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City of Ladue

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CITY OF LADUE, MISSOURI

*FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2005*



BOTZ, DEAL & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

CITY OF LADUE, MISSOURI

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INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members of
the Board of Aldermen
CITY OF LADUE, MISSOURI

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ladue, Missouri, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ladue, Missouri, as of December 31, 2005, and the respective changes in the financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, pension plan information and budgetary comparison information on pages 2 through 7 and 29 through 34, 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 inquires 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Ladue, Missouri's basic financial statements. The supplemental information on pages 35 through 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Botz, Deal & Company

March 24, 2006

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**CITY OF LADUE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2005**

The discussion and analysis of the City of Ladue's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2005. It should be read in conjunction with the accompanying basic financial statement.

FINANCIAL HIGHLIGHTS -

- General Fund revenue was \$405,000 or 4.4% more than fiscal year 2004 and \$411,000 over budget. This was principally due to higher utility taxes, court fines, interest income, and cost of living adjustments on property taxes.
- Of the \$9,383,000 in revenue generated by the General Fund, \$7,604,000 or 78.6% was spent on personnel related costs. This percentage is far more acceptable thanks to the property tax increase passed in 2004.
- Total General Fund expenses were \$392,000 or 4.5% over the 2004 level. Of this increase, \$282,000 was in personnel costs, with an \$86,000 increase in pension costs, and \$164,000 in salaries and overtime expense. However, total expenses were \$164,033 under budget mainly due to a positive variance in personnel costs.
- There were no major road projects expended from the Road & Bridge Fund in 2005 with the intent of building more reserves to apply to the major Warson Road improvement planned for 2006.
- The Storm Water Fund generated sales tax revenues of \$921,706. Three culverts were replaced or repaired totaling \$249,000. In addition, work began on the replacement of the culvert on Old Warson Road at Gilbert. The total cost for this culvert is anticipated to be about \$775,000 with completion in 2006.
- Capital Improvement Fund expenditures totaled \$1,264,733 for the fiscal year 2005. This included \$421,000 for a new fire department pumper and \$157,000 for a new ambulance.

REPORT LAYOUT

The report consists of Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire, public works and general government administration. The City currently does not have any business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Assets focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Governmental activities are reported on the accrual basis of accounting in the statement of net assets.
- The Statement of Activities focuses on gross and net costs of city programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column title "Other Non-major Funds". The City considers all funds to be major funds. Budgetary comparisons for the General Fund and major special revenue funds are now presented as required supplementary information. A budgetary comparison is presented for the General Fund, Road and Bridge Fund, Capital Improvements Fund and Storm Water Projects Fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

THE CITY AS A WHOLE

Government-wide Financial Analysis

The City's combined net assets were \$17,471,617 as of December 31, 2005. This analysis focuses on the net assets (table 1), and changes in general revenues (table 2) and significant expenses of the City's governmental activities

The City's net assets consist of its investment in capital assets (e.g., land, buildings, improvements, vehicles, infrastructure and equipment); less accumulated depreciation and any related debt used to acquire those assets that is still outstanding and unrestricted balances. The City currently has no outstanding debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1

	2005	2004	Increase (Decrease)
Current and other assets	\$ 11,127,615	\$ 9,552,733	\$ 1,574,882
Capital assets	8,122,636	7,180,123	942,513
Total assets	<u>19,250,251</u>	<u>16,732,856</u>	<u>2,517,395</u>
Current and other liabilities	663,242	442,175	221,067
Long-term liabilities	1,115,392	1,110,944	4,448
Total liabilities	<u>1,778,634</u>	<u>1,553,119</u>	<u>225,515</u>
Net assets:			
Invested in capital assets	8,122,636	7,180,123	942,513
Restricted	3,724,017	2,992,601	731,416
Unrestricted	5,624,964	5,007,013	617,951
Total net assets	<u>\$ 17,471,617</u>	<u>\$ 15,179,737</u>	<u>\$ 2,291,880</u>

Cash and investments of the City increased \$1,678,031 from 2004 to 2005. This is the result of several factors. First, the property tax increase passed by the voters in 2004 allowed the City to accumulate additional reserve funds. Second, the City receives sales taxes designated for capital expenditures and infrastructure repair and replacement. These funds are usually accumulated to allow the City to complete larger capital projects. In 2005, the City accumulated excess funds to be used on upcoming projects.

Governmental activities increased the City's net assets by \$2,291,880. The key elements of this increase are as follows:

Table 2

	2005	2004	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for service	\$ 1,053,902	\$ 982,980	\$ 70,922
Capital grants	40,932	-	40,932
General revenues:			
Taxes	10,671,774	10,653,650	18,124
Interest income	196,922	70,372	126,550
Miscellaneous	58,783	57,475	1,308
Gain (loss) on sale of capital assets	33,556	(12,031)	45,587
Total revenues	<u>12,055,869</u>	<u>11,752,446</u>	<u>303,423</u>
Expenses:			
General government	1,040,790	929,547	111,243
Police department	3,296,897	3,200,250	96,647
Fire department	3,526,352	3,407,578	118,774
Public works	1,899,950	1,808,056	91,894
Total expenses	<u>9,763,989</u>	<u>9,345,431</u>	<u>418,558</u>
Increase in net assets	2,291,880	2,407,015	(115,135)
Net assets, beginning of year	15,179,737	12,772,722	2,407,015
Net assets, end of year	<u>\$ 17,471,617</u>	<u>\$ 15,179,737</u>	<u>\$ 2,291,880</u>

Total 2005 revenues shown in Table 2 were \$12,055,869 compared with total revenues of \$11,752,446 in 2004. The increase in total revenues of \$303,423 represents an overall increase in revenue of 2.6%. Most of the increase in revenue can be attributed to an increase in interest rates and reserve balances and the sale of City property at an amount in excess of its net book value.

Total 2005 expenses increased to \$9,763,989 from \$9,345,431 in 2004. Most of this increase was in personnel costs from increased compensation and pension costs.

Governmental Funds

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting.

Table 3

	Fiscal Year Ending 2005	Fiscal Year Ending 2004	Increase (Decrease)	Percentage Change
Taxes	\$ 10,710,064	\$ 10,538,727	\$ 171,337	1.6 %
Licenses and permits	426,170	410,098	16,072	3.9
Fines and court costs	444,620	371,832	72,788	19.6
Charges for service	183,112	201,050	(17,938)	(8.9)
Investment income	196,922	70,372	126,550	179.8
Miscellaneous	178,313	81,827	96,486	117.9
Total general Revenues	<u>\$ 12,139,201</u>	<u>\$ 11,673,906</u>	<u>\$ 465,295</u>	4.0

Total 2005 revenues increased by \$465,295 on the modified accrual basis. This represents an overall increase in revenue of 4.0%. Sales tax decreased \$111,413 from 2004, which was offset by an increase in utility taxes of \$158,073 and an increase in property taxes of \$163,186 as recognized under the modified accrual method of accounting. Investment income has increased \$126,550 or 179.8% over the prior year. This is attributable to increased interest rates and an increase in the amount of money the City has invested. Miscellaneous income increased \$96,486 or 117.9% over the prior year. Two factors account for this increase, the sale of vehicles and equipment and the receipt of a grant by the fire department. Court fines increased \$72,788 or 19.6% due to full staffing in the police traffic division and increased DWI traffic fines.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2005, the City had \$11,841,102 invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, roads, and water and sewer lines. (See Table 4.) This amount represents a net increase (including additions and deductions) of \$1,141,821 or 10.7% over the prior fiscal year.

Table 4

	2005	2004	Increase (Decrease)
Land	\$ 316,425	\$ 316,425	\$ -
Buildings	4,511,879	4,511,879	-
Improvements	888,318	604,585	283,733
Machinery and equipment	2,015,964	1,914,328	101,636
Vehicles	1,957,929	1,533,467	424,462
Infrastructure	1,904,240	1,644,475	259,765
Construction in progress	246,347	174,122	72,225
Total	<u>\$ 11,841,102</u>	<u>\$ 10,699,281</u>	<u>\$ 1,141,821</u>

The most significant addition to capital assets this fiscal year was the purchase of a new fire truck and a new ambulance for a total of \$578,276. The City purchased seven additional vehicles for \$204,047 for use in the Police and Public Works departments. During the year improvements totaling \$253,073 were made to the parking lots and sidewalks within the City Hall complex.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2005, the governmental funds of the City reported a combined fund balance of \$10,387,740. This ending balance includes an increase in fund balances of \$1,392,105 in the City's funds. One million dollars of this increase was accumulating reserves in the Road & Bridge and Storm Water funds for future infrastructure projects.

General Fund Budgetary Highlights

For 2005, actual revenues were \$9,383,254 compared to the budget amount of \$8,972,151. The \$411,103 variance was due to higher utility taxes, court fine revenues, interest income and collection of previously reserved unpaid property taxes.

For 2005, actual expenditures were \$9,022,565 compared to the budget amount of \$9,186,598. The \$164,033 variance was primarily due to vacancies in the Police department at varying times of the year and reduced salaries from workers compensation insurance reimbursements.

The City did not amend the original budget for 2005.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Total budgeted revenues for 2006 are consistent with the actual revenues received for 2005. We are optimistic that the sales tax revenue may pick up with the opening of Busch's Grove and Office Max in late 2005. Utility revenues should prove to be higher with the increase in natural gas rates. Most other revenues are expected to remain consistent with previous years.

Budgeted expenses in the General Fund always include a personnel cost reflecting a full contingency of personnel for the entire year. The actual costs usually reflect a positive variance to budget due to unfilled positions for part of the year. Cost control will remain a constant objective to hopefully attain a surplus for 2006 in the General Fund.

There are two major capital expenditures planned for 2006. First will be the refurbishment of a portion of Warson Road between Conway and the northern city limits. This is budgeted at \$1.7 million. Second is the completion of the major culvert on Old Warson at Gilbert, estimated at \$775,000. There will be five other minor culvert repairs totaling about \$165,000. These are just the latest in a series of planned infrastructure improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact George Pelt, Director of Finance of the City of Ladue, Missouri.

CITY OF LADUE, MISSOURI

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,833,436
Investments	5,031,678
Taxes receivable:	
Property	1,575,309
Intergovernmental	582,748
Inventory	30,021
Prepaid	74,423
Capital assets - net	
Nondepreciable	562,772
Depreciable	7,559,864
TOTAL ASSETS	<u>19,250,251</u>
LIABILITIES	
Accounts payable	257,186
Accrued wages	134,974
Escrow payable	271,082
Noncurrent liabilities:	
Due in one year	474,835
Due in more than one year	640,557
TOTAL LIABILITIES	<u>1,778,634</u>
NET ASSETS	
Invested in capital assets	8,122,636
Restricted for capital improvements	3,724,017
Unrestricted	5,624,964
TOTAL NET ASSETS	<u>\$ 17,471,617</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Capital Grants	Governmental Activities
Governmental Activities				
General government	\$ 1,040,790	\$ 454,285	\$ -	\$ (586,505)
Police department	3,296,897	576,098	-	(2,720,799)
Fire department	3,526,352	23,519	40,932	(3,461,901)
Public works	1,899,950	-	-	(1,899,950)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,763,989	\$ 1,053,902	\$ 40,932	(8,669,155)
Taxes:				
Sales				3,903,161
Utility				1,724,164
Property				4,011,644
Franchise				139,828
Other				892,977
Interest income				196,922
Other miscellaneous revenue				58,783
Gain (loss) on sale of capital assets				33,556
TOTAL GENERAL REVENUES				10,961,035
CHANGE IN NET ASSETS				2,291,880
NET ASSETS BEGINNING OF YEAR				15,179,737
NET ASSETS END OF YEAR				\$ 17,471,617

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 2,205,212	\$ 263,215	\$ 561,694	\$ 803,315	\$ 3,833,436
Investments	3,372,942	889,833	-	768,903	5,031,678
Taxes receivable:					
Property	1,498,676	-	-	-	1,498,676
Other	-	248,884	151,547	182,317	582,748
Inventory	30,021	-	-	-	30,021
Prepaid	74,423	-	-	-	74,423
TOTAL ASSETS	\$ 7,181,274	\$ 1,401,932	\$ 713,241	\$ 1,754,535	\$ 11,050,982
LIABILITIES					
Account payable	\$ 111,495	\$ 7,763	\$ 16,238	\$ 121,690	\$ 257,186
Accrued wages	134,974	-	-	-	134,974
Escrow payable	271,082	-	-	-	271,082
TOTAL LIABILITIES	517,551	7,763	16,238	121,690	663,242
FUND BALANCES:					
Fund balances:					
Reserved for prepaid	74,423	-	-	-	74,423
Unreserved:					
Designated - contingency	20,000	-	-	-	20,000
General fund	6,569,300	-	-	-	6,569,300
Capital projects fund	-	1,394,169	-	-	1,394,169
Capital improvements	-	-	697,003	-	697,003
Parks and storm water projects fund	-	-	-	1,632,845	1,632,845
TOTAL FUND BALANCES	6,663,723	1,394,169	697,003	1,632,845	10,387,740
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,181,274	\$ 1,401,932	\$ 713,241	\$ 1,754,535	\$ 11,050,982

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF DECEMBER 31, 2005

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

Total fund balance per balance sheet	\$ 10,387,740
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,122,636
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	76,633
Long-term liabilities not due and payable in the current period and therefore, are not reported in the funds.	<u>(1,115,392)</u>
Net assets of governmental activities	<u><u>\$ 17,471,617</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
REVENUES					
Taxes	\$ 8,158,556	\$ 845,284	\$ 784,518	\$ 921,706	\$ 10,710,064
Licenses and permits	426,170	-	-	-	426,170
Fines and court costs	444,620	-	-	-	444,620
Charges for service	183,112	-	-	-	183,112
Investment income	112,013	25,901	22,163	36,845	196,922
Miscellaneous	58,783	-	119,530	-	178,313
TOTAL REVENUES	<u>9,383,254</u>	<u>871,185</u>	<u>926,211</u>	<u>958,551</u>	<u>12,139,201</u>
EXPENDITURES					
Current:					
General government	995,182	-	-	-	995,182
Police department	3,128,967	-	-	-	3,128,967
Fire department	3,407,276	-	-	-	3,407,276
Public works	1,488,839	119,776	-	-	1,608,615
Capital outlay	2,301	19,540	1,264,733	320,482	1,607,056
TOTAL EXPENDITURES	<u>9,022,565</u>	<u>139,316</u>	<u>1,264,733</u>	<u>320,482</u>	<u>10,747,096</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	360,689	731,869	(338,522)	638,069	1,392,105
OTHER FINANCING SOURCES (USES)					
Operating transfer in (out)	300,000	(300,000)	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	660,689	431,869	(338,522)	638,069	1,392,105
FUND BALANCES - BEGINNING OF YEAR	<u>6,003,034</u>	<u>962,300</u>	<u>1,035,525</u>	<u>994,776</u>	<u>8,995,635</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,663,723</u>	<u>\$ 1,394,169</u>	<u>\$ 697,003</u>	<u>\$ 1,632,845</u>	<u>\$ 10,387,740</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI

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

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

Change in fund balance-total governmental funds	\$ 1,392,105
The acquisition of capital assets requires the use of current financial resources, but has no effect on net assets.	1,521,029
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(533,474)
The net effect of other miscellaneous transactions involving capital assets (ie. sales or trade-ins) that decrease net assets.	(45,042)
Revenues in the Statement of Activities that do not provide current financial resources, and therefore are not revenue in the governmental funds	(38,290)
Compensated absences do not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>(4,448)</u>
Change in net assets of governmental activities	<u>\$ 2,291,880</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005

ASSETS

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
Cash and cash equivalents	\$ 484,200	\$ 62,557	\$ 546,757
Accrued interest receivable	24,903	3,056	27,959
Investments - at fair value			
Corporate bonds funds	5,225,215	644,284	5,869,499
Stocks	3,411,023	406,889	3,817,912
Stock funds	7,392,743	890,968	8,283,711
Total Investments	16,028,981	1,942,141	17,971,122
 TOTAL ASSETS	 \$ 16,538,084	 \$ 2,007,754	 \$ 18,545,838

LIABILITIES AND FUND BALANCE

FUND BALANCE			
Net assets held in trust for pension benefits	\$ 16,538,084	\$ 2,007,754	\$ 18,545,838
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 16,538,084	 \$ 2,007,754	 \$ 18,545,838

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
REVENUES			
Contributions:			
Employer	\$ 983,068	\$ 110,188	\$ 1,093,256
Plan member	112,210	-	112,210
Total Contributions	<u>1,095,278</u>	<u>110,188</u>	<u>1,205,466</u>
Investment return:			
Net appreciation in fair value of investments	500,659	62,083	562,742
Interest and dividends	428,196	51,542	479,738
Less: investment expenses	(45,007)	(5,479)	(50,486)
Net Investment Return	<u>883,848</u>	<u>108,146</u>	<u>991,994</u>
TOTAL REVENUES	<u>1,979,126</u>	<u>218,334</u>	<u>2,197,460</u>
EXPENSES			
Benefit payments	1,239,775	45,231	1,285,006
Refunds to terminated employees	6,773	-	6,773
Administrative expense	17,794	15,129	32,923
TOTAL EXPENSES	<u>1,264,342</u>	<u>60,360</u>	<u>1,324,702</u>
NET INCOME	714,784	157,974	872,758
FUND BALANCES - BEGINNING OF YEAR	<u>15,823,300</u>	<u>1,849,780</u>	<u>17,673,080</u>
FUND BALANCES - END OF YEAR	<u>\$ 16,538,084</u>	<u>\$ 2,007,754</u>	<u>\$ 18,545,838</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LADUE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Ladue, Missouri, (the City) was incorporated December 1, 1936. The City operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), public works, public improvements, planning and zoning, and general administrative services.

A. **REPORTING ENTITY**

The City applies the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The City presently has no component units included within its reporting entity.

B. **BASIC FINANCIAL STATEMENTS**

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net assets and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net assets have been eliminated.

Statement of Net Assets -The statement of net assets is designed to display the financial position of the Primary Government (governmental and business-type activities). The City reports capital assets in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The net assets of the City are broken down into three categories 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **BASIC FINANCIAL STATEMENTS** - continued

Statement of Activities - The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. The City has elected to implement the requirements of GASB 34 related to infrastructure assets from January 1, 2004 forward.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, the Road and Bridge Fund, the Capital Improvement Fund, and the Storm Water Projects Fund. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds.

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental funds financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The City reports the following major governmental funds:

The General Fund - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The Capital Improvements Fund - The City uses this fund to account for sales tax revenue designated for capital purchases.

The Storm Water Projects Fund - The City uses this fund to account for sales tax revenue designated for parks and storm water projects.

The Road and Bridge Fund - The City uses this fund to account for tax revenue designated for road improvements.

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent or on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

Pension Trust Funds - Pension Trust Funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. The pension trust funds account for the assets of Firemen's and Policemen's Pension Plan and the Pension Plan for Non-Uniformed Employees.

D. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$50,000 or more are also capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

D. **CAPITAL ASSETS** - continued

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	7 - 40 years
Machinery and equipment	3 - 25 years
Vehicles	2 - 5 years
Infrastructure	20 - 50 years

The government-wide financial statements do not reflect those infrastructure assets completed prior to January 1, 2004. From this point forward, new infrastructure will be added to the records while the retroactive historical value of the City's infrastructure assets will not be added.

E. **ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

F. **INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All interfund transactions are reported as transfers.

G. **COMPENSATED ABSENCES**

It is the City's policy that each year's accrued vacation should be taken within 12 months of the year in which it is earned. An employee may carry one week of vacation over into the second subsequent year provided written approval is obtained from the appropriate department head. Employees are compensated at their hourly rate for unused vacation upon retirement, resignation (if in good standing) or termination.

Employees of the administrative, police and public works departments can earn and accumulate sick leave at the rate of 1 day (8 hours) per month of service to a maximum of 120 days (960 hours) for purposes of computing the payout. Members of the fire department can earn and accumulate sick leave at the rate of one-half day (12 hours) per month of service to a maximum of 120 days (1,440 hours) for purposes of computing the payout.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

G. **COMPENSATED ABSENCES** - continued

Employees who have been employed in excess of 10 years are eligible to receive compensation for a portion of their accumulated sick leave. Employees are compensated at their current hourly rate upon retirement, resignation (if in good standing) or termination. Accumulated vacation and sick leave is accrued when incurred in the government-wide financial statements.

H. **NET ASSETS AND FUND EQUITY**

In government-wide financial statements net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal on related debt. Net assets invested in capital assets, net of related debt does not include the unspent proceeds of capital debt. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. **INVESTMENTS**

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities. The Pension Trust Funds are also authorized to invest in corporate stocks and bonds as allowed by state law. Investments are carried at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting for Certain Investments and for External Investment Pools*. Investments with an original maturity of three months or less are considered to be cash equivalents.

J. **INVENTORY**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the general fund consists of gasoline held for consumption.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

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

1. The Finance Director submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is formally adopted.
4. The Finance Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.

Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles.

3. **CASH AND TEMPORARY INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds except the special revenue fund, which maintains a separate account. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "investments". The investments of the Police and Firemen's Pension Fund and the Non-Uniformed Employees' Retirement Fund are held separately from those of other City funds.

Cash - At year-end, the carrying value of the City's deposits were \$968,835 and the bank balances were \$1,031,007. All of the bank balances were insured by federal depository insurance or collateralized by securities held by the City's agent in the City's name.

As of December 31, 2005, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>Rating By S & P</u>
Repurchase Agreements	\$ 2,864,601	\$ 2,864,601	N/A
Certificates of Deposit	3,268,903	3,268,903	A-1+
Government Agencies	979,975	979,975	AAA
Total	\$ <u>7,113,479</u>	\$ <u>7,113,479</u>	

Interest Rate Risk - The City does not have a formal policy in regards to interest rate risk. In general the City mitigates the risk by purchasing investments with relatively short maturities, while basing decisions on investment return.

3. **CASH AND TEMPORARY INVESTMENTS - continued**

Custodial Credit Risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the City's name. The City has no policy on custodial credit risk.

Concentration of Credit Risk - The City places no limit on the amount that the City may invest in any one issuer. 46% of the City investments are in certificates of deposit.

4. **PROPERTY TAX**

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied approximately November 1 and payable by December 31. As of January 1 of the following year, unpaid taxes are considered past due, the applicable property is subject to lien, and penalties and interest are assessed. Personal property tax is collected by St. Louis County and is remitted to the City. The assessed value at January 1, 2005, upon which the 2005 levy was based for real, personal and public utility property, was \$570,461,786.

The City's tax rate was levied per \$100 of assessed valuation for the General Fund based on the following property class:

Real estate:	
Residential	\$.717
Commercial	.685
Agricultural	.894
Personal property	.756

5. **INTERFUND TRANSACTIONS**

The following operating transfers were made during the fiscal year ending December 31, 2005:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$300,000	\$ -
Road and Bridge Fund	-	300,000

The Road and Bridge Fund transfers funds annually to the General Fund to cover expenditures made in the General Fund that were capital in nature, which includes some expenditures charged to Public Works.

6. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2005 is as follows:

	Balance Beginning Of Year	Additions	Transfers and Deletions	Balance End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 316,425	\$ -	\$ -	\$ 316,425
Construction in process	174,122	320,482	(248,257)	246,347
Total capital assets, not being depreciated	<u>490,547</u>	<u>320,482</u>	<u>(248,257)</u>	<u>562,772</u>
Capital assets, being depreciated:				
Buildings	4,511,879	-	-	4,511,879
Improvements	604,585	283,733	-	888,318
Machinery and equipment	1,914,328	122,981	(21,345)	2,015,964
Vehicles	1,533,467	782,323	(357,861)	1,957,929
Infrastructure	1,644,475	11,508	248,257	1,904,240
Total capital assets, being depreciated	<u>10,208,734</u>	<u>1,200,545</u>	<u>(130,949)</u>	<u>11,278,330</u>
Less accumulated depreciation for:				
Buildings	(1,151,323)	(105,334)	-	(1,256,657)
Improvements	(369,300)	(33,414)	-	(402,714)
Machinery and equipment	(1,106,415)	(154,640)	12,563	(1,248,492)
Vehicles	(874,109)	(158,706)	321,597	(711,218)
Infrastructure	(18,011)	(81,384)	-	(99,395)
Total accumulated Depreciated	<u>(3,519,158)</u>	<u>(533,478)</u>	<u>334,160</u>	<u>(3,718,476)</u>
Total capital assets, being depreciated, net	<u>6,689,576</u>	<u>667,067</u>	<u>203,211</u>	<u>7,559,854</u>
Total governmental activities	<u>\$ 7,180,123</u>	<u>\$ 987,549</u>	<u>\$ (45,046)</u>	<u>\$ 8,122,626</u>

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

Governmental activities:	
General government	\$ 31,267
Police department	152,254
Fire department	96,274
Public works	253,683
Total depreciation expense - governmental activities	<u>\$ 533,478</u>

7. **LONG-TERM LIABILITIES**

	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due Within One Year
Governmental activities:					
Accrued vacation	\$ 401,722	\$ 511,259	\$ (509,319)	\$ 403,662	\$ 403,662
Accrued sick leave	709,222	72,105	(69,597)	711,730	71,173
Subtotal governmental activities	<u>\$ 1,110,944</u>	<u>\$ 583,364</u>	<u>\$ (578,916)</u>	<u>\$ 1,115,392</u>	<u>\$ 474,835</u>

Funds to retire accrued vacation and sick leave come from the General Fund.

8. **EMPLOYEE RETIREMENT SYSTEMS**

The City administers two single-employer, defined benefit pension plans - the Firemen's and Policemen's Pension Plan (Uniformed Plan), which covers all of its sworn public safety employees and The Pension Plan for Non-Uniformed Employees (Non-Uniformed Plan), which covers substantially all of the City's full-time general employees. Each plan's assets may be used only for the payment of benefits to the plan's members in accordance with the terms of the plan.

Membership of each plan consisted of the following at January 1, 2005, the date of the last actuarial valuation:

	Uniformed Plan	Non-Uniformed Plan
Retirees and beneficiaries currently receiving benefits	40	10
Terminated plan members entitled to but not yet receiving benefits	1	2
Active plan members	<u>58</u>	<u>31</u>
TOTAL	<u>99</u>	<u>43</u>

THE CITY OF LADUE, MISSOURI FIREMEN'S AND POLICEMEN'S PENSION PLAN (UNIFORMED PLAN)

Plan Description

The City of Ladue, Missouri Firemen's and Policemen's Pension Plan (Uniformed Plan) covers all of the City's sworn full-time police and fire employees. The Uniform Plan is a single-employer, defined benefit pension plan which provides retirement, disability and death benefits to plan members and their beneficiaries. An annual cost of living adjustment is provided based on the annual change in the Consumer Price Index, but not more than 2% per year and not more than 20% over the life of the payments. The Board of Aldermen have the authority to amend the benefit provisions of the Plan. Neither plan issues separate stand alone financial statements.

8. **EMPLOYEE RETIREMENT SYSTEMS - continued**

Contributions

Plan members are required to contribute 3% of their annual pay. It is the City's policy to make contributions at the actuarially determined rate or higher. The Board of Aldermen has the authority to amend contribution requirements. Administrative costs are financed through City contributions and investment earnings.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the Uniformed Plan are as follows:

<u>Year Ended December 31</u>	
Annual required contribution	\$ 983,068
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>983,068</u>
Contribution made	<u>(983,068)</u>
Decrease in net pension obligation	-
Net pension obligation - beginning of year	-
Net pension obligation - end of year	<u><u>\$ -</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation using the individual entry age normal method of funding. The actuarial assumptions include (a) 7.75% investment rate of return, (b) 4.75% projected salary increases, and (c) administrative costs of \$25,000, (d) mortality based on the 1983 Group Annuity Mortality table with active deaths assumed to be 50%. Both (a) and (b) included an inflation component of 3.0%. 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 funding policy contribution is the normal cost with interest to the end of the Plan year plus a 20-year amortization of the unfunded accrued liability.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 910,979	100.0%	\$ -
12/31/04	906,696	100.0	-
12/31/05	983,068	100.0	-

8. **EMPLOYEE RETIREMENT SYSTEMS - continued**

THE CITY OF LADUE, MISSOURI PENSION PLAN FOR NON-UNIFORMED EMPLOYEES (NON-UNIFORMED PLAN)

Plan Description

All of the City's full-time employees, excluding police and firemen, are eligible to participate in the City of Ladue, Missouri Pension Plan for Non-Uniformed Employees (Non-Uniformed Plan), a single-employer defined benefit retirement plan. The Non-Uniformed Plan provides retirement, early retirement, disability and death benefits to plan members and their beneficiaries. There is no cost of living adjustment provision. The Board of Aldermen has the authority to amend benefit provisions of the Plan.

Contributions

Plan members are not required to make contributions. It is the City's policy to make contributions at the actuarially determined rate or higher. The Board of Aldermen has the authority to amend contribution requirements. Administrative costs are financed through City contributions and investment earnings.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the Non-Uniformed Plan are as follows:

<u>Year Ended December 31</u>	
Annual required contribution	\$ 110,118
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>110,118</u>
Contribution made	<u>(110,118)</u>
Decrease in net pension obligation	-
Net pension obligation - beginning of year	-
Net pension obligation - end of year	<u><u>-</u></u>

Annual Pension Cost and Net Pension Obligation - continued

The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation using the aggregate cost method which does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions include (a) 7.75% investment rate of return, (b) 5% projected salary increases, (c) administrative costs of \$20,000, (d) mortality based on the 1983 Group Annuity Mortality table. Both (a) and (b) included an inflation component of 3.0%. 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.

8. **EMPLOYEE RETIREMENT SYSTEMS - continued**

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 92,402	100.0%	\$ -
12/31/04	99,990	100.0	-
12/31/05	110,188	100.0	-

9. **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City makes no contribution to the Plan.

AXA - Advisors, L.L.P. administers the City's Deferred Compensation Plan. With the adoption of Governmental Accounting Standards Board (GASB) No. 32, "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*" the City's Deferred Compensation Plan is not included in the basic financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

10. **PENDING ACCOUNTING PRONOUNCEMENT**

In 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes uniform financial reporting standards for post employment benefits other than pensions. The City will be required to implement this new standard for the fiscal year ending December 31, 2008. The City has not completed the varied analyses required to estimate the financial statement impact of this new statement.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LADUE, MISSOURI
SCHEDULE OF FUNDING PROGRESS, EMPLOYER CONTRIBUTIONS
AND ACTUARIAL ASSUMPTIONS

FUNDING PROGRESS - UNIFORMED PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b)-(a)/(c)]
1/1/2001	\$ 16,248,145	\$ 17,670,704	\$ 1,422,559	91.9 %	\$ 3,155,718	45.1 %
1/1/2002	17,007,931	19,295,567	2,287,636	88.1	3,428,896	66.7
1/1/2003	15,204,281	21,411,392	6,207,111	71.0	3,586,895	173.0
1/1/2004	17,194,086	23,255,866	6,061,780	73.9	3,581,760	169.2
1/1/2005	17,267,814	24,530,293	7,262,479	70.4	3,651,659	198.9

Note: Schedule of Funding Progress is not required for the Non-Uniformed Plan since the Plan uses the aggregate funding method.

EMPLOYER CONTRIBUTION

Year Ended	Uniformed Plan		Non-Uniformed Plan	
	Annual Required December 31,	Percentage Contribution	Annual Required Contributed	Percentage Contribution
2005	\$ 983,068	100	\$ 110,188	100 %
2004	906,696	100	99,990	100
2003	910,979	100	92,402	100
2002	567,169	100	50,615	100
2001	462,505	88	49,067	100
2000	423,222	100	55,644	85
1999	217,365	100	-	100
1998	189,961	100	7,178	100
1997	218,678	126	15,344	159
1996	190,378	100	11,326	100
1995	170,832	100	12,102	100

-continued-

CITY OF LADUE, MISSOURI
SCHEDULE OF FUNDING PROGRESS, EMPLOYER CONTRIBUTIONS
AND ACTUARIAL ASSUMPTIONS

-continued-

ACTUARIAL ASSUMPTIONS

	<u>Non-Uniformed Plan</u>	<u>Uniformed Plan</u>
Valuation Date	January 1, 2005	January 1, 2005
Actuarial Cost Method		
Current	Individual Entry Age	Aggregate
1994 - 1999	Aggregate	Aggregate
Prior to 1994	Frozen entry level	Frozen entry level
Asset Valuation Method	5-year moving average	5-year moving average
Actuarial Assumptions		
Investment rate of return*	7.75%	7.75%
Project salary increase*	4.75%	5.00%
Cost of living adjustments	N/A	2.00%
*Includes inflation at	3.00%	3.00%

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 7,945,635	\$ 7,945,635	\$ 8,158,556	\$ 212,921
Licenses and permits	375,181	375,181	426,170	50,989
Fines and court costs	385,800	385,800	444,620	58,820
Investment income	-	-	112,013	112,013
Charges for service	190,435	190,435	183,112	(7,323)
Miscellaneous	75,100	75,100	58,783	(16,317)
TOTAL REVENUE	<u>8,972,151</u>	<u>8,972,151</u>	<u>9,383,254</u>	<u>411,103</u>
EXPENDITURES				
Current:				
General government	1,015,110	1,015,110	995,182	19,928
Police department	3,277,338	3,277,338	3,128,967	148,371
Fire department	3,421,047	3,421,047	3,407,276	13,771
Public works	1,473,103	1,473,103	1,488,839	(15,736)
Capital outlay	-	-	2,301	(2,301)
TOTAL EXPENDITURES	<u>9,186,598</u>	<u>9,186,598</u>	<u>9,022,565</u>	<u>164,033</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(214,447)</u>	<u>(214,447)</u>	<u>360,689</u>	<u>575,136</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	85,553	85,553	660,689	<u>\$ 575,136</u>
FUND BALANCES - BEGINNING OF YEAR	<u>6,003,034</u>	<u>6,003,034</u>	<u>6,003,034</u>	
FUND BALANCES - END OF YEAR	<u>\$ 6,088,587</u>	<u>\$ 6,088,587</u>	<u>\$ 6,663,723</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 760,000	\$ 760,000	\$ 845,284	\$ 85,284
Licenses and permits	43,000	43,000	-	(43,000)
Investment income	8,500	8,500	25,901	17,401
TOTAL REVENUE	<u>811,500</u>	<u>811,500</u>	<u>871,185</u>	<u>59,685</u>
EXPENDITURES				
Current:				
General government	4,500	4,500	-	4,500
Public works	165,700	165,700	119,776	45,924
Capital outlay	-	-	19,540	(19,540)
TOTAL EXPENDITURES	<u>170,200</u>	<u>170,200</u>	<u>139,316</u>	<u>30,884</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>641,300</u>	<u>641,300</u>	<u>731,869</u>	<u>90,569</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	341,300	341,300	431,869	<u>\$ 90,569</u>
FUND BALANCES - BEGINNING OF YEAR	<u>962,300</u>	<u>962,300</u>	<u>962,300</u>	
FUND BALANCES - END OF YEAR	<u>\$ 1,303,600</u>	<u>\$ 1,303,600</u>	<u>\$ 1,394,169</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 810,000	\$ 810,000	\$ 784,518	\$ (25,482)
Investment income	11,000	11,000	22,163	11,163
Miscellaneous	-	-	119,530	119,530
TOTAL REVENUE	<u>821,000</u>	<u>821,000</u>	<u>926,211</u>	<u>105,211</u>
EXPENDITURES				
Capital outlay	<u>1,397,411</u>	<u>1,397,411</u>	<u>1,264,733</u>	<u>132,678</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(576,411)	(576,411)	(338,522)	<u>\$ 237,889</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,035,525</u>	<u>1,035,525</u>	<u>1,035,525</u>	
FUND BALANCES - END OF YEAR	<u>\$ 459,114</u>	<u>\$ 459,114</u>	<u>\$ 697,003</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STORM WATER PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 950,000	\$ 950,000	\$ 921,706	\$ (28,294)
Investment income	11,000	11,000	36,845	25,845
TOTAL REVENUE	<u>961,000</u>	<u>961,000</u>	<u>958,551</u>	<u>(2,449)</u>
EXPENDITURES				
Capital outlay	<u>1,332,000</u>	<u>1,332,000</u>	<u>320,482</u>	<u>1,011,518</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(371,000)	(371,000)	638,069	<u>\$ 1,009,069</u>
FUND BALANCES - BEGINNING OF YEAR	<u>994,776</u>	<u>994,776</u>	<u>994,776</u>	
FUND BALANCES - END OF YEAR	<u>\$ 623,776</u>	<u>\$ 623,776</u>	<u>\$ 1,632,845</u>	

SUPPLEMENTAL INFORMATION

CITY OF LADUE, MISSOURI
SCHEDULE OF GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
1996	\$ 600,914	\$ 4,004,376	\$ 1,056,120	\$ 5,661,410
1997	639,592	4,017,568	1,126,744	5,783,904
1998	707,459	4,064,815	1,125,079	5,897,353
1999	762,113	4,196,109	1,132,086	6,090,308
2000	927,443	4,567,763	1,120,725	6,615,931
2001	849,692	5,162,575	1,269,934	7,282,201
2002	867,038	5,468,920	1,264,869	7,600,827
2003	853,388	6,037,105	1,285,268	8,175,761
2004	879,573	6,268,534	1,450,794	8,598,901
2005	995,182	6,536,243	1,488,839	9,020,264

Note: Excludes capital expenditures

CITY OF LADUE, MISSOURI
SCHEDULE OF GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>FISCAL</u> <u>YEAR</u>	<u>TAXES</u>	<u>LICENSES</u> <u>AND</u> <u>PERMITS</u>	<u>CHARGES</u> <u>FOR</u> <u>SERVICES</u>	<u>FINES</u> <u>AND</u> <u>FORFEITS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
1996	\$ 5,395,313	\$ 146,839	\$ 112,058	\$ 377,134	\$ 82,795	\$ 6,114,139
1997	5,449,026	158,929	125,719	405,453	135,675	6,274,802
1998	5,466,544	189,995	121,791	421,153	164,391	6,363,874
1999	5,627,043	233,491	123,154	372,742	199,250	6,555,680
2000	6,022,608	256,395	131,507	426,371	316,098	7,152,979
2001	6,443,624	281,417	139,134	488,332	292,238	7,644,745
2002	6,256,997	400,674	149,044	489,778	142,348	7,438,841
2003	6,440,607	311,827	144,224	437,226	91,589	7,425,473
2004	7,903,550	410,098	201,050	371,832	84,967	8,971,497
2005	8,158,556	426,170	183,112	444,620	170,796	9,383,254

CITY OF LADUE, MISSOURI
SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>	<u>OUTSTANDING TAXES</u>	<u>PERCENT OF OUTSTANDING TAXES TO TAX LEVY</u>
1996	\$ 1,703,356	\$ 1,375,060 *	80.7 %	\$ 564,557	\$ 1,939,617	113.9 %	\$ 341,572 *	20.1 %
1997	1,850,098	1,492,392 *	80.7	328,405	1,820,797	98.4	344,668 *	18.6
1998	1,870,561	1,333,499 *	71.3	330,343	1,663,842	88.9	524,011 *	28.0
1999	2,001,777	1,544,267 *	77.1	513,854	2,058,121	102.8	460,178 *	23.0
2000	2,035,045	1,451,809 *	71.3	447,579	1,899,388	93.3	597,315 *	29.4
2001	2,205,587	1,408,815 *	63.9	579,144	1,987,959	90.1	802,367 *	36.4
2002	2,215,198	1,597,012 *	72.1	789,256	2,386,268	107.7	618,186 *	27.9
2003	2,317,008	1,709,486 *	73.8	590,451	2,299,937	99.3	569,202 *	24.6
2004	3,896,927	2,966,935 *	76.1	559,613	3,526,548	90.5	889,625 *	22.8
2005	4,066,234	3,242,379 *	79.7	885,573	4,127,952	101.5	762,004 *	18.7

* These figures include amounts received by December 31. No January receipts are reflected in these figures.

CITY OF LADUE, MISSOURI
 MISCELLANEOUS STATISTICAL DATA
 AS OF DECEMBER 31, 2005

Date of Incorporation	December 1, 1936
Form of Government	Mayor - Board of Aldermen
Area	8.43 square miles
Population (2000 census)	8,413
Homes (2000 census)	3,345
Miles of Streets	
Public	23
Private	58
Fire Protection:	
Number of:	
Stations	2
Firemen and officers	32
Police Protection:	
Number of:	
Stations	1
Policemen and officers	28
Communications personnel	6
Public Works	
Number of:	
Buildings	3
Personnel and officers	18
Education:	
Number of:	
Elementary - public	2
Elementary - private	3
Middle school - public	1
High school - public	1
High School - private	2
Special education	2
Churches	6
Building permits issued for the year ended December 31, 2005	351
Recreation and Culture:	
Number of:	
Parks	2 with approximately 66.7 acres
Libraries	1
Private country clubs	6
Employees	91