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Comprehensive Annual Financial Report, 2005

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, 2005**

Prepared by: Office of Administration

THE CITY OF LAKE SAINT LOUIS, MISSOURI

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THE CITY OF LAKE SAINT LOUIS, MISSOURI

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INTRODUCTORY
SECTION



August 31, 2005

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, 2005. 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, 2005.

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, 2005. 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 65 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 2004/2005 fiscal year the Civic Center project was completed and opened. The Henke Road and Spillway Bridge reconstruction projects were completed also. A traffic loop study was completed in cooperation with St. Charles County, the purpose of which is to facilitate planning for future road infrastructure improvements and expansion within the city. Soccer fields were added and ball fields were upgraded. In the coming year, numerous road and storm water maintenance projects will be completed along with a bike path across the large lake dam. The City will participate in purchasing and installing a water gauge on Peruque Creek. City administration will continue 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, consideration 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 or encumbered. The Board of Aldermen exercises control over budgeted expenditures throughout the fiscal year.

DEBT ADMINISTRATION

As of June 30, 2005, the City had \$9,434,173 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, 2005 this debt limit was \$21,124,342.

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 nine to twenty-two days. During the fiscal year ended June 30, 2005, the City's cash resources were approximately divided between demand deposits (26%) and time deposits (74%). The amount of interest earned was \$87,924, a decrease of \$2,763 from the 2003/2004 fiscal year.

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 capital assets. The last completed project financed by general obligation bonds was the construction of the Civic Center from which city staff began operating in September 2004. Projects financed by general obligation bonds and uncompleted at June 30, 2005 include the street replacement program.

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, and expected to be completed in late 2005, City staff are optimistic that Lake Saint Louis will continue to attract commercial development of the highest quality.

INDEPENDENT AUDIT

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 at the close of each fiscal year. A Certified Public Accountant, selected by the Board of Aldermen, performs this audit annually. The 2004/2005 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, 2004. 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.

Respectfully submitted,

A handwritten signature in black ink, reading "Renee M. Roettger". The signature is fluid and cursive, with the first name "Renee" and last name "Roettger" clearly distinguishable.

Renee M. Roettger, CPA
Director of Finance

THE CITY OF LAKE SAINT LOUIS, MISSOURI
LIST OF PRINCIPAL OFFICIALS

ELECTED OFFICIALS

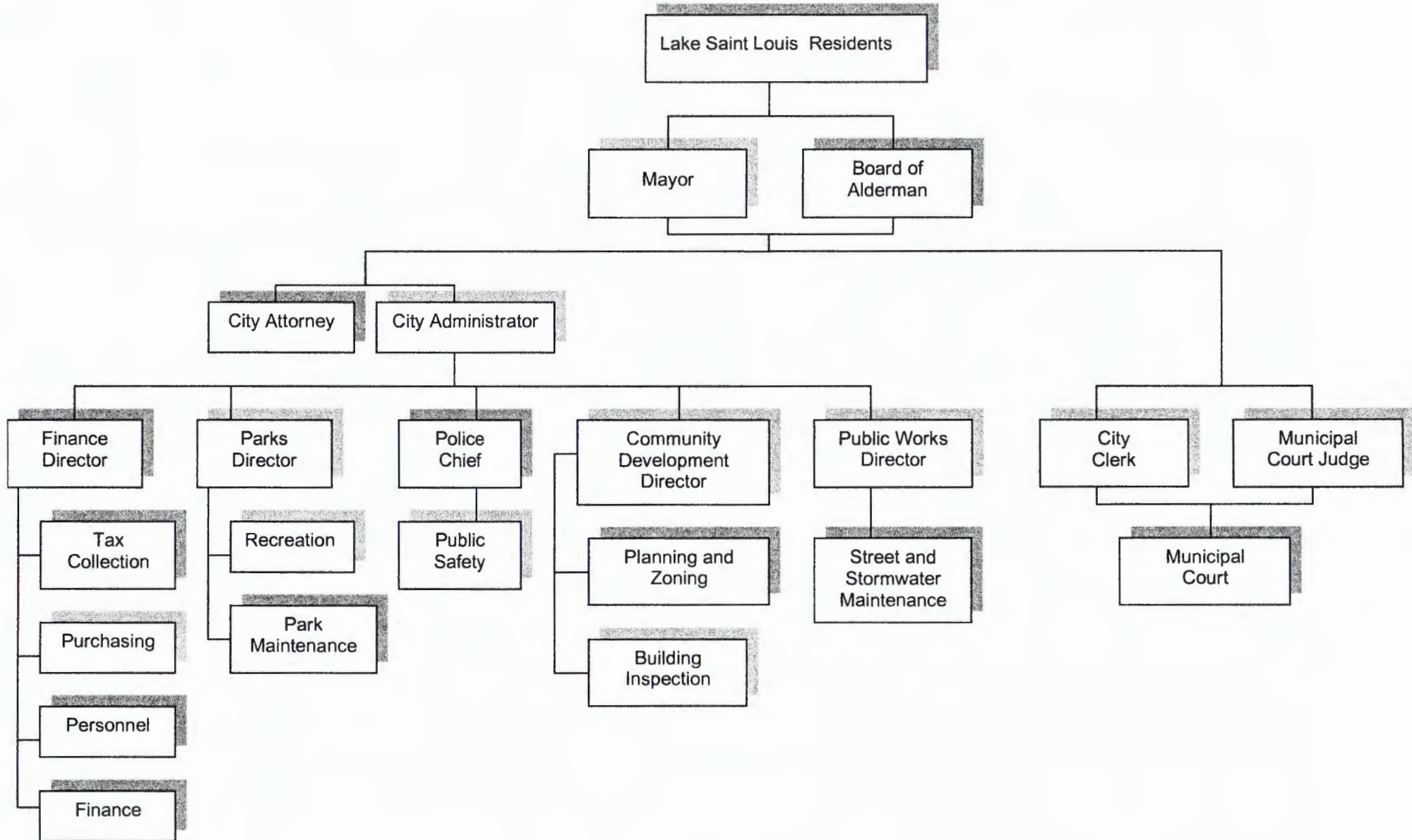
Mayor	Michael Potter
Alderman	Pearson Buell
Alderman	Larry DeGroodt
Alderman	James E. Lloyd Jr.
Alderman	Charlotte Norton
Alderman	Harry Slyman
Alderman	Tim Young

APPOINTED OFFICIALS

City Administrator	Paul Markworth
Assistant to the City Administrator	Bryan Richison
City Clerk	Donna Daniel
Community Development Director	Steven Schertel
Finance Director	Renee Roettger
Parks Director	David Reynolds
Police Chief	Mike Force
Public Works Director	Frank Hayden

THE CITY OF LAKE SAINT LOUIS, MISSOURI

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

The City of Lake Saint Louis,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

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FINANCIAL
SECTION

SCHOWALTER & JABOURI, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
11878 GRAVOIS ROAD
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FAX (314) 849-3486

FINANCIAL SERVICES
COMPUTER SOLUTIONS
ADMINISTRATIVE OFFICES

11777 GRAVOIS ROAD
ST. LOUIS, MISSOURI 63127
(314) 842-2929
FAX (314) 842-3483

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, 2005, 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.

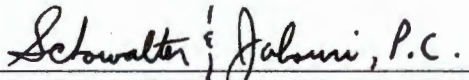
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of The City of Lake Saint Louis, Missouri, as of June 30, 2005 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 11 the Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund and related notes on pages 36 through 40, and the Schedule of Funding Progress on page 41, 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.

MEMBERS
SEC PRACTICE SECTION
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MISSOURI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
SC INTERNATIONAL (MEMBER FIRMS THROUGHOUT THE WORLD)

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2005 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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 additional 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.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
August 26, 2005

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

As Management of The City of Lake Saint Louis, Missouri (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. We encourage readers to consider the information that we have furnished in our letter of transmittal, which can be found at the front of this report.

Financial Highlights

- On a government-wide basis the assets of the City exceeded liabilities at June 30, 2005 by \$4,234,631. Of this amount, \$1,535,038 is invested in capital assets net of related debt and \$1,342,158 is restricted for specific purposes (restricted net assets). The City's unrestricted net asset balance is \$1,357,435.
- The total reported as investment in capital assets net of related debt does not include the value of street and storm water infrastructure at June 30, 2003 which will be added during fiscal year 2005/2006, increasing the net asset value.
- The City's total net assets increased \$1,374,612 during 2004/2005.
- General revenues related to governmental activities were \$4,422,499 and include \$1,892,647 (42.8%) in sales and utility gross receipt taxes. Property taxes accounted for \$2,329,686 (52.7%) of general revenues.
- Net expenses from the various functions of governmental activities was \$3,047,887.
- At June 30, 2005, the City's governmental funds reported combined ending fund balances of \$2,914,408, a decrease of \$1,988,802 compared to the June 30, 2004 ending fund balances of \$4,903,210. Approximately 40% of this total (\$1,154,817) is not reserved or designated in any way and is available to be spent at the City's discretion.
- At June 30, 2005, the unreserved fund balance of the General Fund was \$1,154,817, or 20% of general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Overview of the Financial Statements (continued)

Required supplementary information and other supplementary information is also included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net assets and the statement of activities.

The statement of net assets presents all of the City's assets and liabilities with the difference between the two reported as net assets. Net assets are an important measure of the City's overall financial health. The increases and decreases in net assets can be monitored to determine whether the City's financial positions are improving or deteriorating.

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

The government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities for the City include general government, public safety, public works, parks and recreation and planning and development.

Government-Wide Financial Analysis

In the government-wide financial statements, all of the activities of the City as considered activities of the primary government. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances as discussed in the following Analysis of Net Assets and Changes in Net Assets.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Analysis of Net Assets

Total net assets increased \$1,374,612 (48.1%) to \$4,234,631 over the previous year. As noted earlier, net assets may be, over time, an indicator of the City's overall financial health. The City has three categories of net assets: unrestricted, restricted and invested in capital assets, net of related debt. All categories have positive balances at June 30, 2005.

The largest category of the City's net assets, \$1,535,038 or 36.2% of the total, reflects the City's investment in capital assets (land, buildings, equipment, infrastructure), net of any related outstanding debt used to construct or acquire those assets. These assets are used in the City's provision of services and are not available for liquidation and future spending. The resources necessary to repay the related debt must be provided from other sources.

The second category of the City's net assets represents an unrestricted net asset balance of \$1,357,435 (32.1% of the total). This balance is comprised of assets that are not subject to any external restrictions and are currently available for the City's use.

The final category of the City's net assets, \$1,342,158 or 31.7% of the total, represents resources that are subject to external restrictions on their use.

**Statement of Net Assets
Governmental Activities
June 30,**

	<u>2005</u>	<u>2004</u>
Assets		
Current and other assets	\$ 3,669,010	\$ 6,312,809
Capital assets	<u>11,470,205</u>	<u>8,226,294</u>
Total Assets	<u>15,139,215</u>	<u>14,539,103</u>
Liabilities		
Long-term obligations	9,809,777	9,540,889
Other liabilities	<u>1,094,807</u>	<u>2,138,195</u>
Total Liabilities	<u>10,904,584</u>	<u>11,679,084</u>
Net Assets		
Invested in capital assets, net of related debt	1,535,038	(87,258)
Restricted	1,342,158	1,404,443
Unrestricted	<u>1,357,435</u>	<u>1,542,834</u>
Total Net Assets	<u>\$ 4,234,631</u>	<u>\$ 2,860,109</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Changes in Net Assets

In 2005, the City's total revenue on a government-wide basis was \$7,890,485 which was comparable with 2004 revenues (a decrease of less than 1%). Of the City's revenue, taxes represent 53.8%, 30.1% is generated by operating and capital grants, 13.8% is from charges for services and the remainder is interest earned and miscellaneous revenue.

The total cost of all programs and services for 2004/2005 was \$6,515,873. This represents an increase of \$898,232 or 16% over the prior year. The City's expenses cover a range of typical city services – city administration, police, court community development, public works and parks. Of these, the police and public works functions together make up over half of the total cost of programs and services – 33.3% and 21.2% respectively. The public works function experienced the largest increase in 2004/2005 over the prior year – 71.3%.

Key elements in the changes in net assets are as follows:

**Statement of Changes in Net Assets
Governmental Activities
For the Fiscal Year Ended June 30,**

	<u>2005</u>	<u>2004</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,091,550	\$ 1,155,108
Operating grants and contributions	817,706	884,231
Capital grants	1,558,730	1,853,106
General revenues:		
Taxes	4,241,447	3,903,573
Investment earnings	87,924	90,687
Gain on sale of capital assets	79,960	--
Other	13,168	61,975
Total Revenues	<u>7,890,458</u>	<u>7,948,680</u>
Expenses		
Administration	866,852	523,636
Finance	280,112	269,688
Police	2,166,863	1,926,444
Community development	483,489	480,875
Public works	1,381,165	806,107
Court	157,502	160,995
Parks	659,129	547,677
Facilities	--	304,723
Facilities maintenance	68,937	--
Interest and fiscal charges	451,824	468,268
Loss on sale of capital assets	--	129,228
Total Expenses	<u>6,515,873</u>	<u>5,617,641</u>
Change in net assets	1,374,612	2,331,039
Net assets, beginning of year	<u>2,860,019</u>	<u>528,980</u>
Net assets, end of year	<u>\$ 4,234,631</u>	<u>\$ 2,860,019</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Fund Financial Statements

Another section of the basic financial statements is the fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the City of Lake Saint Louis are governmental funds.

Governmental Funds

The City's basic services are included in governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. These fund statements measure current financial resources and uses or in essence, near-term inflows and outflows of expendable resources, as well as balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The fund financial statements are found on pages 14 - 17.

Government Funds Financial Analysis

At the end of the current fiscal year, the City's governmental funds report a combined fund balance of \$2,914,408, with a net reduction in total fund balance of \$1,988,802 from the previous year. Approximately \$1.15 million of the total June 30, 2005 combined fund balance represents unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending, because it has previously been committed (1) to liquidate existing contracts and purchase orders (\$278,565), (2) to pay debt service (\$675,961), (3) to fund projects per general obligation bond requirements (\$96,224) and (4) to fund capital projects (\$708,841).

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Government Funds Financial Analysis (continued)

General Fund

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,154,817, while total fund balance was \$1,433,382.

As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. In fiscal year 2004/2005, unreserved fund balance represents 20.0% of \$5,773,297 of general fund expenditures, while total fund balance represents 24.8% of the same amount.

Other Major Governmental Funds

Changes in fund balance for the other major governmental funds can be described as follows:

- The debt service fund revenue increased and expense decreased from 2003/2004 to 2004/2005. Revenues increased by \$82,394 due to rising interest rates on balances invested as well as a stable tax rate applied to an assessed valuation increased through reassessment and through new construction. Expenditures decreased \$45,751 due to the structure of bond payments. The approximately \$60,000 increase in fund balance between June 30, 2004 and June 30, 2005 will accommodate the scheduled increases in debt service payments in 2005/2006.
- The street projects fund was created to segregate the proceeds from the 2001 general obligation bonds dedicated to certain large street and storm water construction and maintenance projects. The fund balance decreased \$289,210 during fiscal year 2004/2005 to \$90,655. The fund revenues remained minimal and decreased slightly due to less interest earned on declining balances. Expenses increased substantially, however, with the completion of several large street and storm water projects during the year. The remaining projects are expected to be completed early in 2005/2006 which will deplete the remaining fund balance.
- The capital projects fund balance decreased \$664,594 from \$1,373,435 to \$708,841. Revenues increase \$438,692 over the prior year while expenses increased \$200,129 during the same period. A large portion of the June 30, 2004 fund balance was attributable to funds on hand, either received through grants or transferred from the general fund, dedicated to completing the Spillway Bridge and Henke Road projects (\$429,490). These projects were completed during the year ended June 30, 2005. Additionally the fund balance dedicated to park development decreased \$401,364 due to approximately \$68,000 received in park donations netted with around \$469,000 spent to construct new soccer fields and to upgrade park playgrounds.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Other Major Governmental Funds (continued)

- The city hall construction fund balance decreased \$916,966 to \$5,569 at June 30, 2005. The civic center construction was completed and the facility was opened in September, 2004. The remaining balance will be used in early 2005/2006 to pay final amounts due on contracts and to fund a few smaller items for the new facility.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements may be found on pages 18 – 35 of this report.

Required and Additional Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information which can be found on pages 36 – 41 of this report.

Capital Assets

The City has invested \$11,470,205 in capital assets, net of accumulated depreciation. This investment in capital assets includes land, buildings, park facilities, roads, vehicles, machinery and equipment. This amount represents a net increase for the current fiscal year (including additions and deductions) of \$3,243,911.

Accumulated depreciation represents 12.4% of the total cost of capital assets, and 15.6% of the cost of depreciable assets. Land and construction in progress, representing 20.7% of total capital assets are not subject to depreciation.

The amount invested in capital assets shown on the financial statements does not include infrastructure assets in service at June 30, 2003. The value of these items will be added at in the next fiscal year which will increase not only capital assets but also the accumulated depreciation.

Additional capital asset information can be found in Note 3 on page 28 of this report.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Long-Term Debt

At the end of the fiscal year, the City had outstanding long-term debt obligations of \$9,434,173 of general obligation bonds. Further information regarding debt may be found in Note 4 to the financial statements beginning on page 29.

**Outstanding Long-Term Debt General Obligation Bonds
June 30,**

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
1994 Refunding Bonds	\$ 44,173	\$ 95,722	-53.9%
2001 Street Improvement Bonds	2,360,000	2,410,000	-2.1
2002 Refunding Bonds	3,165,000	3,220,000	-1.7
2002B Civic Center Bonds	<u>3,865,000</u>	<u>3,880,000</u>	<u>-0.4</u>
Total	<u>\$9,434,173</u>	<u>\$9,605,722</u>	<u>-1.8%</u>

Compensated Absences, or accrued vacation and compensatory time is up \$7,313 or 8.7% over the prior fiscal year. The increase is due to increased salaries and increased number of employees.

Notes payable is related to the public works equipment. The equipment note decreased from the prior year by \$26,231 or 53.3% due to payments made by the City. Capital lease obligations are related to crack seal equipment, dispatch equipment, a phone system and police vehicles. These leases are all new in 2005.

Budget Variances

The budget was amended during the year to account for actual revenues and for expenses which were not predictable at budget time and for project cost overruns. Through the amendment process, revenues were increased 2.2% over the original amount and expenses were increased by 6.3% over the original budget.

Some of the major differences between original and final budgeted revenue amounts include real estate taxes, decreased \$76,805 or 4.9%; sales taxes, which decreased \$67,650 or 5.5%; inspection fees which increased \$15,686 or 16.3%; and road & bridge rebate, increased \$21,705 or 9.0%. The decrease in real estate taxes budgeted was due to new construction estimates used during the budget process were higher than the actual levels of new construction. The sales tax decrease is attributable to uncertainty about the timing of new commercial project completion. The inspection fee increase is due to infrastructure for a large commercial project being substantially completed in 2005. The road and bridge increase is due to increased valuation of property in St. Charles County along with an increase in the ratio of city assessed value to total county assessed value.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Budget Variances (continued)

The major differences between the original and final budgeted expenditures include the following: Several capital purchases were added to the budget during the year – a telephone system for the new civic center, police vehicle purchases budgeted but not purchased in 2003/2004, and public works vehicle and equipment purchases – these changes total approximately \$256,000. Two new positions were added to the budget during the year – a planner and a chief building official. These positions were added to accommodate the increased city activity related to growth in development. The park maintenance budget increased about \$51,000 due to increased park land requiring maintenance. A new department, Facilities Maintenance was added during the year resulting in an increase to the original budget of approximately \$90,000. Budgeted transfers also increased approximately \$107,000 – due mainly to transfers necessary to fund civic center additions.

Overall, the general fund ended fiscal year 2005 with excess revenues and other financing sources over expenditures and other financing uses of approximately \$155,000. Growth in revenue was not equal to expense growth and that trend is budgeted to continue into 2006. However, during 2006 a large commercial project is scheduled to be completed and the city will begin to recognize increased sales tax revenue related to that project. Several additional commercial developments are expected to follow which will reverse the trend and enable the city to begin adding to reserves once again.

Economic Outlook

City revenues increased overall during fiscal year 2005 and are expected to increase at an even greater rate in fiscal year 2006 when new businesses begin to generate sales taxes. Rising personnel and benefit costs and planned capital projects are expected to be the major portion of the increase in expenses. In fiscal year 2006, unreserved fund balance is projected to decrease by approximately \$300,000 due to these same factors.

In acquiring the right of way necessary to complete the Feise Road project, one parcel owner contested the St. Charles Condemnation Commission's award of \$275,000 and are seeking a judgment for a greater land value as well as diminished value of their remaining land. A jury will hear the case at a currently unknown future date. The City paid the \$275,000 award in 2003.

Financial Contact

This financial report is designed to provide a general overview to the reader of the City of Lake Saint Louis' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, The City of Lake Saint Louis, Missouri, 200 Civic Center Drive, Lake Saint Louis, Missouri 63367.

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BASIC FINANCIAL STATEMENTS

THE CITY OF LAKE SAINT LOUIS, MISSOURI

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
-- ASSETS --	
Cash and cash equivalents.....	\$ 2,850,996
Taxes receivable.....	27,925
Interest and other local receivable.....	558,706
Prepaid items.....	231,383
Capital assets:	
Land.....	2,665,000
Construction in progress.....	50,482
Other capital assets, net of accumulated depreciation.....	8,754,723
TOTAL ASSETS.....	\$ 15,139,215
-- LIABILITIES --	
Accounts payable.....	\$ 119,922
Deferred revenue.....	88,330
Accrued liabilities.....	142,565
Funds held in escrow.....	387,499
Accrued interest.....	356,491
Long-Term Liabilities:	
Due within one year.....	410,433
Due in more than one year.....	9,399,344
Total Liabilities.....	10,904,584
-- NET ASSETS --	
Invested in capital assets, net of related debt.....	1,535,038
Restricted for:	
Capital projects.....	805,065
Debt service.....	537,093
Unrestricted.....	1,357,435
Total Net Assets.....	4,234,631
TOTAL LIABILITIES AND NET ASSETS.....	\$ 15,139,215

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, 2005**

		<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:					
Administration.....	\$ 866,852	\$ 69,741	\$ -	\$ 35,507	\$ (761,604)
Finance.....	280,112	-	-	-	(280,112)
Police.....	2,166,863	361,820	69,979	-	(1,735,064)
Community development.....	483,489	462,065	58,708	-	37,284
Public works.....	1,381,165	-	689,019	1,052,187	360,041
Court	157,502	-	-	-	(157,502)
Parks.....	659,129	197,924	-	471,036	9,831
Facilities maintenance.....	68,937	-	-	-	(68,937)
Interest and fiscal charges.....	451,824	-	-	-	(451,824)
TOTAL GOVERNMENTAL ACTIVITIES.....	\$ 6,515,873	\$ 1,091,550	\$ 817,706	\$ 1,558,730	(3,047,887)

General Revenues

Taxes:

Property taxes, levied for general purposes	1,483,652
Property taxes, levied for debt service.....	846,034
Sales taxes.....	1,118,053
Utility.....	774,594
Other.....	19,114
Investment earnings.....	87,924
Gain on sale of capital assets.....	79,960
Other revenues.....	13,168

TOTAL GENERAL REVENUES..... 4,422,499

CHANGE IN NET ASSETS..... 1,374,612

NET ASSETS, BEGINNING OF YEAR..... 2,860,019

NET ASSETS, END OF YEAR..... \$ 4,234,631

See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2005

	<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.....	\$ 1,477,823	\$ 672,448	\$ 14,776	\$ 680,394	\$ 5,555	\$ 2,850,996
Taxes receivable.....	19,346	8,579	-	-	-	27,925
Interest and other local receivable.....	404,128	725	102,756	51,083	14	558,706
Prepaid items.....	231,383	-	-	-	-	231,383
TOTAL ASSETS.....	\$ 2,132,680	\$ 681,752	\$ 117,532	\$ 731,477	\$ 5,569	\$ 3,669,010
 -- LIABILITIES AND FUND BALANCES --						
LIABILITIES:						
Accounts payable.....	\$ 70,409	\$ -	\$ 26,877	\$ 22,636	\$ -	\$ 119,922
Deferred revenue.....	98,825	5,791	-	-	-	104,616
Accrued liabilities.....	142,565	-	-	-	-	142,565
Funds held in escrow.....	387,499	-	-	-	-	387,499
Total Liabilities.....	699,298	5,791	26,877	22,636	-	754,602
 FUND BALANCES:						
Reserved for:						
Debt service.....	-	675,961	-	-	-	675,961
Street projects.....	-	-	90,655	-	-	90,655
Capital projects.....	-	-	-	708,841	-	708,841
City hall construction.....	-	-	-	-	5,569	5,569
Prepaid items.....	231,383	-	-	-	-	231,383
Encumbrances.....	47,182	-	-	-	-	47,182
Unreserved:						
Undesignated.....	1,154,817	-	-	-	-	1,154,817
Total Fund Balances.....	1,433,382	675,961	90,655	708,841	5,569	2,914,408
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,132,680	\$ 681,752	\$ 117,532	\$ 731,477	\$ 5,569	\$ 3,669,010

See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total Fund Balance - Governmental Funds..... \$ 2,914,408

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 \$13,095,748 and accumulated depreciation is \$1,625,543..... 11,470,205

Property taxes assessed by the City, but not collected within 60 days of year end are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide statements..... 16,286

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, 2005 are:

General obligation bonds.....	(9,434,173)	
Notes.....	(23,019)	
Compensated absences.....	(91,010)	
Capital lease obligation.....	(261,575)	
Accrued interest.....	(356,491)	
Total.....		(10,166,268)

Total Net Assets - Governmental Activities..... \$ 4,234,631

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, 2005**

	General	Debt Service	Street Projects	Capital Projects	City Hall Construction	Total Governmental Funds
REVENUES:						
Taxes	\$ 3,395,492	\$ 844,811	\$ -	\$ -	\$ -	\$ 4,240,303
Fees, licenses, fines and permits.....	828,037	-	-	-	-	828,037
Intergovernmental.....	764,317	-	-	996,715	-	1,761,032
Recreation.....	197,924	-	-	-	-	197,924
Grants.....	-	-	-	58,708	-	58,708
Interest.....	47,112	14,262	2,489	20,000	4,061	87,924
Miscellaneous.....	73,438	-	-	123,218	35,507	232,163
Total Revenues.....	5,306,320	859,073	2,489	1,198,641	39,568	7,406,091
EXPENDITURES:						
Current:						
Administration.....	541,860	-	-	-	-	541,860
Finance.....	279,689	-	-	-	-	279,689
Police	2,084,806	-	-	-	-	2,084,806
Community development.....	476,547	-	-	-	-	476,547
Public works.....	843,008	-	-	-	-	843,008
Court	156,663	-	-	-	-	156,663
Parks.....	562,335	-	-	-	-	562,335
Facilities maintenance.....	65,932	-	-	-	-	65,932
Capital outlay.....	616,308	-	291,699	1,849,282	1,143,331	3,900,620
Debt Service:						
Principal.....	138,907	171,549	-	-	-	310,456
Interest and fiscal charges.....	7,242	627,548	-	-	-	634,790
Total Expenditures.....	5,773,297	799,097	291,699	1,849,282	1,143,331	9,856,706
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	(466,977)	59,976	(289,210)	(650,641)	(1,103,763)	(2,450,615)
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets.....	41,431	-	-	-	-	41,431
Insurance proceeds.....	52,631	-	-	-	-	52,631
Capital lease.....	367,751	-	-	-	-	367,751
Transfers to other funds.....	(172,844)	-	-	(13,953)	-	(186,797)
Transfers from other funds.....	-	-	-	-	186,797	186,797
Total Other Financing Sources (Uses)...	288,969	-	-	(13,953)	186,797	461,813
NET CHANGES IN FUND BALANCES.....	(178,008)	59,976	(289,210)	(664,594)	(916,966)	(1,988,802)
FUND BALANCES, BEGINNING OF YEAR.....	1,611,390	615,985	379,865	1,373,435	922,535	4,903,210
FUND BALANCES, END OF YEAR.....	\$ 1,433,382	\$ 675,961	\$ 90,655	\$ 708,841	\$ 5,569	\$ 2,914,408

See accompanying notes to the basic financial statements

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, 2005**

Net Change in Fund Balances - Total Governmental Funds.....	\$ (1,988,802)
--	-----------------------

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	3,281,233	
Donated capital assets.....	403,289	
Additions to construction in progress.....	24,647	
Depreciation expense.....	(451,156)	
Total.....		3,258,013

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

Taxes.....	1,145
------------	-------

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.....	310,456
--	---------

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 Assets the lease obligation is reported as a liability.....	(367,751)
---	-----------

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.....	(7,313)
Decrease in accrued interest	182,966

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.....	(41,431)
Insurance proceeds from the disposal of capital assets.....	(52,631)
Gain on disposal of capital assets.....	79,960

Change in Net Assets of Governmental Activities.....	\$ 1,374,612
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See accompanying notes to the basic financial statements

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2005

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 GASB prevails.

A. Reporting Entity

The City defines its financial reporting entity in accordance with Accounting Standards Board Statements No. 14 and 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.

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.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Government-wide Financial Statements (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. 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, 2005

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.

The following are the City's governmental major funds:

General - The General Fund is the general operating fund of the City. All general tax revenues and other revenues 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.

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, 2005

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 compensated absences and 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, 2005

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.

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 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 2004, for purposes of taxation was \$211,243,417.

THE CITY OF LAKE SAINT LOUIS, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes (continued)

During 2004 the Board of Aldermen approved a \$1.0999 tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2004, for purposes of City taxation, as follows:

	Maximum Levy Allowed by Law	City's Levy
General.....	\$.7005	\$.7005
Debt Service3994	.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 cumulative, up to 80 hours at June 30. Any time in excess of 80 hours requires special approval by the City Administrator to carry over to the following fiscal year. Vacation time earned but unused at year end has been recorded as an expense/expenditure in the government-wide financial statements. A liability is recorded in the governmental fund financial statements when payment is due. The general fund has typically been used in prior years to liquidate the liability for compensated absences.

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, 2005

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 implementation of GASB 34. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. The retroactive reporting of infrastructure is encouraged but not required. The City has elected to implement the general provisions of GASB No. 34 and has elected not to retroactively report infrastructure in the current year.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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 other funds" 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	\$172,844	Board agreed upon amount to contribute to the City Hall facility project.
Capital Projects Fund	City Hall Construction Fund	\$13,953	Board agreed upon amount to contribute to the City Hall facility project.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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, 2005 are comprised of capital projects, debt service, prepaid items and encumbrances.

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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, 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.

N. 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, 2005

2. CASH AND CASH EQUIVALENTS

The City is governed by the deposit and investment limitations of state law. It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. The City's policy and state law authorize the following types of investments: United States Treasury Bills, Federal Agency Obligations, Obligations of Government Sponsored Corporations, Certificates of Deposits and Repurchase Agreements collateralized by government securities. During the fiscal year, the City invested all idle funds in certificates of deposits which the City considers cash equivalents.

The deposits held at June 30, 2005 are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits	-	\$ 96,446
Cash on hand	-	250
Time deposits	July 6, 2005	<u>2,754,300</u>
Total deposits		<u>\$2,850,996</u>

Reconciliation to financial statements:

Cash and cash equivalents	<u>\$2,850,996</u>
---------------------------------	--------------------

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits in financial institutions, reported as cash and cash equivalents, had a bank balance, as of June 30, 2005, of \$3,048,507 that was fully insured by depository insurance or secured with collateral held by the City's agent in its name in accordance with the City's investment policy.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

3. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2005, was as follows:

	<u>Balance July 1, 2004</u>	<u>Additions and Transfers</u>	<u>Disposals and Transfers</u>	<u>Balance June 30, 2005</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land.....	\$ 2,264,517	\$ 403,289	\$ 2,806	\$ 2,665,000
Construction in Progress.....	4,915,957	24,647	4,890,122	50,482
Total Capital Assets, Not Being Depreciated.....	<u>7,180,474</u>	<u>427,936</u>	<u>4,892,928</u>	<u>2,715,482</u>
Capital Assets, Being Depreciated:				
Buildings.....	633,084	4,147,851	-	4,780,935
Automobiles.....	668,018	277,029	68,620	876,427
Furniture and equipment.....	653,990	239,229	16,505	876,714
Improvements.....	338,944	267,187	-	606,131
Infrastructure.....	-	3,240,059	-	3,240,059
Total Capital Assets, Being Depreciated.....	<u>2,294,036</u>	<u>8,171,355</u>	<u>85,125</u>	<u>10,380,266</u>
Less - Accumulated Depreciation For:				
Buildings.....	281,453	124,799	-	406,252
Automobiles.....	419,318	106,561	57,324	468,555
Furniture and equipment.....	381,810	98,890	16,505	464,195
Improvements.....	165,635	37,286	-	202,921
Infrastructure.....	-	83,620	-	83,620
Total Accumulated Depreciation.....	<u>1,248,216</u>	<u>451,156</u>	<u>73,829</u>	<u>1,625,543</u>
Total Capital Assets, Being Depreciated, Net.....	<u>1,045,820</u>	<u>7,720,199</u>	<u>11,296</u>	<u>8,754,723</u>
Governmental Activities, Capital Assets, Net.....	<u><u>\$ 8,226,294</u></u>	<u><u>\$ 8,148,135</u></u>	<u><u>\$ 4,904,224</u></u>	<u><u>\$ 11,470,205</u></u>

Depreciation was charged to functions of the City as follows:

Administration.....	\$ 114,686
Police.....	80,635
Community development.....	4,843
Public works.....	187,360
Court.....	423
Parks.....	63,209
	<u><u>\$ 451,156</u></u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

4. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2005 is as follows:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Amounts Due Within One Year</u>
<u>GENERAL OBLIGATION BONDS</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...	\$ 95,722	\$ --	\$ 51,549	\$ 44,173	\$ 44,173
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...	2,410,000	--	50,000	2,360,000	75,000
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...	3,220,000	--	55,000	3,165,000	60,000
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...	<u>3,880,000</u>	<u>--</u>	<u>15,000</u>	<u>3,865,000</u>	<u>20,000</u>
Total General Obligation Bonds...	<u>9,605,722</u>	<u> </u>	<u>171,549</u>	<u>9,434,173</u>	<u>199,173</u>
<u>BANK NOTE</u>					
Bank Note for Tractor/backhoe/dump truck Original amount \$123,743 Maturity date - April, 2006 Interest rate - 5.45% Payments - monthly payments of \$2,362, which include principal and interest.....	<u>49,250</u>	<u>--</u>	<u>26,231</u>	<u>23,019</u>	<u>23,019</u>
Total Bank Note	<u>49,250</u>	<u>--</u>	<u>26,231</u>	<u>23,019</u>	<u>23,019</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

4. LONG-TERM LIABILITIES (continued)

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Amounts Due Within One Year</u>
<u>CAPITAL LEASES</u>					
Capital lease Modular Office Unit Original amount \$15,000 Maturity date - July, 2004 Interest rate - 0%	6,500	--	6,500	--	--
Lease/Purchase Agreement for Police Equipment and Installation for the Police Dept. Original amount - \$83,947 Maturity date - October 2006 Interest rate - 4%	--	83,947	30,000	53,947	26,445
Lease/Purchase Agreement for a new telephone system Original amount - \$29,246 Maturity date - September, 2005 Interest rate - 13.68%	--	29,246	3,225	26,021	4,845
Lease/Purchase Agreement for Dispatch Center equipment Original principal amount - \$70,000 Maturity date - August, 2008 Interest rate - 4.36%	--	70,000	15,221	54,779	12,830
Lease/Purchase Agreement for Crack Sealing Equipment Original amount - \$45,100 Maturity date - October, 2008 Interest rate - 4.29%	--	45,100	9,500	35,600	8,348
Lease/Purchase Agreement for Police Equipment and Installation Service for the Police Dept. Original amount - \$139,458 Maturity date - October, 2006 Interest rate - 3.80%	--	139,458	48,230	91,228	44,763
Total Capital Leases	6,500	367,751	112,676	261,575	97,231
COMPENSATED ABSENCES	83,697	131,128	123,815	91,010	91,010
Total Long-Term Liabilities	<u>\$9,745,169</u>	<u>\$498,879</u>	<u>\$ 434,271</u>	<u>\$ 9,809,777</u>	<u>\$ 410,433</u>

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

4. LONG-TERM LIABILITIES (continued)

The annual debt service requirements to maturity on general obligation bonds at June 30, 2005 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 - 2015	4,070,000	1,264,544	5,334,544
2016 - 2020	2,780,000	386,748	3,166,748
2021	<u>420,000</u>	<u>18,480</u>	<u>438,480</u>
Total	<u>\$9,434,173</u>	<u>\$3,766,683</u>	<u>\$13,200,856</u>

Bond payments are made from the debt service fund.

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, 2005 is as follows:

Constitutional debt limit	\$21,124,342
General obligation bonds payable	(9,434,173)
Amount available in Debt Service Fund	<u>675,961</u>
Legal Debt Margin	<u>\$12,366,130</u>

The annual debt service requirements to maturity on the notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	<u>\$ 23,019</u>	<u>\$ 604</u>	<u>\$23,623</u>

Note payments are generally made from the general fund.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

4. LONG-TERM LIABILITIES (continued)

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2005. Lease payments are generally made from the general fund.

<u>Year Ending June 30,</u>	
2006	\$ 110,034
2007	110,035
2008	33,200
2009	33,201
2010	<u>2,702</u>
 Total future minimum lease payments	 289,172
 Less amount representing interest	 <u>(27,597)</u>
 Present value of future minimum lease payments	 <u>\$ 261,575</u>

5. 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 CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

5. LAGERS RETIREMENT PLAN (continued)

A. Plan Description (continued)

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 12% (general) and 10.8% (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.

C. Annual Pension Cost

For 2005, the City's annual pension cost of \$291,224 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 and/or February 29, 2004 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% 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 28, 2005 was 20 years.

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

5. LAGERS RETIREMENT PLAN (continued)

C. Annual Pension Cost (continued)

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/03	\$ 208,517	100%	\$0
06/30/04	\$ 237,993	100%	\$0
06/30/05	\$ 291,224	100%	\$0

6. 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.

7. COMMITMENTS AND CONTINGENCIES

The City periodically is subject to claims and lawsuits that arise in the ordinary course of operations. It is the opinion of management that, except for the following, the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the City. In 2003 the City filed suit to take over certain property interests necessary to complete roadway improvements to the Fiese and Henke Road projects. The St. Charles Condemnation Commissioners entered an award of \$280,200 on May 12, 2003 that was paid by the City to the property owners for the property interests. The City and the property owners both filed exceptions to the award. All aspects of the matter have been settled except for the Feise Road property for which the City paid the property owner \$275,000. Currently the property owners are seeking judgment of approximately \$500,000 to \$700,000 for the value of the property and approximately \$750,000 to \$1,000,000 for diminution of value of the remainder as a result of the taking. The City estimated the fair market value of all of the property to be approximately \$169,910. The City is vigorously defending its estimate of fair market value of the interests taken but is unable to predict with any degree of confidence

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

7. COMMITMENTS AND CONTINGENCIES (continued)

the value that the jury will place on the condemned interests. The trial was to begin in late August 2005 however it has been postponed. No new trial date has been set. Management cannot predict the outcome of this matter or estimate the amount of loss if any, which may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements.

8. RISK MANAGEMENT

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.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes:				
Property taxes.....	\$ 1,571,305	\$ 1,494,500	\$ 1,483,731	\$ (10,769)
Sales taxes:				
General	818,612	773,512	720,509	(53,003)
Transportation.....	409,306	386,756	360,195	(26,561)
Parks.....	38,000	38,000	37,349	(651)
Utility gross receipts taxes.....	330,220	347,220	348,657	1,437
Franchise taxes.....	408,475	408,475	425,937	17,462
Cigarette taxes.....	17,000	17,000	19,114	2,114
Total Taxes.....	<u>3,592,918</u>	<u>3,465,463</u>	<u>3,395,492</u>	<u>(69,971)</u>
Fees, Licenses, Fines and Permits:				
Merchant licenses.....	14,000	17,073	18,125	1,052
Liquor licenses.....	6,500	6,225	6,500	275
Court fines.....	350,000	350,000	342,915	(7,085)
Pond assessments.....	5,100	2,600	2,835	235
Platting, rezoning and variance fees.....	27,000	27,000	8,947	(18,053)
Building permits.....	435,000	435,000	214,099	(220,901)
Plan review fees.....	6,000	6,000	8,090	2,090
Inspection fees.....	96,000	111,686	206,418	94,732
Mowing fees.....	5,000	5,000	5,043	43
Occupancy permits.....	6,400	6,400	5,875	(525)
Other permits.....	14,000	14,000	9,190	(4,810)
Total Fees, Licenses, Fines and Permits.....	<u>965,000</u>	<u>980,984</u>	<u>828,037</u>	<u>(152,947)</u>
Intergovernmental:				
Road and bridge rebates.....	240,000	261,705	261,705	-
Gas and vehicle rebates.....	430,000	430,000	427,314	(2,686)
Dispatching services.....	15,000	15,000	15,000	-
Grants.....	53,626	65,763	60,298	(5,465)
Total Intergovernmental.....	<u>738,626</u>	<u>772,468</u>	<u>764,317</u>	<u>(8,151)</u>
Recreation:				
Baseball/softball registration.....	40,000	40,000	41,990	1,990
Camps and recreation programs.....	54,000	53,001	57,616	4,615
Tournaments.....	10,000	10,000	8,524	(1,476)
Adult leagues.....	6,000	5,255	8,775	3,520
Coaches certification fees.....	320	320	259	(61)
Concession stand fees.....	12,500	12,500	11,862	(638)
Pavilion rentals.....	3,000	3,000	3,975	975
Special events.....	4,000	3,808	7,693	3,885
Triathlon.....	65,000	57,230	57,230	-
Total Recreation.....	<u>194,820</u>	<u>185,114</u>	<u>197,924</u>	<u>12,810</u>

See accompanying independent auditors' report and
accompanying notes to budgetary comparison schedules

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, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Interest.....	20,000	30,000	47,112	17,112
Miscellaneous:				
Local police training fund.....	-	911	7,481	6,570
Alcohol/drug cost reimbursement.....	-	2,405	2,200	(205)
Alarm fees.....	2,000	2,145	2,170	25
Insurance reports.....	4,000	4,625	1,735	(2,890)
Cuivre river capital credits.....	5,700	5,700	5,692	(8)
Land lease income.....	40,800	40,800	45,116	4,316
Miscellaneous.....	8,300	8,300	9,044	744
Total Miscellaneous.....	60,800	64,886	73,438	8,552
Total Revenues.....	5,572,164	5,498,915	5,306,320	(192,595)
EXPENDITURES:				
Administration:				
Current:				
Personnel.....	598,913	349,089	339,810	9,279
Commodities.....	57,595	24,692	23,166	1,526
Contractual.....	196,132	163,170	169,209	(6,039)
Maintenance.....	13,100	600	624	(24)
Miscellaneous.....	5,700	7,696	9,051	(1,355)
Capital outlay.....	37,888	83,494	92,684	(9,190)
Debt service.....	-	6,080	6,255	(175)
Total Administration.....	909,328	634,821	640,799	(5,978)
Finance:				
Current:				
Personnel.....	189,357	204,901	205,654	(753)
Commodities.....	15,980	15,980	14,797	1,183
Contractual.....	94,502	93,747	58,633	35,114
Maintenance.....	2,200	2,200	605	1,595
Total Finance.....	302,039	316,828	279,689	37,139
Police:				
Current:				
Personnel.....	1,752,863	1,880,757	1,861,150	19,607
Commodities.....	90,593	94,072	89,235	4,837
Contractual.....	108,661	112,376	103,995	8,381
Maintenance.....	30,700	29,995	28,173	1,822
Miscellaneous.....	3,880	2,330	2,253	77
Capital outlay.....	264,182	325,821	325,347	474
Debt service.....	106,000	93,621	93,451	170
Total Police.....	2,356,879	2,538,972	2,503,604	35,368

See accompanying independent auditors' report and
accompanying notes to budgetary comparison schedules

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, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Community Development:				
Current:				
Personnel.....	468,802	494,871	397,373	97,498
Commodities.....	32,888	35,231	27,144	8,087
Contractual.....	114,717	106,909	47,948	58,961
Maintenance.....	2,120	4,344	4,082	262
Capital outlay.....	22,000	25,167	1,186	23,981
Total Community Development.....	640,527	666,522	477,733	188,789
Public Works:				
Current:				
Personnel.....	565,289	551,908	579,649	(27,741)
Commodities.....	239,540	231,141	212,822	18,319
Contractual.....	41,168	44,419	27,172	17,247
Maintenance.....	29,025	28,202	23,365	4,837
Capital outlay.....	112,000	243,183	166,000	77,183
Debt service.....	49,707	46,348	46,443	(95)
Total Public Works.....	1,036,729	1,145,201	1,055,451	89,750
Court:				
Current:				
Personnel.....	98,417	104,795	102,772	2,023
Commodities.....	2,725	8,957	8,345	612
Contractual.....	9,050	50,064	45,289	4,775
Maintenance.....	51,753	193	257	(64)
Capital outlay.....	5,000	5,000	4,169	831
Total Court.....	166,945	169,009	160,832	8,177
Parks:				
Current:				
Personnel.....	278,641	298,181	288,165	10,016
Commodities.....	72,200	70,716	68,139	2,577
Contractual.....	26,656	22,338	22,025	313
Park programs.....	107,000	106,006	115,903	(9,897)
Maintenance.....	10,500	61,890	61,962	(72)
Miscellaneous.....	4,000	6,106	6,141	(35)
Capital outlay.....	29,000	29,000	24,441	4,559
Total Parks.....	527,997	594,237	586,776	7,461

See accompanying independent auditors' report and
accompanying notes to budgetary comparison schedules

THE CITY OF LAKE SAINT LOUIS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Facilities Maintenance:				
Current:				
Personnel.....	-	32,512	21,801	10,711
Commodities.....	-	41,434	35,023	6,411
Contractual.....	-	9,480	7,012	2,468
Maintenance.....	-	3,496	2,096	1,400
Capital outlay.....	-	2,500	2,481	19
Total Facilities Maintenance.....	-	89,422	68,413	21,009
Total Expenditures.....	5,940,444	6,155,012	5,773,297	381,715
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	(368,280)	(656,097)	(466,977)	189,120
OTHER FINANCING SOURCES (USES):				
Proceeds from the sale of capital assets.....	59,600	67,000	41,431	(25,569)
Insurance proceeds.....	-	50,159	52,631	2,472
Capital lease.....	293,182	378,814	367,751	(11,063)
Transfers to other funds.....	(65,300)	(172,844)	(172,844)	-
Total Other Financing Sources (Uses).....	287,482	323,129	288,969	(34,160)
NET CHANGE IN FUND BALANCE.....	(80,798)	(332,968)	(178,008)	154,960
FUND BALANCE, BEGINNING OF YEAR.....	1,611,390	1,611,390	1,611,390	-
FUND BALANCE, END OF YEAR.....	<u>\$ 1,530,592</u>	<u>\$ 1,278,422</u>	<u>\$ 1,433,382</u>	<u>\$ 154,960</u>

See accompanying independent auditors' report and
accompanying notes to budgetary comparison schedules

THE CITY OF LAKE SAINT LOUIS, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2005

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.
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 Street Projects Fund.

7. The City's legal level of budgetary control is at the fund level.
8. 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, 2005**

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>
02/28/03	\$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%
02/28/05	2,904,640	3,321,497	416,857	87%	2,414,838	17%

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.

See accompanying independent auditors' report

ADDITIONAL SUPPLEMENTARY INFORMATION

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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Property taxes	\$ 838,543	\$ 856,059	\$ 844,811	\$ (11,248)
Interest.....	7,700	11,000	14,262	3,262
Total Revenues.....	846,243	867,059	859,073	(7,986)
EXPENDITURES:				
Debt service:				
Principal.....	171,549	171,549	171,549	-
Interest and fiscal charges.....	627,540	627,805	627,548	257
Total Expenditures.....	799,089	799,354	799,097	257
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES.....	47,154	67,705	59,976	(7,729)
FUND BALANCE, BEGINNING OF YEAR.....	615,985	615,985	615,985	-
FUND BALANCE, END OF YEAR.....	<u>\$ 663,139</u>	<u>\$ 683,690</u>	<u>\$ 675,961</u>	<u>\$ (7,729)</u>

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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Interest.....	\$ 2,511	\$ 2,511	\$ 2,489	\$ (22)
Total Revenues.....	2,511	2,511	2,489	(22)
EXPENDITURES:				
Capital outlay.....	379,000	276,000	291,699	(15,699)
Total Expenditures.....	379,000	276,000	291,699	(15,699)
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES.....	(376,489)	(273,489)	(289,210)	(15,721)
FUND BALANCE, BEGINNING OF YEAR.....	379,865	379,865	379,865	-
FUND BALANCE, END OF YEAR.....	\$ 3,376	\$ 106,376	\$ 90,655	\$ (15,721)

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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental.....	\$ 746,493	\$ 996,715	\$ 996,715	\$ -
Grants.....	32,825	84,033	58,708	(25,325)
Interest.....	3,000	16,055	20,000	3,945
Miscellaneous.....	56,200	74,458	123,218	48,760
Total Revenues.....	838,518	1,171,261	1,198,641	27,380
EXPENDITURES:				
Capital outlay	1,825,433	2,198,556	1,849,282	349,274
Total Expenditures.....	1,825,433	2,198,556	1,849,282	349,274
EXCESS REVENUES OVER (UNDER) EXPENDITURES.....	(986,915)	(1,027,295)	(650,641)	376,654
OTHER FINANCING USES:				
Transfers to other funds.....	-	(13,953)	(13,953)	-
Total Other Financing Sources.....	-	(13,953)	(13,953)	-
NET CHANGE IN FUND BALANCE.....	(986,915)	(1,041,248)	(664,594)	376,654
FUND BALANCE, BEGINNING OF YEAR.....	1,373,435	1,373,435	1,373,435	-
FUND BALANCE, END OF YEAR.....	<u>\$ 386,520</u>	<u>\$ 332,187</u>	<u>\$ 708,841</u>	<u>\$ 376,654</u>

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Interest	\$ 4,000	\$ 3,600	\$ 4,061	\$ 461
Miscellaneous.....	-	41,000	35,507	(5,493)
Total Revenues.....	4,000	44,600	39,568	(5,032)
EXPENDITURES:				
Capital outlay.....	69,300	1,151,473	1,143,331	8,142
Total Expenditures.....	69,300	1,151,473	1,143,331	8,142
EXCESS REVENUES OVER (UNDER)				
EXPENDITURES.....	(65,300)	(1,106,873)	(1,103,763)	3,110
OTHER FINANCING SOURCES:				
Transfers from other funds.....	65,300	186,797	186,797	-
Total Other Financing Sources.....	65,300	186,797	186,797	-
NET CHANGE IN FUND BALANCE.....	-	(920,076)	(916,966)	3,110
FUND BALANCE, BEGINNING OF YEAR.....	922,535	922,535	922,535	-
FUND BALANCE, END OF YEAR.....	\$ 922,535	\$ 2,459	\$ 5,569	\$ 3,110

STATISTICAL
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
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
2004/05		4,240,303	1,819,740	828,037	87,924	197,924	-	232,163	7,406,091

(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
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
2004/05	1,298,096	2,241,469	843,008	2,140,981	562,335	65,932	1,759,639	945,246	9,856,706

(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

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
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%
(1) 2003/04	2,227,494	2,214,936	99.44%	21,105	2,236,041	100.38%	12,558	0.56%
(1) 2004/05	2,330,132	2,306,862	99.00%	10,707	2,317,569	99.46%	19,044	0.82%

(1) Includes occupancy billings

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>
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
2004/05	1,483,731	1,118,053	348,657	425,937	19,114	3,395,492

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	
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	191,904,170	966,732,254	522,024	1,631,325	192,426,194	968,363,579	19.87%
2004/05	210,787,260	1,094,435,129	456,157	1,425,491	211,243,417	1,095,860,620	19.28%

SOURCE: St. Charles County Assessor's office

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		
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	3.5618	0.6200	4.1818	0.0050	-	0.2250	0.2300	2.2635	7.8223
2004/05	0.7005	0.3994	1.0999	3.9469	0.6200	4.5669	0.0040	-	0.2250	0.2290	1.2644	7.1602

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995/96	9,165	\$ 84,775,386	\$ 4,646,072	\$ 168,712	\$ 4,477,360	5.28%	\$ 489
1996/97	9,532	87,940,780	4,446,072	153,540	4,292,532	4.88%	450
1997/98	10,980	100,489,180	4,231,072	541,488	3,689,584	3.67%	336
1998/99	11,300	104,256,920	3,991,072	634,875	3,356,197	3.22%	297
1999/00	11,600	118,652,360	3,951,072	551,787	3,399,285	2.86%	293
2000/01	11,900	127,060,550	6,251,072	647,886	5,603,186	4.41%	471
2001/02	11,900	152,731,660	6,041,072	646,210	5,394,862	3.53%	453
2002/03	11,900	162,554,940	9,770,875	684,156	9,086,719	5.59%	764
2003/04	11,900	192,426,194	9,605,722	615,985	8,989,737	4.67%	755
2004/05	14,000	211,243,417	9,434,173	675,961	8,758,212	4.15%	626

(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

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>
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%
2004/05	171,549	625,480	797,029	9,856,706	8.09%

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>
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	35,791	7,000	4.00%
2004/05	14,000	32,064	7,788	3.10%

(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: Wentzville School District.

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
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	4	16,625,000	275	43,780,000
2004/05	23,438,380	186,746,210	210,184,590	8	11,792,326	191	27,630,000

(1) Assessed value excluding agriculture

(2) Actual value

THE CITY OF LAKE SAINT LOUIS, MISSOURI

PRINCIPAL TAXPAYERS
JUNE 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Scott Brothers Investment Corp.	Apartments	\$ 3,694,940	1.7%
Camden Operating LP	Condominiums	3,470,490	1.6%
SSM Health Care	Medical	2,382,010	1.1%
SM Properties	Grocery	1,137,520	0.5%
Palmer Properties	Office Building	913,070	0.4%
Bent Oak LLC	Apartments	764,770	0.4%
Gundaker Commercial Group	Office Building	733,130	0.3%
SAM, LLC	Condos	694,160	0.3%
Laclede Gas Company	Utility	673,580	0.3%
Cuivre River Electric Cooperative	Utility	636,820	0.3%
Total		<u>\$ 15,100,490</u>	<u>6.9%</u>

SOURCE: The City of Lake Saint Louis, Missouri tax records

THE CITY OF LAKE SAINT LOUIS, MISSOURI

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2005

<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	\$ 9,434,173	100.0%	\$ 9,434,173
Overlapping:			
St. Charles Community College	48,680,000	4.97%	2,419,396
Wentzville School District	<u>113,500,000</u>	27.41%	<u>31,110,350</u>
TOTAL	<u>\$ 171,614,173</u>		<u>\$ 42,963,919</u>

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, 2005

Assessed valuation.....	\$ 211,243,417
Debt limit - 10% of assessed valuation.....	\$ 21,124,342
Amount of debt applicable to debt limit:	
Total bonded debt.....	9,434,173
Less:	
Amount available in Debt Service Fund.....	675,961
Total amount of debt applicable to debt limit.....	8,758,212
Legal Debt Margin.....	\$ 12,366,130

THE CITY OF LAKE SAINT LOUIS, MISSOURI

MISCELLANEOUS STATISTICS AND INFORMATION
JUNE 30, 2005

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	48
Classified	49	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	3	Miles of water mains	430
Park acreage	152	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	31	Education: (Wentzville School District)	
Number of patrol units	14	Number of elementary schools	5
Number of Law Violations:		Number of elementary school instructors	290
Physical arrests: 441 adult		Number of middle and high schools	4
13 juvenile		Number of middle and high school instructors	305
Traffic violations: 2,399 tickets		Number of colleges	0
298 accidents		Vocational instructors	0
Facilities and Services Not Included in the		Hospitals:	
Reporting Entity:		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	42	Lakes	2
Number of calls answered	839	Tennis courts	4
Number of inspections completed	594		