

University of Missouri, St. Louis

IRL @ UMSL

UMSLCAB - UMSL's Political Science Millennial
Era Saint Louis Local Curated Area Budgets

Political Science Department

1-1-2007

Financial Statements, 2006

City of Ladue

Follow this and additional works at: <https://irl.umsl.edu/cab>

Recommended Citation

City of Ladue, "Financial Statements, 2006" (2007). *UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets*. 210.

<https://irl.umsl.edu/cab/210>

This Book is brought to you for free and open access by the Political Science Department at IRL @ UMSL. It has been accepted for inclusion in UMSLCAB - UMSL's Political Science Millennial Era Saint Louis Local Curated Area Budgets by an authorized administrator of IRL @ UMSL. For more information, please contact marvinh@umsl.edu.



SUSAN MONTEE, CPA
Missouri State Auditor

June 28, 2007

George O. Pelt, Finance Director
City of Ladue
St. Louis County
9345 Clayton Road
St. Louis, MO 63124-1587

Fiscal Period: One Year Ended December 31, 2006 ✓

Dear Mr. Pelt:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

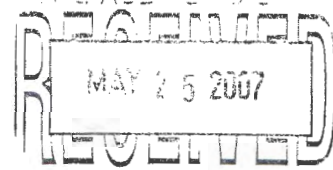
SUSAN MONTEE, CPA
STATE AUDITOR

A handwritten signature in black ink that reads "Judy Buerky".

Judy Buerky
Local Government Analyst

CITY OF
LADUE

City Hall



May 22, 2007

State Auditor's Office
Susan Montee, CPA
State Auditor
P. O. Box 869
Jefferson City, MO 65102

Dear Ms. Montee,

In accordance with Section 105.145, the City of Ladue is enclosing the annual audited financial statement for the fiscal year ending 12-31-06.

Sincerely,

Handwritten signature of George O. Pelt in blue ink.

George O. Pelt
Finance Director

GOP:kmm

Enclosures

CITY OF LADUE, MISSOURI

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2006**



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

CITY OF LADUE, MISSOURI

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Statement Of Net Assets	8
Statement Of Activities	9
Balance Sheet - Governmental Funds	10
Reconciliation Of The Statement Of Net Assets Of Governmental Funds To The Balance Sheet	11
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances - All Governmental Fund Types	12
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	13
Statement Of Fiduciary Net Assets - Fiduciary Funds	14
Statement Of Changes In Fiduciary Net Assets - Fiduciary Funds	15
Notes To Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule Of Funding Progress, Employer Contributions And Actuarial Assumptions	28
Budgetary Comparison Schedule - General Fund	30
Budgetary Comparison Schedule - Road And Bridge Fund	31
Budgetary Comparison Schedule - Capital Improvements Fund	32
Budgetary Comparison Schedule - Storm Water Projects Fund	33
SUPPLEMENTAL INFORMATION:	
Schedule Of General Fund Expenditures By Function - Last Ten Fiscal Years	34
Schedule Of General Fund Revenues By Source - Last Ten Fiscal Years	35
Schedule Of Property Tax Levies And Collections - Last Ten Fiscal Years	36
Miscellaneous Statistical Data	37



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, 2006, 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, 2006, 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 28 through 33, 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 34 through 37 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.


April 12, 2007

TWO WESTBURY DRIVE
ST. CHARLES, MO 63301
(636) 946-2800
FAX (636) 946-2975
botzdeal@botzdeal.com

**CITY OF LADUE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006**

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, 2006. It should be read in conjunction with the accompanying basic financial statement.

FINANCIAL HIGHLIGHTS -

- The General Fund was able to generate an additional \$610,000 surplus in 2006 due to a somewhat unexpected increase in revenues. 2006 actual revenue was \$603,000 or 6.4% more than fiscal year 2005 and \$595,000 over budget. This was primarily due to a higher volume and seriousness of court fines, increased reserve balances and a higher interest rate contributing significantly to higher investment income, cost of living adjustments to property taxes, and increased gas and phone utility taxes.
- Total General Fund expenses were \$654,000 or 7.2% over the 2005 level. \$205,000 of this variance was attributable to outside contractor expenses incurred with the debris clean up from two major storms that hit the City in 2006. Personnel costs were \$446,000 or 5.8% over the 2005 level but \$195,000 under the 2006 budget. Pension costs were \$157,000 higher as dictated by the actuarial valuation. Salaries were \$275,000 over the 2005 level due to partial compensations and unfilled positions in 2005, and cost of living and salary adjustments for 2006. Total personnel related costs of \$8,050,486 represented 78.5% of General Fund expenses with the inter-fund allocation.
- There were no major road projects expended from the Road & Bridge Fund in 2006. The \$899,140 budgeted for the Warson Road refurbishing was deferred until 2007.
- The Storm Water Fund received sales tax revenues of \$983,072. The culvert on Old Warson Road at Gilbert was completed with a total cumulative cost of \$847,973. In addition, \$124,811 was expended for the partial repair of 5 small culverts. This work will be completed in 2007. Only \$32,610 was spent for the Warson Road refurbishing since this project was deferred until 2007.
- The Capital Improvement Fund received sales tax revenues of \$835,968. In addition, it received \$71,250 in Federal Fund grants, which it applied to the purchase of two new generators for the firehouses. It also received a \$17,500 Firemen's Fund grant, which was used for the purchase of a new thermal-imaging camera.

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 \$20,002,568 as of December 31, 2006. 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

	2006	2005	Increase (Decrease)
Current and other assets	\$ 13,118,995	\$ 11,127,615	\$ 1,991,380
Capital assets	8,836,958	8,122,636	714,322
Total assets	<u>21,955,953</u>	<u>19,250,251</u>	<u>2,705,702</u>
Current and other liabilities	758,389	663,242	95,147
Long-term liabilities	1,194,996	1,115,392	79,604
Total liabilities	<u>1,953,385</u>	<u>1,778,634</u>	<u>174,751</u>
Net assets:			
Invested in capital assets	8,836,958	8,122,636	714,322
Restricted	4,989,842	3,724,017	1,265,825
Unrestricted	6,175,768	5,624,962	550,806
Total net assets	<u>\$ 20,002,568</u>	<u>\$ 17,471,619</u>	<u>\$ 2,530,949</u>

Cash and investments of the City increased \$1,755,943 from 2005 to 2006. This is the result of surpluses generated in the various funds throughout 2006. The Road & Bridge Fund, Capital Improvement Fund, and Storm Water Fund surpluses were due to the postponement of the Warson Road refurbishing until 2007. This will total approximately \$1.8 million. These funds will quite often accumulate reserves for future projects exceeding any one year's revenue stream.

Governmental activities increased the City's net assets by \$2,530,949. The key elements of this increase are as follows:

Table 2

	2006	2005	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for service	\$ 1,329,639	\$ 1,053,902	\$ 275,737
Capital grants	93,750	40,932	52,818
General revenues:			
Taxes	11,164,616	10,671,774	492,842
Interest income	378,129	196,922	181,207
Miscellaneous	52,500	58,783	(6,283)
Gain (loss) on sale of capital assets	(1,981)	33,556	(35,537)
Total revenues	<u>13,016,653</u>	<u>12,055,869</u>	<u>960,784</u>
Expenses:			
General government	1,042,688	1,040,790	1,898
Police department	3,564,855	3,296,897	267,958
Fire department	3,753,966	3,526,352	227,614
Public works	2,124,195	1,899,950	224,245
Total expenses	<u>10,485,704</u>	<u>9,763,989</u>	<u>721,715</u>
Increase in net assets	2,530,949	2,291,880	239,069
Net assets, beginning of year	17,471,619	15,179,739	2,291,880
Net assets, end of year	<u>\$ 20,002,568</u>	<u>\$ 17,471,619</u>	<u>\$ 2,530,949</u>

Total 2006 revenues shown in Table 2 were \$13,013,653 compared with total revenues of \$12,055,869 in 2005. The increase in total revenues of \$960,784 represents an overall increase in revenue of 8%. The increased revenues were due to higher court fines, investment income, property and sales taxes throughout all funds.

Total 2006 expenses increased to \$10,485,704 from \$9,763,989 in 2005. The increase was due to higher personnel costs in compensation and pension costs. \$205,000 was also expended for outside contractors involved with debris clean up in two major storms in 2006.

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 2006	Fiscal Year Ending 2005	Increase (Decrease)	Percentage Change
Taxes	\$ 11,085,799	\$ 10,662,339	\$ 423,460	4.0 %
Licenses and permits	507,385	473,895	33,490	7.1
Fines and court costs	659,717	444,620	215,097	48.4
Charges for service	221,208	183,112	38,096	20.8
Investment income	378,129	196,922	181,207	92.0
Miscellaneous	182,744	178,313	4,431	2.5
Total general Revenues	<u>\$ 13,034,982</u>	<u>\$ 12,139,201</u>	<u>\$ 895,781</u>	7.4

Total 2006 revenues increased by \$895,781 or 7.4% on the modified accrual basis. The city saw \$112,000 increase in sales tax in the Capital Improvement and Storm Water funds along with a \$75,000 increase in County Road Fund taxes. Utility taxes were \$81,000 higher; property taxes were up \$111,000. Court fines increased due to higher volume and severity of the fines. Investment income increased due to higher cumulative interest rates and higher principal balances throughout all funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2006, the City had \$13,088,576 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 \$1,247,473 or 10.5% over the prior fiscal year.

Table 4

	2006	2005	Increase (Decrease)
Land	\$ 316,425	\$ 316,425	\$ -
Buildings	4,620,063	4,511,879	108,184
Improvements	888,319	888,319	-
Machinery and equipment	2,162,804	2,015,964	146,840
Vehicles	1,960,736	1,957,929	2,807
Infrastructure	2,752,213	1,904,240	847,973
Construction in progress	388,016	246,347	141,669
Total	<u>\$ 13,088,576</u>	<u>\$ 11,841,103</u>	<u>\$ 1,247,473</u>

The most significant addition to capital assets this fiscal year was the addition of a culvert on Old Warson Road totaling \$847,973. The City purchased four additional vehicles for \$83,812 for use in the Police and Public Works departments. During the year improvements totaling \$108,184 were made to the city buildings including new windows, lighting, and two additional generators.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2006, the governmental funds of the City reported a combined fund balance of \$12,263,827. This ending balance includes an increase in fund balances of \$1,876,085 in the City's funds. \$1,265,000 of this increase was accumulating reserves for future infrastructure improvement projects. The remaining \$600,000 was the General Fund surplus for 2006.

General Fund Budgetary Highlights

For 2006, actual revenues were \$9,986,787 compared to the budget amount of \$9,392,175. The \$594,612 variance was due to higher court fines, interest income, and utility taxes. For 2006, actual expenditures were \$9,676,530 compared to the budget amount of \$9,691,826. The small \$15,296 variance is somewhat misleading since the actual expenditures included \$204,580 in extraordinary expenses for storm debris clean up. There was a corresponding positive variance of \$195,595 in personnel costs due to position vacancies and unpaid retirement separation pay in the budget.

The City did not amend the original budget for 2006.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES –

Total budgeted revenues for 2007 are consistent with the actual revenues for 2006. We do not anticipate any adverse impact in 2007 on our sales tax revenue due to the beginning of the I-64 – I-170 highway construction. We are only anticipating a modest dollar increase in property taxes due to the limits of the Hancock amendment.

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. The level of special pay is a function of how many people are eligible for retirement termination pay. Cost control will remain a constant objective to hopefully attain a surplus for 2007 in the General Fund.

There are three major capital expenditures planned for 2007. First will be the refurbishment of a portion of Warson Road between Conway and the northern city limits. This is budgeted at \$1.8 million. Second is the construction of a new right turn lane at the intersection of Warson & Clayton Roads. There is also a new traffic light included with this project. There are \$158,400 in federal funds in the 2007 budget to help defray some of these costs budgeted at \$198,000. Third is the replacement of the Litzsinger Road bridge at Overbook budgeted at \$810,000. There are also federal funds budgeted at \$648,000 to help with this cost. 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, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,122,382
Investments	6,498,675
Taxes receivable:	
Property	1,009,963
Other	1,383,471
Inventory	29,802
Prepaid	74,702
Capital assets - net	
Nondepreciable	704,441
Depreciable	8,132,517
TOTAL ASSETS	21,955,953
LIABILITIES	
Accounts payable	281,737
Accrued wages	153,333
Escrow payable	323,319
Noncurrent liabilities:	
Due in one year	505,722
Due in more than one year	689,274
TOTAL LIABILITIES	1,953,385
NET ASSETS	
Invested in capital assets	8,836,958
Restricted for capital improvements	4,989,842
Unrestricted	6,175,768
TOTAL NET ASSETS	\$ 20,002,568

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

CITY OF LADUE, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Assets</u>
<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges for Service</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>
General government	\$ 1,042,688	\$ 478,420	\$ -	\$ (564,268)
Police department	3,564,855	786,917	5,000	(2,772,938)
Fire department	3,753,966	64,302	88,750	(3,600,914)
Public works	2,124,195	-	-	(2,124,195)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,485,704	\$ 1,329,639	\$ 93,750	(9,062,315)
Taxes:				
Sales				4,004,869
Utility				1,805,308
Property				4,193,449
Franchise				161,573
Other				999,417
Interest income				378,129
Other miscellaneous revenue				52,500
Loss on sale of capital assets				(1,981)
TOTAL GENERAL REVENUES				11,593,264
CHANGE IN NET ASSETS				2,530,949
NET ASSETS BEGINNING OF YEAR				17,471,619
NET ASSETS END OF YEAR				\$ 20,002,568

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

CITY OF LADUE, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 2,041,470	\$ -	\$ 1,195,594	\$ 885,318	\$ 4,122,382
Investments	3,973,721	1,719,553	-	805,401	6,498,675
Taxes receivable:					
Property	913,184	-	-	-	913,184
Other	791,363	290,693	135,652	165,763	1,383,471
Due to/from other funds	58,162	(58,162)	-	-	-
Inventory	29,802	-	-	-	29,802
Prepaid insurance	74,702	-	-	-	74,702
TOTAL ASSETS	\$ 7,882,404	\$ 1,952,084	\$ 1,331,246	\$ 1,856,482	\$ 13,022,216
LIABILITIES					
Account payable	\$ 131,767	\$ 19,367	\$ 31,380	\$ 99,223	\$ 281,737
Accrued wages	153,333	-	-	-	153,333
Escrow payable	323,319	-	-	-	323,319
TOTAL LIABILITIES	608,419	19,367	31,380	99,223	758,389
FUND BALANCES:					
Fund balances:					
Reserved for prepaid items	74,702	-	-	-	74,702
Unreserved:					
Designated - contingency	20,000	-	-	-	20,000
General fund	7,179,283	-	-	-	7,179,283
Road and bridge fund	-	1,932,717	-	-	1,932,717
Capital improvement fund	-	-	1,299,866	-	1,299,866
Storm water projects fund	-	-	-	1,757,259	1,757,259
TOTAL FUND BALANCES	7,273,985	1,932,717	1,299,866	1,757,259	12,263,827
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,882,404	\$ 1,952,084	\$ 1,331,246	\$ 1,856,482	\$ 13,022,216

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, 2006

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

Total fund balance per balance sheet	\$ 12,263,827
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,836,958
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	96,779
Long-term liabilities not due and payable in the current period and therefore, are not reported in the funds.	<u>(1,194,996)</u>
Net assets of governmental activities	<u><u>\$ 20,002,568</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, 2006

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
REVENUES					
Taxes	\$ 8,396,099	\$ 870,660	\$ 835,968	\$ 983,072	\$ 11,085,799
Licenses and permits	448,714	58,671	-	-	507,385
Fines and court costs	659,717	-	-	-	659,717
Charges for service	221,208	-	-	-	221,208
Investment income	209,726	64,420	37,898	66,085	378,129
Miscellaneous	51,323	1,063	130,358	-	182,744
TOTAL REVENUES	<u>9,986,787</u>	<u>994,814</u>	<u>1,004,224</u>	<u>1,049,157</u>	<u>13,034,982</u>
EXPENDITURES					
Current:					
General government	989,611	-	-	-	989,611
Police department	3,379,029	-	-	-	3,379,029
Fire department	3,563,844	-	-	-	3,563,844
Public works	1,744,046	91,364	-	-	1,835,410
Capital outlay	-	64,900	401,361	924,742	1,391,003
TOTAL EXPENDITURES	<u>9,676,530</u>	<u>156,264</u>	<u>401,361</u>	<u>924,742</u>	<u>11,158,897</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	310,257	838,550	602,863	124,415	1,876,085
OTHER FINANCING SOURCES (USES)					
Operating transfer in (out)	300,000	(300,000)	-	-	-
CHANGE IN FUND BALANCE	610,257	538,550	602,863	124,415	1,876,085
FUND BALANCES - BEGINNING OF YEAR	<u>6,663,728</u>	<u>1,394,167</u>	<u>697,003</u>	<u>1,632,844</u>	<u>10,387,742</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,273,985</u>	<u>\$ 1,932,717</u>	<u>\$ 1,299,866</u>	<u>\$ 1,757,259</u>	<u>\$ 12,263,827</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, 2006

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

Change in fund balance-total governmental funds	\$ 1,876,085
The acquisition of capital assets requires the use of current financial resources, but has no effect on net assets.	1,349,817
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(597,020)
The net effect of other miscellaneous transactions involving capital assets (ie. sales or trade-ins) that decrease net assets.	(38,475)
Revenues in the Statement of Activities that do not provide current financial resources, and therefore are not revenue in the governmental funds	20,146
Compensated absences do not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>(79,604)</u>
Change in net assets of governmental activities	<u>\$ 2,530,949</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, 2006

ASSETS

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
Cash and cash equivalents	\$ 1,460,836	\$ 173,733	\$ 1,634,569
Accrued interest receivable	40,044	5,364	45,408
Investments - at fair value			
Corporate bonds funds	5,179,279	638,620	5,817,899
Stocks	2,823,138	347,170	3,170,308
Stock funds	8,788,691	1,137,387	9,926,078
Total Investments	16,791,108	2,123,177	18,914,285
 TOTAL ASSETS	 \$ 18,291,988	 \$ 2,302,274	 \$ 20,594,262

LIABILITIES AND FUND BALANCE

FUND BALANCE			
Net assets held in trust for pension benefits	\$ 18,291,988	\$ 2,302,274	\$ 20,594,262
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 18,291,988	 \$ 2,302,274	 \$ 20,594,262

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, 2006

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
REVENUES			
Contributions:			
Employer	\$ 1,129,573	\$ 120,800	\$ 1,250,373
Plan member	117,450	-	117,450
Total Contributions	<u>1,247,023</u>	<u>120,800</u>	<u>1,367,823</u>
Investment return:			
Net appreciation in fair value of investments	1,430,493	177,428	1,607,921
Interest and dividends	493,830	61,745	555,575
Less: investment expenses	(49,703)	(6,329)	(56,032)
Net Investment Return	<u>1,874,620</u>	<u>232,844</u>	<u>2,107,464</u>
TOTAL REVENUES	<u>3,121,643</u>	<u>353,644</u>	<u>3,475,287</u>
EXPENSES			
Benefit payments	1,341,497	43,657	1,385,154
Refunds to terminated employees	8,893	-	8,893
Administrative expense	17,349	15,468	32,817
TOTAL EXPENSES	<u>1,367,739</u>	<u>59,125</u>	<u>1,426,864</u>
NET INCOME	1,753,904	294,519	2,048,423
FUND BALANCES - BEGINNING OF YEAR	<u>16,538,084</u>	<u>2,007,755</u>	<u>18,545,839</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,291,988</u>	<u>\$ 2,302,274</u>	<u>\$ 20,594,262</u>

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

CITY OF LADUE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

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 \$1,575,477 and the bank balances were \$1,589,827. 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, 2006, 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>
Certificates of Deposit	\$ 5,034,468	\$ 5,034,468	A-1+
Government Agencies	4,071,208	4,071,208	AAA
Total	<u>\$ 9,105,676</u>	<u>\$ 9,105,676</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. 55% of the City's investments are in certificates of deposit, and 45% of the City's investments are in Government Agencies.

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, 2006, upon which the 2006 levy was based for real, personal and public utility property, was \$576,935,927.

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	\$.730
Commercial	.711
Agricultural	.894
Personal property	.756

5. **INTERFUND TRANSACTIONS**

The following operating transfers were made during the fiscal year ending December 31, 2006:

	<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, 2006 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	246,347	989,642	(847,973)	388,016
Total capital assets, not being depreciated	<u>562,772</u>	<u>989,642</u>	<u>(847,973)</u>	<u>704,441</u>
Capital assets, being depreciated:				
Buildings	4,511,879	108,184	-	4,620,063
Improvements	888,319	-	-	888,319
Machinery and equipment	2,015,964	168,185	(21,345)	2,162,804
Vehicles	1,957,929	83,812	(81,005)	1,960,736
Infrastructure	1,904,240	847,973	-	2,752,213
Total capital assets, being depreciated	<u>11,278,331</u>	<u>1,208,154</u>	<u>(102,350)</u>	<u>12,384,135</u>
Less accumulated depreciation for:				
Buildings	(1,256,657)	(106,462)	-	(1,363,119)
Improvements	(402,714)	(42,447)	-	(445,161)
Machinery and equipment	(1,248,492)	(142,371)	16,792	(1,374,071)
Vehicles	(711,218)	(203,358)	47,084	(867,492)
Infrastructure	(99,395)	(102,380)	-	(201,775)
Total accumulated depreciation	<u>(3,718,476)</u>	<u>(597,018)</u>	<u>63,876</u>	<u>(4,251,618)</u>
Total capital assets, being depreciated, net	<u>7,559,855</u>	<u>611,136</u>	<u>(38,474)</u>	<u>8,132,517</u>
Total governmental activities	<u>\$ 8,122,627</u>	<u>\$ 1,600,778</u>	<u>\$ (886,447)</u>	<u>\$ 8,836,958</u>

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

Governmental activities:	
General government	\$ 43,340
Police department	142,289
Fire department	133,599
Public works	<u>277,790</u>
Total depreciation governmental activities	<u>\$ 597,018</u>

7. **LONG-TERM LIABILITIES**

	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due Within One Year
Governmental activities:					
Accrued vacation	\$ 403,662	\$ 429,136	\$ (403,662)	\$ 429,136	\$ 429,136
Accrued sick leave	711,730	125,303	(71,173)	765,860	76,586
Subtotal					
governmental					
activities	\$ 1,115,392	\$ 554,439	\$ (474,835)	\$ 1,194,996	\$ 505,722

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 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, 2006, the date of the last actuarial valuation:

	Uniformed Plan	Non-Uniformed Plan
Retirees and beneficiaries currently receiving benefits	44	9
Terminated plan members entitled to but not yet receiving benefits	-	2
Active plan members	<u>57</u>	<u>30</u>
TOTAL	<u>101</u>	<u>41</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 Uniformed 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 has 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:

Year Ended December 31

Annual required contribution	\$ 1,129,573
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>1,129,573</u>
Contribution made	<u>(1,129,573)</u>
Decrease in net pension obligation	-
Net pension obligation - beginning of year	-
Net pension obligation - end of year	-
	<u>\$ -</u>

The annual required contribution for the current year was determined as part of the January 1, 2006 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>
12/31/04	\$ 906,696	100.0%	\$ -
12/31/05	983,068	100.0	-
12/31/06	1,129,573	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:

Year Ended December 31

Annual required contribution	\$ 120,800
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>120,800</u>
Contribution made	<u>(120,800)</u>
Decrease in net pension obligation	-
Net pension obligation - beginning of year	-
Net pension obligation - end of year	-
	<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, 2006 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>
12/31/04	\$ 99,990	100.0%	\$ -
12/31/05	110,188	100.0	-
12/31/06	120,800	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)]
1/1/2006	\$ 17,426,067	\$ 25,861,569	\$ 8,435,502	67.4 %	\$ 3,782,856	223.0 %
1/1/2005	17,267,814	24,530,293	7,262,479	70.4	3,651,659	198.9
1/1/2004	17,194,086	23,255,866	6,061,780	73.9	3,581,760	169.2
1/1/2003	15,204,281	21,411,392	6,207,111	71.0	3,586,895	173.0
1/1/2002	17,007,931	19,295,567	2,287,636	88.1	3,428,896	66.7
1/1/2001	16,248,145	17,670,704	1,422,559	91.9	3,155,718	45.1

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
2006	\$ 1,129,573	100 %	\$ 120,800	100 %
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

-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, 2006	January 1, 2006
Actuarial Cost Method		
Current	Aggregate	Individual Entry Age
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, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 8,272,857	\$ 8,272,857	\$ 8,396,099	\$ 123,242
Licenses and permits	380,478	380,478	448,714	68,236
Fines and court costs	436,000	436,000	659,717	223,717
Investment income	105,400	105,400	209,726	104,326
Charges for service	186,240	186,240	221,208	34,968
Miscellaneous	11,200	11,200	51,323	40,123
TOTAL REVENUE	<u>9,392,175</u>	<u>9,392,175</u>	<u>9,986,787</u>	<u>594,612</u>
EXPENDITURES				
Current:				
General government	1,003,401	1,003,401	989,611	13,790
Police department	3,459,845	3,459,845	3,379,029	80,816
Fire department	3,617,650	3,617,650	3,563,844	53,806
Public works	1,610,930	1,610,930	1,744,046	(133,116)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>9,691,826</u>	<u>9,691,826</u>	<u>9,676,530</u>	<u>15,296</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(299,651)</u>	<u>(299,651)</u>	<u>310,257</u>	<u>609,908</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	349	349	610,257	<u>\$ 609,908</u>
FUND BALANCES - BEGINNING OF YEAR	<u>6,663,728</u>	<u>6,663,728</u>	<u>6,663,728</u>	
FUND BALANCES - END OF YEAR	<u>\$ 6,664,077</u>	<u>\$ 6,664,077</u>	<u>\$ 7,273,985</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 775,000	\$ 775,000	\$ 870,660	\$ 95,660
Licenses and permits	45,000	45,000	58,671	13,671
Investment income	9,500	9,500	64,420	54,920
Miscellaneous income	-	-	1,063	1,063
TOTAL REVENUE	<u>829,500</u>	<u>829,500</u>	<u>994,814</u>	<u>165,314</u>
EXPENDITURES				
Current:				
General government	4,500	4,500	-	4,500
Public works	1,117,410	1,117,410	91,364	1,026,046
Capital outlay	-	-	64,900	(64,900)
TOTAL EXPENDITURES	<u>1,121,910</u>	<u>1,121,910</u>	<u>156,264</u>	<u>965,646</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(292,410)</u>	<u>(292,410)</u>	<u>838,550</u>	<u>1,130,960</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(592,410)</u>	<u>(592,410)</u>	<u>538,550</u>	<u>\$ 1,130,960</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,394,167</u>	<u>1,394,167</u>	<u>1,394,167</u>	
FUND BALANCES - END OF YEAR	<u>\$ 801,757</u>	<u>\$ 801,757</u>	<u>\$ 1,932,717</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 790,000	\$ 790,000	\$ 835,968	\$ 45,968
Investment income	18,000	18,000	37,898	19,898
Miscellaneous	-	-	130,358	130,358
TOTAL REVENUE	<u>808,000</u>	<u>808,000</u>	<u>1,004,224</u>	<u>196,224</u>
EXPENDITURES				
Capital outlay	<u>1,019,523</u>	<u>1,019,523</u>	<u>401,361</u>	<u>618,162</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(211,523)	(211,523)	602,863	<u>\$ 814,386</u>
FUND BALANCES - BEGINNING OF YEAR	<u>697,003</u>	<u>697,003</u>	<u>697,003</u>	
FUND BALANCES - END OF YEAR	<u>\$ 485,480</u>	<u>\$ 485,480</u>	<u>\$ 1,299,866</u>	

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 STORM WATER PROJECTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 917,000	\$ 917,000	\$ 983,072	\$ 66,072
Investment income	25,000	25,000	66,085	41,085
TOTAL REVENUE	<u>942,000</u>	<u>942,000</u>	<u>1,049,157</u>	<u>107,157</u>
EXPENDITURES				
Capital outlay	<u>1,489,294</u>	<u>1,489,294</u>	<u>924,742</u>	<u>564,552</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(547,294)	(547,294)	124,415	<u>\$ 671,709</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,632,844</u>	<u>1,632,844</u>	<u>1,632,844</u>	
FUND BALANCES - END OF YEAR	<u>\$ 1,085,550</u>	<u>\$ 1,085,550</u>	<u>\$ 1,757,259</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>
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
2006	989,611	6,942,873	1,744,046	9,676,530

Note: Excludes capital expenditures

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

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
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
2006	8,396,099	448,714	221,208	659,717	261,049	9,986,787

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>
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
2006	4,181,744	3,119,816 *	74.6	754,442	3,874,258	92.6	995,516 *	23.8

* 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, 2006

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	7
Public Works	
Number of:	
Buildings	3
Personnel and officers	17
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, 2006	338
Recreation and Culture:	
Number of:	
Parks	2 with approximately 66.7 acres
Libraries	1
Private country clubs	6
Employees	91