776,679	201	4,897	759,949	40,153	6,673,539
EXPENDITURES:							
Current:							
Administration.....	518,454	-	-	-	-	-	518,454
Finance.....	269,101	-	-	-	-	-	269,101
Police.....	1,845,336	-	-	-	-	-	1,845,336
Community development.....	473,319	-	-	-	-	-	473,319
Public works.....	721,735	-	-	-	-	-	721,735
Court.....	159,757	-	-	-	-	-	159,757
Parks.....	492,662	-	-	-	-	-	492,662
Capital outlay.....	247,141	-	-	85,706	2,048,582	2,892,443	5,273,872
Debt Service:							
Principal.....	86,994	165,153	-	-	-	-	252,147
Interest and fiscal charges.....	6,264	679,697	-	-	-	-	685,961
Total Expenditures.....	4,820,763	844,850	-	85,706	2,048,582	2,892,443	10,692,344
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	270,897	(68,171)	201	(80,809)	(1,288,633)	(2,852,290)	(4,018,805)
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets.....	59,142	-	-	-	-	-	59,142
Capital lease.....	15,000	-	-	-	-	-	15,000
Transfers (to)/from other funds.....	(355,643)	-	(169,833)	-	385,476	140,000	-
Total Other Financing Sources (Uses).....	(281,501)	-	(169,833)	-	385,476	140,000	74,142
NET CHANGES IN FUND BALANCES.....	(10,604)	(68,171)	(169,632)	(80,809)	(903,157)	(2,712,290)	(3,944,663)
FUND BALANCES,							
BEGINNING OF YEAR.....	1,621,994	684,156	169,632	460,674	2,276,592	3,634,825	8,847,873
FUND BALANCES, END OF YEAR.....	\$ 1,611,390	\$ 615,985	\$ -	\$ 379,865	\$ 1,373,435	\$ 922,535	\$ 4,903,210

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Net Change in Fund Balances - Total Governmental Funds..... \$ (3,944,663)

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

Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In addition, the estimated fair value of donated assets is not reported in the governmental funds. However, in the statement of activities it is reported as program revenue. In the current period, these amounts are:

Capital asset purchases	247,817	
Donated capital assets.....	1,260,000	
Additions to construction in progress.....	4,721,332	
Depreciation expense.....	(214,710)	
Total.....		<u>6,014,439</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes.....		15,141
------------	--	--------

Repayment of bond principal is an expenditure in the governmental funds, but the reduces long-term liabilities in the statement of net assets..... 243,647

Some capital additions were financed through a capital lease. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net the lease obligation is reported as a liability..... (15,000)

The principal payments on capital leases are reported as expenditures in governmental funds but the payment reduces the lease liability in the statement of net assets..... 8,500

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

Increase in compensated absences.....	(20,348)
Decrease in accrued interest	217,693

In the statement of activities, the loss or gain on the sale or disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these assets. The amounts are as follows:

Proceeds from the sale of capital assets.....	(59,142)
Loss on disposal of capital assets.....	<u>(129,228)</u>

Change in Net Assets of Governmental Activities..... \$ 2,331,039

See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lake Saint Louis, Missouri ("City") which is governed by a mayor and six-member board of aldermen, was incorporated in 1975. The City is a fourth class city organized under state statute.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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A. Reporting Entity

The City defines its financial reporting entity in accordance with Accounting Standards Board Statement No. 39. Criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, The City does not have any component units.

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B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities present financial information about the City as a whole. These statements include the financial activities of the primary government and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City does not have any such activities.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Government-wide Financial Statement (continued):

The statement of net assets presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenue not properly included among *program revenues* are presented instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Following the government-wide financial statements are separate financial statements for governmental funds. Presently, the City has no proprietary or fiduciary funds. Fiduciary funds would be excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The City considers each of its funds to be major. The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

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The following are the City's governmental major funds:

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General - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The fund pays the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

Debt Service - The Debt Service Fund accumulates monies for payment of the principal and interest on general obligation debt.

Interchange - The Interchange Fund accounts for the resources used in the planning and constructing of a highway interchange and related improvements and equipment at Interstate Highway 64 and Lake Saint Louis Boulevard.

Street Projects - The Street Projects Fund accounts for the resources specifically designated for street repair and improvement.

Capital Projects - The Capital Projects Fund accounts for improvements to city streets, storm water basins and drainage ways financed by the General Obligation Bonds Series 2001.

City Hall Construction - The City Hall Construction Fund accounts for the expenditures related to the construction of a new city hall building financed by General Obligation Bonds Series 2002B.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current financial resources generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are reported. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenues are recognized in the accounting period in which they become both measurable and available. The term "available" is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the City, available generally means expected to be received within sixty days of fiscal year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Expenditures for principal and interest on long-term debt are not recognized until due.

GASB 33 groups non-exchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

PRELIMINARY DRAFT

The City recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated funds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed non-exchange revenues also include permits and court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within the City's boundaries for the calendar year 2003, for purposes of taxation was \$188,538,910.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes (continued)

During 2003 the Board of Aldermen approved a \$1.147 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2003, for purposes of City taxation, as follows:

	<u>Maximum Levy Allowed by Law</u>	<u>City's Levy</u>
General.....	\$.7476	\$.7476
Debt Service.....	N/A	.3994

E. Cash and Cash Equivalents

Cash and cash equivalents are considered to be certificates of deposit, demand deposits, cash on hand, deposits in bank money market accounts and short-term investments.

F. Compensated Absences

City employees are granted vacation leave in varying amounts. In the event of termination, the City will either grant vacation time or pay in lieu of time at the option of the City Administrator. Vacation leave is generally not cumulative, but an employee may be granted special approval by the City Administrator to carry a portion of earned vacation leave to the following fiscal year only. Vacation time earned but unused at year end has been recorded as an expense/expenditure in the government-wide financial statements. In accordance with GASB Interpretation 6, no liability is required to be reported in the governmental fund level financial statements.

Employees are not reimbursed for accumulated sick leave upon termination. Payments made to employees for sick leave are charged as expenditures when paid. Accordingly, a liability has not been recorded for accrued sick leave.

G. Deferred Revenue

Deferred revenue in the fund financial statements is composed of property tax revenues which are not collected within sixty days following the end of the current period. Other funds received to be used for future expenditures are recorded as deferred revenue in the government-wide and fund financial statements.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Capital assets, which include buildings, other improvements, machinery and equipment, vehicles and infrastructure assets (e.g. streets, sidewalks, roads, bridges and similar items) are reported in the governmental activities columns in the government-wide financial statements, net of accumulated depreciation. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 years
Improvements other than buildings	10 years
Machinery and equipment	3 - 5 years
Furniture	5 years
Vehicles	5 years
Playground equipment	15 years
Infrastructure	7 - 50 years

Gains or losses from sales or retirements of capital assets are included in operations of the current period.

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is encouraged but not required. The City has elected to implement the general provisions of GASB No. 34 in the current year and has elected to not retroactively report infrastructure in the current year.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

J. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivable and payables, if applicable, are classified as "Due from other funds" or "Due to the other fund" on the Balance Sheet - Governmental Funds.

Interfund transfers are reported as other financing sources/uses in governmental funds. Interfund transactions and balances are eliminated in the government-wide financial statements.

The City made the following transfers in the current year:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	City Hall Construction Fund	\$140,000	Board agreed upon amount to contribute to the City Hall facility project.
General Fund	Capital Projects Fund	\$385,476	Board agreed upon amount to contribute to infrastructure projects.
Interchange Fund	General Fund	\$169,833	Board agreed upon amount to purchase equipment to be used for street maintenance.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriations or is legally segregated for a specific future use. Reserved fund balances at June 30, 2004 are comprised of capital projects, debt service, and prepaid items.

L. Net Assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Aldermen and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended June 30, 2004.

N. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Changes in Accounting Principles

During fiscal year 2004, the City adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34), GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* (GASB No. 37), GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (GASB No. 38) and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by state and local governments.

GASB No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting. Government-wide financial statements do not provide information by fund or account group. Additionally, the City's statement of net assets includes capital assets and long-term liabilities of the City, which were previously recorded in the general fixed assets account group and the general long-term debt account group, respectively. In addition to the fixed assets previously recorded in the general fixed assets account group, the City now capitalizes infrastructure assets. Retroactive reporting of infrastructure has not been done. The government-wide statement of activities also reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting for the City's governmental funds, which is similar to that previously presented for these funds in the City's financial statements, although the format of financial statements has been modified by GASB No. 34.

GASB No. 34 also includes, as required supplementary information, Management's Discussion and Analysis, which provides an analytical overview of the City's financial activities. In addition, budgetary comparison schedules are presented which compare the original and final revised budget with actual results for the General fund.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Changes in Accounting Principles (continued)

GASB No. 38 requires certain disclosures to be made in the notes to the basic financial statements concurrent with the implementation of GASB No. 34. While this statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and amended including descriptions of activities of major funds, future debt service and lease obligations in five year increments, and interfund balances and transactions.

The transition from governmental fund balances to net assets of the governmental activities is presented below:

Fund Balances - Modified Accrual Basis, June 30, 2003	\$8,847,873
GASB 34 Adjustments:	
Capital assets, net of accumulated depreciation	2,400,225
Long-term liabilities	(9,961,968)
Accrued interest	<u>(757,150)</u>
Governmental Activities Net Assets, June 30, 2003	<u>\$ 528,980</u>

2. CASH AND INVESTMENTS

Deposits

As required by law, the depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times. At June 30, 2004, the carrying value of the City's deposits, including certificates of deposit, was \$5,169,940 and the bank balance totaled \$5,533,762. The entire bank balance was either insured or collateralized with securities held by the City's agent in the name of the City.

Investments

Missouri state statutes authorizes the City to invest in obligations of the U.S. Treasury and U.S. Government Agencies, securities of the State of Missouri, and various state and local governments. During the fiscal year, the City invested all idle funds in certificates of deposit which the City considers cash equivalents.

CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions and Transfers	Disposals and Transfers	Balance June 30, 2004
Governmental Activities:				
Land.....	\$ 1,144,552	\$ 1,260,000	\$ 140,035	\$ 2,264,517
Construction in Progress.....	194,625	4,721,332	-	4,915,957
Total Capital Assets, Not Being Depreciated.....	1,339,177	5,981,332	140,035	7,180,474
Capital Assets, Being Depreciated:				
Buildings.....	705,426		72,342	633,084
Automobiles.....	626,498	79,955	38,435	668,018
Furniture and equipment.....	584,682	147,318	78,010	653,990
Improvements.....	318,400	20,544	-	338,944
Infrastructure.....	-	-	-	-
Total Capital Assets, Being Depreciated....	2,235,006	247,817	188,787	2,294,036
Less - Accumulated Depreciation For:				
Buildings.....	282,750	22,710	24,007	281,453
Automobiles.....	368,511	89,242	38,435	419,318
Furniture and equipment.....	385,893	73,927	78,010	381,810
Improvements.....	136,804	28,831	-	165,635
Infrastructure.....	-	-	-	-
Total Accumulated Depreciation.....	1,173,958	214,710	140,452	1,248,216
Total Capital Assets, Being Depreciated, Net.....	1,061,048	33,107	48,335	1,045,820
Governmental Activities, Capital Assets, Net.....	\$ 2,400,225	\$ 6,014,439	\$ 188,370	\$ 8,226,294

Depreciation was charged to functions of the City as follows:

Administration.....	\$ 4,897
Police.....	67,209
Community development.....	6,870
Public works.....	82,171
Court.....	362
Parks.....	53,201
	<u>\$ 214,710</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

4. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>	<u>Amounts Due Within One Year</u>
General Obligation Refunding Bond Series 1994 Original amount \$4,761,072 Interest rate - 4.0% - 5.9% Payments - principal and interest payments in varying amounts through 2014 ..	\$ 155,875	\$	\$ 60,153	\$ 95,722	\$ 51,549
General Obligation Bond Series 2001 Original amount \$2,500,000 Interest rate - 3.4% - 4.85% Payments - principal and interest payments in varying amounts through 2017 ..	2,460,000		50,000	2,410,000	50,000
General Obligation Refunding Bond Series 2002 Original amount \$3,330,000 Interest rate - 2.0% - 4.65% Payments - principal and interest payments in varying amounts through 2014 ..	3,275,000	--	55,000	3,220,000	55,000
General Obligation Bond Series 2002B Original amount \$3,880,000 Interest rate - 1.8% - 4.4% Payments - principal and interest payments in varying amounts through 2021 ..	3,880,000	--	--	3,880,000	15,000
Firststar Bank Tractor/backhoe/dump truck Original amount \$123,743 Date of note - May, 2001 Maturity date - April, 2006 Interest rate - 5.45% Payments - monthly payments of \$2,362, which include principal and interest	74,036	--	24,786	49,250	26,231
Ford Motor Credit Six police cars Original amount \$143,171 Date of note - November 2, 2001 Maturity date - December 2, 2003 Interest rate - 4.9% Payments - annual payments of \$50,228, which include principal and interest	47,882	--	47,882	--	--

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

4. LONG-TERM LIABILITIES (continued)

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004	Amounts Due Within One Year
Firstar Bank					
Computer Hardware/Software					
Original amount \$100,000					
Date of note - May, 1998					
Maturity date - September 30, 2003					
Interest rate - 5.45% A.P.R.					
Payments - quarterly payments of \$5,757, which include principal and interest	5,826		5,826	--	--
Compensated absences	63,349	20,348		83,697	--
Capital lease					
Modular Office Unit					
Original amount \$15,000					
Maturity - 2005					
Interest rate - 0%	--	15,000	8,500	6,500	6,500
Total Long-Term Liabilities	<u>\$9,961,968</u>	<u>\$ 35,348</u>	<u>\$ 252,147</u>	<u>\$9,745,169</u>	<u>\$ 204,280</u>

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Maturities of the notes payable are as follows:

2005.....	\$ 26,231
2006.....	<u>23,019</u>
Total.....	<u>\$ 49,250</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

4. LONG-TERM LIABILITIES (continued)

The annual debt service requirements to maturity on general obligation bonds at June 30, 2004 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 171,549	\$ 625,480	\$ 797,029
2006	199,173	628,693	827,866
2007	400,000	392,125	792,125
2008	460,000	377,765	837,765
2009	515,000	360,403	875,403
2010	590,000	337,925	927,925
2011	650,000	314,090	964,090
2012	730,000	287,398	1,017,398
2013	805,000	257,013	1,062,013
2014	905,000	222,685	1,127,685
2015	980,000	188,358	1,163,358
2016	1,025,000	169,733	1,164,733
2017	615,000	93,295	708,295
2018	360,000	66,400	426,400
2019	380,000	51,640	431,640
2020	400,000	35,680	435,680
2021	420,000	18,480	438,480
 Total.....	 <u>\$9,605,722</u>	 <u>\$4,392,163</u>	 <u>\$13,997,885</u>

Advance Refunding

In 2002, the City issued \$3,330,000 of general obligation refunding bonds to deposit in escrow for the purpose of providing resources for all future debt service payments on \$3,265,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group.

Legal Debt Margin

The Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a City to ten (10%) percent of the City's assessed valuation. The computation of the City's legal debt margin at June 30, 2004 is as follows:

Constitutional debt limit	\$18,853,891
General obligation bonds payable	(9,605,722)
Amount available in Debt Service Fund	<u>615,985</u>
 Legal Debt Margin	 <u>\$ 9,864,154</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

5. CAPITAL LEASE PAYABLE

During the year ended June 30, 2004, the City entered into a lease purchase agreement for a modular office unit which is classified as a capital lease. The cost, which is included in improvements at June 30, 2004 was \$15,000. The terms of the lease included an initial payment of \$8,500 and a final payment of \$6,500 in 2005.

6. LAGERS RETIREMENT PLAN

A. Plan Description

The City of Lake Saint Louis, Missouri participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, sections RSMo 70.600 through 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and it is tax exempt.

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

B. Funding Status

The City of Lake Saint Louis, Missouri's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 11.6% (general) and 10.3% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the Political subdivision. The contribution provisions of the political subdivision are established by state statute.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

6. LAGERS RETIREMENT PLAN (continued)

C. Annual Pension Cost

For 2004, the City's annual pension cost of \$237,993 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2002 and/or February 28, 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2004 was 21 years.

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/02	\$ 183,644	100%	\$0
06/30/03	\$ 208,517	100%	\$0
06/30/04	\$ 237,993	100%	\$0

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

7. POST-EMPLOYMENT BENEFITS

The City does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

8. CLAIMS, COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a defendant in various claims and lawsuits, that seek monetary damages. The cases are being fully defended and there are no specific plans to settle any cases at this time. The outcome of these claims and lawsuits are not presently determinable or are not expected to have a material adverse effect on the financial statements; therefore, no amount has been provided in the June 30, 2004 financial statements for any such claims and lawsuits.

B. Construction Contracts

The City has entered into construction contracts totaling approximately \$1,970,000 relating to the construction and renovation of the new city hall and police facility, of which approximately \$1,530,000 was paid as of June 30, 2004.

In addition, the City has entered into construction contracts totaling approximately \$900,000 of which approximately \$176,000 has been paid relating to the Spillway Bridge and total construction contracts of approximately \$1,800,000 of which \$1,400,000 has been paid relating to the South Henke Road Project.

C. Operating Lease

The City leases its office space under an operating lease expiring in December 2004. In addition, the City leases space for municipal court proceedings under a one-year operating lease which expires annually in June. Rent expense of approximately \$112,000 has been allocated to various current expenditures in the general fund.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

8. CLAIMS, COMMITMENTS AND CONTINGENCIES (continued)

C. Operating Lease (continued)

Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2005.....	<u>\$51,634</u>

9. RISK MANAGEMENT

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The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since the City was unable to obtain general liability insurance at a cost it considered to be economically justifiable, the City joined other political subdivisions organized under the auspices of the Missouri Intergovernmental Risk Management Associations (MIRMA), a public entity risk pool. The City pays a member assessment to MIRMA for its general insurance coverage. Member assessments collected will be retained by MIRMA to pay losses, to purchase necessary excess insurance and insurance services, as well as pay the administrative expenses incurred to provide the "protected" program covering a catastrophe or a series of catastrophes.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. RELATED PARTY TRANSACTIONS

Certain heating equipment for the City Hall project was purchased from the Mayor's company by the mechanical contractor for the project. The project was competitively bid and awarded for \$280,755.

The Public Works Director sold the City some equipment during the year at a cost of \$1,900.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2004

11. SUBSEQUENT EVENTS

Subsequent to year end, the City approved a contract with LILA, Inc. for the purpose of constructing certain transportation improvements and a retail development; approving and authorizing the petition for the creation of a Transportation Development District; approving the use of certain sales tax revenues for reimbursement of certain project costs; and authorizing certain other actions in connection therewith.

Subsequent to year end, the City also entered into a five year capital lease for dispatch equipment totaling approximately \$77,000. In addition, the City entered into a contract for new dispatch equipment totaling approximately \$70,000 and a contract for new furniture totaling approximately \$80,000.

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property taxes.....	\$ 1,468,082	\$ 1,452,719	\$ 1,444,046	\$ (8,673)
Sales taxes:				
General	553,000	584,683	590,429	5,746
Transportation.....	276,500	292,341	295,129	2,788
Parks.....	41,000	41,000	38,232	(2,768)
Utility gross receipts taxes.....	281,175	299,350	320,575	21,225
Franchise taxes.....	391,000	389,000	411,673	22,673
Cigarette taxes.....	15,000	15,500	18,936	3,436
Total Taxes.....	<u>3,025,757</u>	<u>3,074,593</u>	<u>3,119,020</u>	<u>44,427</u>
Fees, licenses, fines and permits:				
Merchant licenses.....	13,000	13,700	15,965	2,265
Liquor licenses.....	7,000	6,500	7,400	900
Court fines.....	400,000	336,000	336,329	329
Pond assessments.....	2,600	2,600	2,871	271
Platting, rezoning and variance fees.....	8,000	27,000	17,185	(9,815)
Building permits.....	240,000	435,000	422,021	(12,979)
Plan review fees.....	4,000	6,000	7,025	1,025
Inspection fees.....	128,000	96,000	77,788	(18,212)
Mowing fees.....	21,000	21,000	4,943	(16,057)
Occupancy permits.....	2,000	6,400	7,050	650
Other permits.....	6,300	12,425	15,287	2,862
Total Fees, licenses, fines and permits....	<u>831,900</u>	<u>962,625</u>	<u>913,864</u>	<u>(48,761)</u>
Intergovernmental:				
Road and bridge rebates.....	253,000	253,000	237,582	(15,418)
Gas and vehicle rebates.....	422,500	419,000	423,195	4,195
Dispatching services.....	15,000	15,000	15,000	-
POST.....	-	-	6,841	6,841
Grants.....	47,900	49,300	51,995	2,695
Total Intergovernmental.....	<u>738,400</u>	<u>736,300</u>	<u>734,613</u>	<u>(1,687)</u>
Recreation:				
Baseball/softball registration.....	38,000	38,000	41,488	3,488
Camps and recreation programs.....	60,000	62,001	39,923	(22,078)
Tournaments.....	8,000	8,000	13,186	5,186
Adult leagues.....	10,400	10,400	4,050	(6,350)
Coaches certification fees.....	300	300	490	190
Concession stand fees.....	10,000	10,000	12,260	2,260
Pavilion rentals.....	3,000	3,000	3,420	420
Special events.....	1,500	1,500	100	(1,400)
Triathlon.....	64,000	61,460	62,402	942
Total Recreation.....	<u>195,200</u>	<u>194,661</u>	<u>177,319</u>	<u>(17,342)</u>

See accompanying independent auditors' report

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Interest.....	67,250	20,000	25,952	5,952
Miscellaneous:				
Local police training fund.....	-	-	3,856	3,856
Alcohol/drug cost reimbursement.....	-	765	6,132	5,367
Alarm fees.....	600	1,800	2,240	440
Insurance reports.....	2,500	4,500	4,315	(185)
Cuivre river capital credits.....	5,500	5,730	5,733	3
Rental income.....	2,172	-	-	-
Land lease income.....	40,800	40,800	41,400	600
Miscellaneous.....	2,400	50,250	57,216	6,966
Total Miscellaneous.....	53,972	103,845	120,892	17,047
Total Revenues.....	4,912,479	5,092,024	5,091,660	(364)
EXPENDITURES:				
Administration:				
Current:				
Personnel.....	345,487	332,819	311,564	21,255
Commodities.....	17,050	19,425	17,719	1,706
Contractual.....	171,219	181,453	182,615	(1,162)
Maintenance.....	600	600	670	(70)
Miscellaneous.....	4,000	6,100	5,886	214
Capital outlay.....	18,000	18,213	1,482	16,731
Debt service.....	1,438	1,438	10,700	(9,262)
Total Administration.....	557,794	560,048	530,636	29,412
Finance:				
Current:				
Personnel.....	190,046	187,672	182,675	4,997
Commodities.....	15,000	15,000	14,160	840
Contractual.....	68,905	63,588	70,162	(6,574)
Maintenance.....	1,850	2,100	2,104	(4)
Capital outlay.....	-	872	872	-
Debt service.....	865	865	885	(20)
Total Finance.....	276,666	270,097	270,858	(761)
Police:				
Current:				
Personnel.....	1,701,913	1,669,774	1,604,537	65,237
Commodities.....	89,280	87,118	86,334	784
Contractual.....	131,265	128,330	127,464	866
Maintenance.....	28,700	28,700	24,330	4,370
Miscellaneous.....	3,880	3,880	2,671	1,209
Capital outlay.....	32,000	34,687	16,850	17,837
Debt service.....	72,929	72,929	42,765	30,164
Total Police.....	2,059,967	2,025,418	1,904,951	120,467

See accompanying independent auditors' report

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development:				
Current:				
Personnel.....	443,369	414,952	377,048	37,904
Commodities.....	32,998	32,998	24,541	8,457
Contractual.....	78,486	85,027	70,336	14,691
Maintenance.....	1,920	1,920	1,394	526
Capital outlay.....	17,000	19,121	2,121	17,000
Debt service.....	863	863	876	(13)
Total Community Development.....	574,636	554,881	476,316	78,565
Public works:				
Current:				
Personnel.....	440,853	478,482	460,592	17,890
Commodities.....	196,550	211,736	211,642	94
Contractual.....	45,908	29,912	29,718	194
Maintenance.....	27,800	25,350	19,783	5,567
Capital outlay.....	114,854	189,908	192,904	(2,996)
Debt service.....	28,348	28,348	36,848	(8,500)
Total Public works.....	854,313	963,736	951,487	12,249
Court:				
Current:				
Personnel.....	99,867	99,755	100,235	(480)
Commodities.....	9,050	8,796	4,800	3,996
Contractual.....	57,786	58,036	54,465	3,571
Maintenance.....	270	270	257	13
Debt service.....	575	575	592	(17)
Total Court.....	167,548	167,432	160,349	7,083
Parks:				
Current:				
Personnel.....	286,976	287,143	271,125	16,018
Commodities.....	64,880	67,680	69,525	(1,845)
Contractual.....	42,211	41,196	41,981	(785)
Park programs.....	95,650	96,868	92,119	4,749
Maintenance.....	11,520	12,270	14,364	(2,094)
Miscellaneous.....	4,000	6,400	3,548	2,852
Capital outlay.....	10,000	34,768	32,912	1,856
Debt service.....	575	575	592	(17)
Total Parks.....	515,812	546,900	526,166	20,734

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Property Management:				
Current:				
Commodities.....	600	-	-	-
Total Property management.....	600	-	-	-
Total Expenditures.....	5,007,336	5,088,512	4,820,763	267,749
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	(94,857)	(3,512)	270,897	267,385
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of capital assets.....	41,000	42,300	59,142	16,842
Capital lease.....			15,000	15,000
Transfers to other funds.....	(226,622)	(355,643)	(355,643)	-
Total Other Financing Sources (Uses).....	(185,622)	(313,343)	(281,501)	31,842
NET CHANGE IN FUND BALANCE.....	(280,479)	(309,831)	(10,604)	299,227
FUND BALANCE, BEGINNING OF YEAR.....	1,621,994	1,621,994	1,621,994	-
FUND BALANCE, END OF YEAR.....	\$ 1,341,515	\$ 1,312,163	\$ 1,611,390	\$ 299,227

See accompanying independent auditors' report

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2004

Budgets and Budgetary Accounting

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

1. In February of each year, the City Administrator and Finance Director will collect the data necessary and make preliminary revenue estimates for the coming fiscal year. He/she will estimate expenditures for the present year and note expenditures and revenues for the previous two (2) fiscal years. He/she will request from each City Officer a statement of expenditures requested for the coming fiscal year.
2. In March of each year, the City Administrator and Finance Director will review the departmental requests and make his/her final revenue estimates for the coming fiscal year and will confer with department heads to discuss these requests. *their permission*
3. In April of each year, the City Administrator and Finance Director will begin assembling the City budget.
4. Public hearing meetings are held to obtain taxpayer comments.
5. Prior to July 1, the budget is adopted by the Board of Aldermen.
6. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the Board.

Actual expenditures exceeded those budgeted in the Debt Service Fund.

7. Budgets are adopted on a basis generally consistent with U.S. generally accepted accounting principles. Appropriations lapse at year end.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF FUNDING PROGRESS - EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

The following required supplementary information relates to the City of Lake Saint Louis' participation in Missouri LAGERS, an agent multiple-employer public retirement system.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
02/28/02	\$1,883,587	\$1,989,955	\$106,368	95%	\$1,662,489	6%
02/28/03	\$2,125,377	\$2,232,215	\$197,838	91%	\$1,845,677	11%
02/29/04	\$2,542,918	\$2,823,815	\$280,897	90%	\$2,113,799	13%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2001 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 773,012	\$ 773,012	\$ 769,409	\$ (3,603)
Interest.....		8,000	7,270	(730)
Total Revenues.....	773,012	781,012	776,679	(4,333)
EXPENDITURES:				
Debt service:				
Principal.....	165,153	165,153	165,153	-
Interest and fiscal charges.....	679,459	679,459	679,697	(238)
Total Expenditures.....	844,612	844,612	844,850	(238)
NET CHANGE IN FUND BALANCE.....	(71,600)	(63,600)	(68,171)	(4,571)
FUND BALANCE, BEGINNING OF YEAR.....	684,156	684,156	684,156	-
FUND BALANCE, END OF YEAR.....	\$ 612,556	\$ 620,556	\$ 615,985	\$ (4,571)

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - INTERCHANGE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest.....	\$ 2,000	\$ 201	\$ 201	\$ -
Total Revenues.....	2,000	201	201	-
EXPENDITURES:				
Capital outlay.....	PRELIMINARY DRAFT -	-	-	-
Total Expenditures.....	To Be Returned To WALTER & JABOURI CPAs	-	-	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	2,000	201	201	-
OTHER FINANCING SOURCES (USES):				
Transfers to other funds.....	(114,854)	(152,933)	(169,833)	(16,900)
NET CHANGE IN FUND BALANCE.....	(112,854)	(152,732)	(169,632)	(16,900)
FUND BALANCE, BEGINNING OF YEAR.....	169,632	169,632	169,632	-
FUND BALANCE, END OF YEAR.....	\$ 56,778	\$ 16,900	\$ -	\$ (16,900)

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL - STREET PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental.....	\$ 50,000	\$ -	\$ 2,164	\$ 2,164
Interest.....	3,000	3,000	2,733	(267)
Total Revenues.....	<u>53,000</u>	<u>3,000</u>	<u>4,897</u>	<u>1,897</u>
EXPENDITURES:				
Capital outlay.....	221,000	222,999	85,706	137,293
Total Expenditures.....	<u>221,000</u>	<u>222,999</u>	<u>85,706</u>	<u>137,293</u>
NET CHANGE IN FUND BALANCE.....	(168,000)	(219,999)	(80,809)	139,190
FUND BALANCE, BEGINNING OF YEAR.....	460,674	460,674	460,674	-
FUND BALANCE, END OF YEAR.....	<u>\$ 292,674</u>	<u>\$ 240,675</u>	<u>\$ 379,865</u>	<u>\$ 139,190</u>

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental.....	\$ 1,828,329	\$ 1,828,329	\$ 648,276	\$ (1,180,053)
Interest.....	9,000	17,000	23,378	6,378
Miscellaneous.....	54,000	54,000	88,295	34,295
Total Revenues.....	1,891,329	1,899,329	759,949	(1,139,380)
EXPENDITURES:				
Capital outlay	3,982,835	4,026,835	2,048,582	1,978,253
Total Expenditures.....	3,982,835	4,026,835	2,048,582	1,978,253
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	(2,091,506)	(2,127,506)	(1,288,633)	838,873
OTHER FINANCING SOURCES (USES):				
Transfers from other funds.....	341,476	385,476	385,476	-
Total Other Financing Sources (Uses).....	341,476	385,476	385,476	-
NET CHANGE IN FUND BALANCE.....	(1,750,030)	(1,742,030)	(903,157)	838,873
FUND BALANCE, BEGINNING OF YEAR.....	2,276,592	2,276,592	2,276,592	-
FUND BALANCE, END OF YEAR.....	\$ 526,562	\$ 534,562	\$ 1,373,435	\$ 838,873

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - CITY HALL CONSTRUCTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 10,000	\$ 25,000	\$ 31,153	\$ 6,153
Miscellaneous.....	-	50,000	9,000	(41,000)
Total Revenues.....	10,000	75,000	40,153	(34,847)
EXPENDITURES:				
Capital outlay.....	2,841,800	3,845,944	2,892,443	953,501
Total Expenditures.....	2,841,800	3,845,944	2,892,443	953,501
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	(2,831,800)	(3,770,944)	(2,852,290)	918,654
OTHER FINANCING SOURCES (USES):				
Transfers from other funds.....	-	140,000	140,000	-
Total Other Financing Sources (Uses).....	-	140,000	140,000	-
NET CHANGE IN FUND BALANCE.....	(2,831,800)	(3,630,944)	(2,712,290)	918,654
FUND BALANCE, BEGINNING OF YEAR.....	3,634,825	3,634,825	3,634,825	-
FUND BALANCE, END OF YEAR.....	\$ 803,025	\$ 3,881	\$ 922,535	\$ 918,654

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SECTION

THE CITY OF LAKE SAINT LOUIS, MISSOURI

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Federal, State, County Grants And Entitlements	Fees Licenses, Fines And Permits	Interest on Investments	Recreation	Proceeds From Land Sale	Other	Total
1994/95	\$ 2,129,722	\$ 748,386	\$ 213,681	\$ 175,371	\$ -	\$ -	\$ 176,919	\$ 3,444,079
1995/96	2,287,654	721,169	218,689	160,480	31,024	-	91,073	3,510,089
1996/97	2,439,485	1,320,662	275,707	199,188	51,251	-	160,506	4,446,799
1997/98	2,666,896	848,878	339,154	233,707	50,517	-	222,257	4,361,409
1998/99	2,705,665	1,259,895	526,248	197,721	57,087	-	203,801	4,950,417
1999/00	2,672,338	1,323,365	583,414	265,821	46,165	1,447,818	183,592	6,522,513
2000/01	2,996,316	762,582	651,056	220,682	50,680	-	134,593	4,815,909
2001/02	3,321,078	785,650	811,709	157,012	69,425	-	323,936	5,468,810
2002/03	3,574,664	3,141,459	682,315	129,449	128,624	-	1,548,625	9,205,136
2003/04	3,888,429	1,385,053	913,864	90,687	177,319	-	218,187	6,673,539

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(1) Includes all Governmental Fund Types

THE CITY OF LAKE SAINT LOUIS, MISSOURI

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

Fiscal Year	General Governmental (2)	Public Safety (3)	Public Works	Public Improvements (4)	Public Parks	Property Management (5)	Capital Outlay	Debt Service	Total
1994/95	\$ 682,224	\$ 961,499	\$ 495,700	\$ 97,704	\$ 248,572	\$ 3,689	\$ 106,534	\$ 449,381	\$ 3,045,303
1995/96	791,675	997,939	586,910	310,412	169,416	1,148	402,096	482,717	3,742,313
1996/97	1,436,016	1,030,122	647,399	2,772,335	164,610	3,020	306,343	501,475	6,861,320
1997/98	1,051,691	1,153,686	709,678	212,671	190,966	14,384	461,280	529,004	4,323,360
1998/99	1,106,879	1,285,235	848,306	822,144	233,436	23,355	175,311	668,211	5,162,877
1999/00	936,442	1,381,420	816,944	23,649	237,049	811,593	851,100	2,109,803	7,168,000
2000/01	940,643	1,599,047	593,727	21,398	182,387	5,898	456,138	625,083	4,424,321
2001/02	1,019,743	1,672,878	553,218	1,630,493	239,418	5,981	839,945	697,569	6,659,245
2002/03	1,073,364	1,845,000	625,580	2,314,630	399,551	2,606	461,494	811,926	7,534,151
2003/04	1,260,874	2,005,093	721,735	2,134,288	492,662	-	3,139,584	938,108	10,692,344

(1) Includes all Governmental Fund Types

(2) Includes Administration, Finance and Community Development

(3) Includes Police and Court

(4) Includes the Street Projects Fund and Capital Projects Fund

(5) Includes Business Park until 1999/00

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Total Tax Collection to Total Tax Levy	Delinquent and Protested Taxes	Delinquent and Protested Taxes as a Percentage of Total Tax Levy
1994/95	\$ 1,114,144	\$ 1,089,180	97.76%	\$ 31,672	\$ 1,120,852	100.60%	\$ 33,786	3.03%
1995/96	1,220,816	1,212,234	99.30%	12,849	1,225,083	100.35%	14,165	1.16%
1996/97	1,299,636	1,296,084	99.73%	12,359	1,308,443	100.68%	10,857	0.84%
1997/98	1,461,071	1,429,831	97.86%	10,337	1,440,168	98.57%	18,673	1.28%
1998/99	1,527,120	1,520,884	99.59%	14,166	1,535,050	100.52%	12,913	0.85%
1999/00	1,337,975	1,330,608	99.45%	12,359	1,342,967	100.37%	11,460	0.86%
2000/01	1,618,423	1,608,473	99.39%	8,863	1,617,336	99.93%	10,999	0.68%
2001/02	1,882,242	1,861,122	98.88%	26,920	1,888,042	100.31%	23,508	1.25%
2002/03	1,960,737	1,928,582	98.36%	13,787	1,942,369	99.06%	35,284	1.80%
2003/04	2,227,494 2,162,514 ↑ w/out occ. bills	2,214,530 2,147,236 ↑ At 7/31	99.42% 99.3	21,105 29,043	2,235,635 2,182,587	100.37% 100.93	12,964 15,311	0.58% .70

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

GENERAL FUND TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Utility</u>	<u>Franchise</u>	<u>Cigarette</u>	<u>Total</u>
1994/95	\$ 795,587	\$ 521,842	\$ 181,399	\$ 268,098	\$ 22,691	\$ 1,789,617
1995/96	850,952	572,953	179,985	285,970	22,350	1,912,210
1996/97	881,440	625,329	195,206	285,712	26,297	2,013,984
1997/98	948,202	669,849	217,842	293,443	21,554	2,150,890
1998/99	993,367	625,849	223,449	301,543	21,027	2,165,235
1999/00	1,064,496	776,476	225,959	308,107	20,281	2,395,319
2000/01	1,146,136	717,709	308,962	325,780	20,375	2,518,962
2001/02	1,257,818	832,978	259,278	333,060	16,144	2,699,278
2002/03	1,353,131	837,070	323,098	374,855	16,665	2,904,819
2003/04	1,444,046	923,790	320,575	411,673	18,936	3,119,020

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate		Railroad and Utility		Total		Ratio of Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1994/95	\$ 76,802,520	\$ 386,700,644	\$ 169,289	\$ 520,562	\$ 76,971,809	\$ 387,221,206	19.88%
1995/96	84,775,386	428,928,891	178,865	558,953	84,954,251	429,487,844	19.78%
1996/97	87,940,780	445,357,073	235,515	735,984	88,176,295	446,093,057	19.77%
1997/98	100,489,180	508,480,609	290,779	908,684	100,779,959	509,389,293	19.78%
1998/99	104,256,920	528,495,622	242,512	757,850	104,499,432	529,253,472	19.74%
1999/00	118,652,360	660,982,352	348,804	1,090,013	119,001,164	662,072,365	17.97%
2000/01	127,061,090	727,550,388	359,856	1,124,550	127,420,946	728,674,938	17.49%
2001/02	152,731,660	803,944,053	368,559	1,151,747	153,100,219	805,095,800	19.02%
2002/03	162,554,940	871,384,526	413,857	1,293,303	162,968,797	872,677,829	18.67%
2003/04	191,321,800	945,954,040	522,024	1,631,325	191,843,824	947,585,365	20.25%

SOURCE: St. Charles County Assessor's office

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUATION)

Fiscal Year	City of Lake Saint Louis			Wentzville School District			County of St. Charles				Other	Total
	Operating	Debt Service	Total City	Operating	Debt Service	Total District	Operating	Debt Service	Road & Bridge	Total County		
1994/95	\$ 1.0000	\$ 0.4300	\$ 1.4300	\$ 3.5100	\$ 0.5200	\$ 4.0300	\$ 0.0400	\$ 0.0400	\$ 0.2700	\$ 0.3500	\$ 2.0100	\$ 7.8200
1995/96	0.9900	0.4400	1.4300	3.5100	0.5200	4.0300	0.0200	0.0400	0.2700	0.3300	2.0100	7.8000
1996/97	0.9900	0.4800	1.4700	3.5100	0.5200	4.0300	0.0200	0.0400	0.2700	0.3300	2.2200	8.0500
1997/98	0.9300	0.5100	1.4400	3.5100	0.5200	4.0300	0.0300	0.0300	0.2600	0.3200	2.2200	8.0100
1998/99	0.9300	0.5100	1.4400	3.7500	0.6200	4.3700	0.0200	0.0200	0.2600	0.3000	2.2200	8.3300
1999/00	0.8800	0.2300	1.1100	3.7500	0.6200	4.3700	0.0200	0.0200	0.2500	0.2900	2.3500	8.1200
2000/01	0.8800	0.3680	1.2480	3.7500	0.6200	4.3700	0.0200	-	0.2500	0.2700	2.3500	8.2380
2001/02	0.8083	0.3994	1.2077	3.5900	0.6200	4.2100	0.0093	-	0.2400	0.2493	2.3087	7.9757
2002/03	0.8068	0.3994	1.2062	3.6100	0.6200	4.2300	0.0075	-	0.2400	0.2475	2.3087	7.9924
2003/04	0.7476	0.3994	1.1470	3.5400	0.6200	4.1600	0.0050	-	0.2250	0.2300	0.2221	5.7591

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Percentage of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994/95	8,815	\$ 76,802,520	\$ 4,826,072	\$ 223,951	\$ 4,602,121	5.99%	\$ 522.08
1995/96	9,165	84,775,386	4,646,072	168,712	4,477,360	5.28%	488.53
1996/97	9,532	87,940,780	4,446,072	153,540	4,292,532	4.88%	450.33
1997/98	10,980	100,489,180	4,231,072	541,488	3,689,584	3.67%	336.03
1998/99	11,300	104,256,920	3,991,072	634,875	3,356,197	3.22%	297.01
1999/00	11,600	118,652,360	3,951,072	551,787	3,399,285	2.86%	293.04
2000/01	11,900	127,060,550	6,251,072	647,886	5,603,186	4.41%	470.86
2001/02	11,900	152,731,660	6,041,072	646,210	5,394,862	3.53%	453.35
2002/03	11,900	162,554,940	9,770,875	684,156	9,086,719	5.59%	763.59
2003/04	11,900	191,321,800	9,605,722	615,985	8,989,737	4.70%	755.44

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(1) Population figures are based on U.S. census data, revenue sharing data, and The City of Lake Saint Louis estimates.

(2) SOURCE: St. Charles County Assessor's Office

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (Excluding Fiscal Charges)</u>	<u>Total General Governmental Expenditures</u>	<u>Percentage of Debt Service to General Governmental Expenditures</u>
1994/95	\$ 165,000	\$ 248,970	\$ 413,970	\$ 3,045,303	13.59%
1995/96	180,000	258,412	438,412	3,742,313	11.72%
1996/97	200,000	250,912	450,912	6,861,320	6.57%
1997/98	215,000	242,042	457,042	4,323,360	10.57%
1998/99	240,000	232,120	472,120	5,162,877	9.14%
1999/00	40,000	220,650	260,650	7,168,000	3.64%
2000/01	200,000	218,730	418,730	4,424,321	9.46%
2001/02	275,000	368,063	643,063	6,659,245	9.66%
2002/03	150,197	483,330	633,527	7,534,151	8.41%
2003/04	165,153	678,059	843,212	10,692,344	7.89%

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1994/95	8,815	27,735	4,750	5.00
1995/96	9,165	28,844	4,900	2.20
1996/97	9,532	29,998	5,200	2.20
1997/98	10,980	31,198	5,355	2.20
1998/99	11,300	32,445	5,809	1.70
1999/00	11,600	33,740	5,905	1.10
2000/01	11,900	35,427	6,203	1.60
2001/02	11,900	32,064	7,100	2.70
2002/03	11,900	32,064	6,000	2.60
2003/04	11,900	34,013	7,000	4.00

(1) Population figures are based on U.S. census data, revenue sharing data, and The City of Lake Saint Louis estimates

(2) Per capita figures are based on U.S. census data, revenue sharing data and The City of Lake Saint Louis estimates.

(3) Represents total school enrollment. District does not maintain figures by location and U.S. census data.

(4) SOURCE: Division of Employment Security.

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

**CONSTRUCTION AND PROPERTY VALUES
LAST TEN FISCAL YEARS**

Fiscal Year	Property Values (1)			Commercial Construction (2)		Residential Construction (2)	
	Commercial	Residential	Total	Number of Units	Value	Number of Units	Value
1994/95	\$ 10,203,760	\$ 66,899,740	\$ 77,103,500	4	\$ 1,518,000	117	\$ 16,547,875
1995/96	8,366,820	76,336,750	84,703,570	3	667,000	106	16,935,000
1996/97	8,466,620	79,013,080	87,479,700	7	8,970,000	120	19,931,347
1997/98	9,140,680	91,110,880	100,251,560	4	709,368	103	21,194,200
1998/99	9,665,170	94,460,000	104,125,170	2	1,800,000	131	27,382,000
1999/00	12,093,160	106,276,210	118,369,370	11	6,923,000	165	31,490,968
2000/01	13,744,320	113,316,770	127,061,090	4	1,445,910	141	28,319,268
2001/02	19,042,900	133,688,760	152,731,660	3	6,500,000	595	57,010,000
2002/03	19,004,050	143,550,890	162,554,940	2	5,700,000	237	38,950,000
2003/04	21,082,480	170,239,320	191,321,800	2	11,675,000	275	43,780,000

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(1) Assessed value
(2) Actual value

THE CITY OF LAKE SAINT LOUIS, MISSOURI

PRINCIPAL TAXPAYERS
JUNE 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Camden Operating LP	Condominiums	\$ 3,470,490	1.8%
Scott Brothers Investment Corp.	Apartments	1,370,260	0.7%
SSM Health Care	Medical	1,276,080	0.7%
SM Properties	Grocery	1,078,200	0.6%
Palmer Properties	Office Building	913,070	0.5%
Bent Oak LLC	Apartments	764,770	0.4%
Gundaker Commercial Group	Office Building	733,130	0.4%
Laclede Gas Company	Utility	647,390	0.3%
G&G Properties	Medical Building	634,560	0.3%
Cuivre River Electric Cooperative	Utility	630,520	0.3%

SOURCE: The City of Lake Saint Louis tax records

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2004

<u>Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>% Applicable to City</u>	<u>Amount Applicable to City</u>
Direct:			
City of Lake Saint Louis	\$ 9,605,722	100.0%	\$ 9,605,722
Overlapping:			
St. Charles Community College	29,090,000	3.9%	1,134,510
Wentzville School District	<u>114,675,000</u>	22.79%	<u>26,134,433</u>
TOTAL	<u>\$ 153,370,722</u>		<u>\$ 36,874,665</u>

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SOURCES: St. Charles County Finance Officer, St. Charles Community College
and Wentzville School District.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Assessed valuation.....	\$ 188,538,910
Debt limit - 10% of assessed valuation.....	\$ 18,853,891
Amount of debt applicable to debt limit:	
Total bonded debt.....	9,605,722
Less:	
Amount available in Debt Service Fund.....	615,985
Total amount of debt applicable to debt limit.....	<u>8,989,737</u>
Legal Debt Margin.....	<u>\$ 9,864,154</u>

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

MISCELLANEOUS STATISTICS AND INFORMATION
JUNE 30, 2004

Date of Incorporation	May 27, 1975	Sewer System:	
Form of Government	4th Class	Miles of sanitary sewers	110
Number of Full-Time Employees:		Miles of storm sewers	63
Classified	40	Number of treatment plants	1
Exempt	16	Number of service connectors	5,100
Area in Square Miles	8.5		
City of Lake Saint Louis			
Facilities and Services:			
Miles of streets	68.71		
Culture and Recreation:		Water System:	
Parks	2	Miles of water mains	430
Park acreage	110	Number of service connectors	5,100
Ball diamonds	6	Number of fire hydrants	347
Police Protection:			
Number of stations	1		
Number of police personnel and officers	30	Education: (Wentzville School District)	
Number of patrol units	14	Number of elementary schools	5
Number of Law Violations:		Number of elementary school instructors	250
Physical arrests: 855 adult		Number of middle and high schools	4
114 juvenile		Number of middle and high school instructors	271
Traffic violations: 2,217 tickets		Number of colleges	0
464 accidents		Vocational instructors	0
Facilities and Services Not Included in the Reporting Entity:		Hospitals:	
		Number of hospitals	1
		Number of beds	87
Fire Protection:		Lake Saint Louis Community Association:	
Number of stations	2	Swimming pools	2
Number of fire personnel and officers	43	Lakes	2
Number of calls answered	875	Tennis courts	4
Number of inspections completed	765		

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