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Report to the Board of Aldermen, 2006

City of Ladue

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CITY OF LADUE, MISSOURI

**REPORT TO BOARD OF ALDERMEN
AND MANAGEMENT**

DECEMBER 31, 2006



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

April 12, 2007

Honorable Mayor
and Board of Aldermen
Ladue, Missouri

We are pleased to discuss the results of our audit of the general purpose financial statements of City of Ladue, Missouri for the year ended December 31, 2006.

The accompanying report addresses matters with respect to our 2006 audit and other information, which we believe will be of assistance and interest to you, as well as specific matters required by professional standards to be reported to you. This report is intended solely for the information and use of the Mayor and Board of Aldermen.

Sincerely,

Botz, Deal & Company

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OVERVIEW OF 2006 AUDIT

AUDITORS' RESPONSIBILITY

- * Audit performed in accordance with auditing standards generally accepted in the United States of America.
- * Objective being reasonable - not absolute - assurance about the financial statements being free of material misstatement.

REPORT ON 2006 AUDIT

- * Issued an unmodified opinion dated April 12, 2007.

INTERNAL CONTROL OVER FINANCIAL REPORTING

- * Reviewed controls to extent necessary to obtain an understanding of the structure in order to render an opinion on financial statements.
- * Recommendations set forth on page 3.

MANAGEMENT COOPERATION

- * Received full cooperation.

OTHER MATTERS

The Auditing Standards Board of the AICPA requires that we communicate certain matters to the Audit Committee, or its equivalent of an organization. These requirements are set out in Statement on Auditing Standards Nos. 53, 54, 61 and 89 and our comments thereto are presented below.

ERRORS

* None came to our attention.

FRAUD AND OTHER ILLEGAL ACTS

* None came to our attention.

SIGNIFICANT ACCOUNTING POLICIES

* There were no changes to accounting policies during the period.

MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

* Reviewed management's formulation of accounting estimates and concluded they were reasonable.

CONSULTATIONS WITH OTHER ACCOUNTANTS

* None.

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

* See Exhibit I.

RECOMMENDATIONS TO MANAGEMENT

OVERALL

- * Considered internal control over financial reporting to determine auditing procedures.
- * Audit procedures would not necessarily disclose all matters in internal control over financial reporting that may be material weaknesses.

CURRENT YEAR

- * Currently the City pays a portion of retired employees health insurance until they reach the age for Medicare eligibility. The City is technically incurring this postemployment expense during the years of service of the employees, but recognizes the expense as it is paid rather than when incurred. Governmental Accounting Standards Board Statement No. 43 "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*" and No. 45 "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*" will need to be applied to the reporting of this liability. This standard will require the City to report an actuarially determined liability in the government-wide (full accrual) statements. The City will be required to implement this standard in the fiscal year ending December 31, 2008.

EXHIBIT I

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

STORMWATER PROJECTS FUND

<u>UNADJUSTED AUDIT DIFFERENCES:</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>INCREASE (DECREASE) IN FUND BALANCE</u>
Capital outlay	\$5,051		\$(5,051)
Accounts payable		\$5,051	
Adjust accounts payable at year-end			
 CUMULATIVE EFFECT			<u>\$(5,051)</u>