

CITY OF LADUE, MISSOURI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

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, 2009, 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 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, 2009, 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 31 through 36 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 37 through 40 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
April 9, 2010

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**CITY OF LADUE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009**

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, 2009. It should be read in conjunction with the accompanying basic financial statement.

FINANCIAL HIGHLIGHTS

- Current year real estate tax receivable is \$1,379,872 higher than 2008 since St. Louis County is now collecting the City's real estate taxes. As a result, all of the property tax bills paid in mid to late December, 2009 were not remitted to the City until January, 2010. Deferred revenue consists of \$103,185 in prepaid annual alarms and \$218,030 in protest real estate taxes.

The General Fund experienced a deficit of (\$955,660) after the interfund transfer for the fiscal year ending December 31, 2009. Let it be emphasized that this is after a \$1.2 million dollar City contribution in excess of the annual required contribution to the City's pension plans. The City chose to increase the contribution to try and bolster the pension plans' fund balances and thus the funded ratios. In addition, the uncollected real estate taxes at February 28, 2010, accrued in 2009, were unusually high due to a significant amount of taxes paid under protest and generally uncollected balances. These amounts of \$218,030 and \$92,853, respectively, were written off versus 2009 revenue to deferred revenue and uncollected reserve.

Fiscal year 2009 revenue was \$968,921 less than 2008 actual revenue but only \$132,431 under budget. The principal negative variance was due to cell phone tax settlement revenue which totaled \$776,341 in 2008 but only \$296,199 in 2009 from an AT&T land line settlement. Real estate tax revenue was down \$308,000 due to the aforementioned reserve adjustment. Gas utility tax was down due to overall usage and rates. Building permit dollars were \$69,000 or 42% below the 2008 level and \$27,000 under budget. Sales tax was \$87,165 below 2008 and \$41,000 under budget. These last two negative variances were principally due to the economy and certain store closings. Investment Income was down due to a sharp drop in the interest rate at the beginning of the year. The only real positive revenue variance to previous years and budget was in court fines.

- General Fund expenses were \$174,238 or 1.5% higher than the 2008 expenses. This was principally due to an increased contribution to the Non-Uniform pension plan of \$228,664 in 2009. The City also contributed an additional \$1 million dollars to the Uniformed plan which actually made the contribution similar to 2008 at \$2,255,382. This million dollars however, came primarily from the City's reserves. Not counting the extra \$1.2 million pension contribution, personnel costs were 85% of revenue. This is consistent with previous years even with lost revenue.

In an effort to offset the declining revenues, a number of cost reductions have been implemented starting in 2009. Principally in the personnel area a number of open positions have not been filled. These have not involved lay offs but are a result of retirements and attrition. The real effect of these will not totally be seen until 2010.

- Road and Bridge Fund revenues were down \$80,448 or 8% for 2009. This is a reflection of lower road fund taxes and interest earned.

The major expenditures included \$286,744 for new retaining walls on Price Road and \$466,166 for a portion of Warson Rd. (Phase 2).

- The Capital Improvement Fund received sales tax revenue of \$736,217 which is based on ½% sales tax. This was about 3% less than 2008. Major expenditures included a complete refurbishing of the HVAC unit at the Police Department for \$159,623 and \$42,554 allocation for Warson Road (Phase 2). Vehicle purchases included \$63,340 for a new Public Works Vehicle and \$59,069 for Police Vehicles.
- The Storm Water Fund received sales tax revenues of \$866,132 from a ½% sales tax. This was 2.8% less than 2008. The fund also received \$559,800 in Federal funds to help supplement the cost of the Warson Road bridge over Deer Creek. This was also part of the Warson Road (Phase 2) refurbishment. A cumulative total of \$785,720 has been spent from this fund for Warson Road (Phase 2).

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 City 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 \$28,310,574 as of December 31, 2009. 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

	2009	2008	Increase (Decrease)
Current and other assets	\$ 17,726,435	\$ 16,716,842	\$ 1,009,593
Capital assets	12,554,729	11,305,348	1,249,381
Total assets	<u>30,281,164</u>	<u>28,022,190</u>	<u>2,258,974</u>
Current and other liabilities	702,622	570,956	131,666
Long-term liabilities	1,267,968	1,245,169	22,799
Total liabilities	<u>1,970,590</u>	<u>1,816,125</u>	<u>154,465</u>
Net assets:			
Invested in capital assets	12,554,729	11,305,348	1,249,381
Restricted	6,664,201	6,207,733	456,468
Unrestricted	9,091,644	8,692,984	398,660
Total net assets	<u>\$ 28,310,574</u>	<u>\$ 26,206,065</u>	<u>\$ 2,104,509</u>

Governmental activities increased the City's net assets by \$2,104,509. The key elements of this increase are as follows:

Table 2

	2009	2008	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for service	\$ 1,383,666	\$ 1,318,383	\$ 65,283
Capital grants	559,800	52,066	507,734
General revenues:			
Taxes	11,410,174	11,585,455	(175,281)
Interest income	162,082	291,058	(128,976)
Miscellaneous	99,888	22,384	77,504
Gain (loss) on sale of capital assets	(34,919)	(23,037)	(11,882)
Total revenues	<u>13,580,691</u>	<u>13,246,309</u>	<u>334,382</u>

Expenses:			
General government	\$ 1,095,927	\$ 1,102,793	\$ (6,866)
Police department	4,036,076	3,613,245	422,831
Fire department	4,082,316	3,596,863	485,453
Public works	2,261,863	2,180,243	81,620
Total expenses	<u>11,476,182</u>	<u>10,493,144</u>	<u>983,038</u>
Increase in net assets	2,104,509	2,753,165	(648,656)
Net assets, beginning of year	26,206,065	23,452,900	2,753,165
Net assets, end of year	\$ <u>28,310,574</u>	\$ <u>26,206,065</u>	\$ <u>2,104,509</u>

Total 2009 revenues shown in Table 2 were \$13,580,691 compared with total revenues of \$13,246,309 in 2008. The increase in total revenues of \$334,382 represents an overall increase in revenue of 2.5%. The increased revenues were due to federal grants received for infrastructure projects throughout all funds.

Total 2009 expenses increased to \$11,476,182 from \$10,493,144 in 2008. The increase was primarily due to contributions to the pension trust funds in excess of the actuarially required contribution.

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 2009	Fiscal Year Ending 2008	Increase (Decrease)	Percentage Change
Taxes	\$ 11,143,218	\$ 12,265,936	\$ (1,122,718)	(9.1) %
Licenses and permits	385,763	484,586	(98,823)	(20.4)
Fines and court costs	737,385	591,044	146,341	(24.7)
Charges for service	260,518	242,753	17,765	(7.3)
Investment income	162,082	291,057	(128,975)	(44.3)
Miscellaneous	659,096	136,724	522,372	382.0
Total general Revenues	\$ <u>13,348,062</u>	\$ <u>14,012,100</u>	\$ <u>(664,038)</u>	(4.7) %

The tax decrease consisted of \$480,142 less in retroactive phone settlements, \$134,474 in sales taxes and \$308,276 in real estate taxes due to protest tax payments. Other utility tax receipts were \$103,624 less in phone and \$80,000 in gas receipts. Investment income is down due to the drastic reduction in interest rates early in 2009. Miscellaneous income was up due to federal grant monies received in 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2009, the City had \$18,340,766 invested in a broad range of capital assets, including police and public works equipment, buildings, fire equipment, roads, and water and sewer lines. (See Table 4.) This amount represents a net increase (including additions and deductions) of \$1,973,192 or 12.1% over the prior fiscal year.

Table 4

	2009	2008	Increase (Decrease)
Land	\$ 316,425	\$ 316,425	\$ -
Buildings	4,985,002	4,825,379	159,623
Improvements	888,319	888,319	-
Machinery and equipment	2,577,063	2,401,560	175,503
Vehicles	2,045,041	2,026,637	18,404
Infrastructure	5,962,701	5,675,957	286,744
Construction in progress	1,566,215	233,297	1,332,918
Total	<u>\$ 18,340,766</u>	<u>\$ 16,367,574</u>	<u>\$ 1,973,192</u>

The most significant additions to Capital assets this fiscal year were:

The increase in construction in progress was principally the Warson Road (Phase 2) refurbishment which amounted to an additional \$1,181,000 outlay of funds in 2009. Although the project is 99% complete, there are a few residual things to accomplish before final billing. The increase in Infrastructure is the new retaining wall on Price Road. The \$159,623 increase in building is for the new HVAC unit at the Police Department.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2009, the governmental funds of the City reported a combined fund balance of \$13,743,193. This ending balance reflects a decrease in fund balances of \$499,192 in the City's funds. Refer to page 12 for the individual fund changes.

General Fund Budgetary Highlights

2009 actual revenues were \$10,184,722 compared to the budget amount of \$10,316,283. The \$131,561 negative variance was due to real estate tax with a total (\$275,011) under budget. Building permits (\$26,941), sales tax (\$41,151), and investment earnings (\$72,405). However, court fines were \$182,385 over budget as well as Sundry \$67,639 due mainly to a \$63,596 annual reimbursement contract with the Ladue School district for providing an on-premise police officer.

2009 expenditures of \$11,440,382 were \$648,419 over the budget amount of \$10,791,963. This was net of a (\$1,179,046) negative variance in pension expense due to the excess City contribution. There were various positive variances in salaries, medical insurances, gasoline expense and throughout the expense ledger. All of this was to help curb the effect of decreasing revenues.

The City did not amend the original budget for 2009.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES –

We are going into 2010 with a budgeted surplus in the General Fund of \$59,706 after the inter fund transfer. Overall revenue for 2010 is being budgeted at approximately the same level as the 2009 budget. There are no phone settlements in the 2010 budget. However, building permits, ambulance fees, and alarms fees are budgeted higher due to rate increases and now charging residents for ambulance transport. Sales tax is budgeted \$105,000 less than 2009. Earnings on investment are budgeted to reflect the low interest rate environment for the entire year.

General Fund expenses are budgeted at \$10,538,168 which is \$253,795 below the 2009 budget. Personnel costs still represent 85% of general fund revenue but are \$126,000 less than the 2009 budget level. Salaries are \$225,465 less reflecting the net effect of some of the personnel reductions previously implemented. There were also no salary increases given in 2010 except for entitled step increases.

The major infrastructure improvement planned for 2010 is a new Clayton Rd. bridge over Deer Creek. This is budgeted at a total cost of \$1,890,500 from the Storm Water fund with an estimated Federal fund sharing of \$1,228,825.

The funded status of the Uniformed Pension Plan remains an ongoing concern. However, with the additional contributions and the positive market return of 2009 the City is hoping for a much improved status with the 1/1/2010 actuarial valuations.

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, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,527,334
Investments	6,355,017
Taxes receivable:	
Property	2,254,809
Other	1,486,111
Inventory	30,640
Prepaid	61,870
Net pension asset	3,010,654
Capital assets - net	
Nondepreciable	1,882,640
Depreciable	10,672,089
TOTAL ASSETS	<u>30,281,164</u>
LIABILITIES	
Accounts payable	317,463
Accrued employee benefits	1,666
Escrow payable	195,798
Deferred revenue	103,185
Net other post employment benefit obligation	84,510
Noncurrent liabilities:	
Due in one year	518,739
Due in more than one year	749,229
TOTAL LIABILITIES	<u>1,970,590</u>
NET ASSETS	
Invested in capital assets	12,554,729
Restricted for capital improvements	6,664,201
Unrestricted	9,091,644
TOTAL NET ASSETS	<u>\$ 28,310,574</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, 2009

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
		Charges for Service	Capital Grants	Governmental Activities
Governmental Activities				
General government	\$ 1,095,927	\$ 412,213	\$ -	\$ (683,714)
Police department	4,036,076	857,144	-	(3,178,932)
Fire department	4,082,316	114,309	-	(3,968,007)
Public works	2,261,863	-	559,800	(1,702,063)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,476,182	\$ 1,383,666	\$ 559,800	(9,532,716)
Taxes:				
Sales				3,661,198
Utility				2,280,473
Property				4,343,931
Franchise				181,056
Other				943,516
Interest income				162,082
Other miscellaneous revenue				99,888
Loss on sale of capital assets				(34,919)
TOTAL GENERAL REVENUES				11,637,225
CHANGE IN NET ASSETS				2,104,509
NET ASSETS BEGINNING OF YEAR				26,206,065
NET ASSETS END OF YEAR				\$ 28,310,574

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

CITY OF LADUE, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 1,556,063	\$ 595,849	\$ 1,629,614	\$ 745,808	\$ 4,527,334
Investments	3,173,753	400,000	-	2,781,264	6,355,017
Taxes receivable:					
Property	2,118,363	-	-	-	2,118,363
Other	771,826	340,849	125,174	248,262	1,486,111
Inventory	30,640	-	-	-	30,640
Prepaid insurance	61,870	-	-	-	61,870
TOTAL ASSETS	<u>\$ 7,712,515</u>	<u>\$ 1,336,698</u>	<u>\$ 1,754,788</u>	<u>\$ 3,775,334</u>	<u>\$ 14,579,335</u>
LIABILITIES					
Account payable	\$ 114,844	\$ 90,062	\$ 45,747	\$ 66,810	\$ 317,463
Accrued employee benefits	1,666	-	-	-	1,666
Escrow payable	195,798	-	-	-	195,798
Deferred revenue	321,215	-	-	-	321,215
TOTAL LIABILITIES	<u>633,523</u>	<u>90,062</u>	<u>45,747</u>	<u>66,810</u>	<u>836,142</u>
FUND BALANCES:					
Fund balances:					
Reserved for prepaid items	61,870	-	-	-	61,870
Reserved for inventory	30,640	-	-	-	30,640
Unreserved:					
General fund	6,986,482	-	-	-	6,986,482
Road and bridge fund	-	1,246,636	-	-	1,246,636
Capital improvement fund	-	-	1,709,041	-	1,709,041
Storm water projects fund	-	-	-	3,708,524	3,708,524
TOTAL FUND BALANCES	<u>7,078,992</u>	<u>1,246,636</u>	<u>1,709,041</u>	<u>3,708,524</u>	<u>13,743,193</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,712,515</u>	<u>\$ 1,336,698</u>	<u>\$ 1,754,788</u>	<u>\$ 3,775,334</u>	<u>\$ 14,579,335</u>

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, 2009

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

Total fund balance per balance sheet	\$ 13,743,193
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,554,729
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	354,476
Net pension assets are not current financial resources and, therefore, are not reported in the funds.	3,010,654
Net other post employment liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(84,510)
Long-term liabilities not due and payable in the current period and therefore, are not reported in the funds.	<u>(1,267,968)</u>
Net assets of governmental activities	<u><u>\$ 28,310,574</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, 2009

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
REVENUES					
Taxes	\$ 8,659,549	\$ 881,320	\$ 736,217	\$ 866,132	\$ 11,143,218
Licenses and permits	347,368	38,395	-	-	385,763
Fines and court costs	737,385	-	-	-	737,385
Charges for service	260,518	-	-	-	260,518
Investment income	99,721	8,975	4,052	49,334	162,082
Miscellaneous	80,181	-	19,707	559,800	659,688
TOTAL REVENUES	<u>10,184,722</u>	<u>928,690</u>	<u>759,976</u>	<u>1,475,266</u>	<u>13,348,654</u>
EXPENDITURES					
Current:					
General government	1,093,362	-	-	-	1,093,362
Police department	4,281,403	-	-	-	4,281,403
Fire department	4,371,210	-	-	-	4,371,210
Public works	1,694,407	137,307	-	-	1,831,714
Capital outlay	-	752,909	623,767	893,481	2,270,157
TOTAL EXPENDITURES	<u>11,440,382</u>	<u>890,216</u>	<u>623,767</u>	<u>893,481</u>	<u>13,847,846</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,255,660)	38,474	136,209	581,785	(499,192)
OTHER FINANCING SOURCES (USES)					
Operating transfer in (out)	300,000	(300,000)	-	-	-
CHANGE IN FUND BALANCE	(955,660)	(261,526)	136,209	581,785	(499,192)
FUND BALANCES - BEGINNING OF YEAR	<u>8,034,652</u>	<u>1,508,162</u>	<u>1,572,832</u>	<u>3,126,739</u>	<u>14,242,385</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,078,992</u>	<u>\$ 1,246,636</u>	<u>\$ 1,709,041</u>	<u>\$ 3,708,524</u>	<u>\$ 13,743,193</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, 2009

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

Change in fund balance-total governmental funds	\$ (499,192)
The acquisition of capital assets requires the use of current financial resources, but has no effect on net assets.	2,130,669
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(846,369)
The net effect of other miscellaneous transactions involving capital assets (ie. sales or trade-ins) that decrease net assets.	(34,919)
Revenues in the Statement of Activities that do not provide current financial resources, and therefore are not revenue in the governmental funds.	266,956
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	1,110,163
Compensated absences do not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>(22,799)</u>
Change in net assets of governmental activities	<u>\$ 2,104,509</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, 2009

ASSETS

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
Cash and cash equivalents	\$ 561,702	\$ 84,760	\$ 646,462
Accrued interest receivable	30,389	4,055	34,444
Investments - at fair value			
Corporate bonds funds	7,173,015	1,010,200	8,183,215
Stocks	1,535,735	-	1,535,735
Stock funds	10,244,339	1,650,172	11,894,511
Total Investments	18,953,089	2,660,372	21,613,461
 TOTAL ASSETS	 \$ 19,545,180	 \$ 2,749,187	 \$ 22,294,367

LIABILITIES AND NET ASSETS

NETASSETS			
Net assets held in trust for pension benefits	\$ 19,545,180	\$ 2,749,187	\$ 22,294,367
 TOTAL LIABILITIES AND NET ASSETS	 \$ 19,545,180	 \$ 2,749,187	 \$ 22,294,367

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, 2009

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
ADDITIONS			
Contributions:			
Employer	\$ 2,255,382	\$ 403,663	\$ 2,659,045
Plan member	136,030	-	136,030
Total Contributions	<u>2,391,412</u>	<u>403,663</u>	<u>2,795,075</u>
Investment return:			
Net appreciation in fair value of investments	3,163,413	417,723	3,581,136
Interest and dividends	525,206	68,625	593,831
Less: investment expenses	(47,118)	(6,364)	(53,482)
Net Investment Return	<u>3,641,501</u>	<u>479,984</u>	<u>4,121,485</u>
TOTAL ADDITIONS	<u>6,032,913</u>	<u>883,647</u>	<u>6,916,560</u>
DEDUCTIONS			
Benefit payments	1,669,097	71,317	1,740,414
Refunds to terminated employees	18,548	-	18,548
Administrative expense	21,760	16,482	38,242
TOTAL DEDUCTIONS	<u>1,709,405</u>	<u>87,799</u>	<u>1,797,204</u>
CHANGE IN NET ASSETS	4,323,508	795,848	5,119,356
NET ASSETS - BEGINNING OF YEAR	<u>15,221,672</u>	<u>1,953,339</u>	<u>17,175,011</u>
NET ASSETS - END OF YEAR	<u>\$ 19,545,180</u>	<u>\$ 2,749,187</u>	<u>\$ 22,294,367</u>

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

CITY OF LADUE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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.

When restricted sources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The statement of net assets reports \$6,664,201 of restricted net assets, all of which is restricted by enabling legislation.

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. A public hearing is 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 funds as required. 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, including certificates of deposits, was \$7,395,321 and the bank balances were \$7,531,200. 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.

Investment - As of December 31, 2009, 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	\$ 3,479,845	\$ 3,479,845	N/A

Interest Rate Risk - The City does not have a formal policy in regards to interest rate risk. The City mitigates interest rate 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 formal policy on custodial credit risk, however; all investments and deposits are either insured, collateralized or invested in government backed securities.

Concentration of Credit Risk - The City places no formal policy limiting the amount that may be invested in any one issuer. All investments are in Government Agencies, if not insured or collateralized.

Credit Risk - The City has no formal policy regarding credit risk. In general, the City invests only in instruments with an AAA rating or equivalent.

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, 2009, upon which the 2009 levy was based for real, personal and public utility property, was \$641,506,406.

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	\$.669
Commercial	.693
Agricultural	.030
Personal property	.756

5. **INTERFUND TRANSACTIONS**

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.

The following operating transfers were made during the fiscal year ending December 31, 2009:

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

6. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2009 is as follows

	Balance, Beginning Of Year	Transfers and Additions	Transfer and Deletions	Balance, End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 316,425	\$ -	\$ -	\$ 316,425
Construction in process	233,297	1,353,685	(20,767)	1,566,215
Total capital assets, not being depreciated	<u>549,722</u>	<u>1,353,685</u>	<u>(20,767)</u>	<u>1,882,640</u>
Capital assets, being depreciated:				
Buildings	4,825,379	159,623	-	4,985,002
Improvements	888,319	-	-	888,319
Machinery and equipment	2,401,560	208,208	(32,705)	2,577,063
Vehicles	2,026,637	122,409	(104,005)	2,045,041
Infrastructure	5,675,957	286,744	-	5,962,701
Total capital assets, being depreciated	<u>15,817,852</u>	<u>776,984</u>	<u>(136,710)</u>	<u>16,458,126</u>
Less accumulated depreciation for:				
Buildings	(1,587,634)	(120,161)	-	(1,707,795)
Improvements	(528,939)	(37,111)	-	(566,050)
Machinery and equipment	(1,373,479)	(236,410)	32,705	(1,577,184)
Vehicles	(1,066,002)	(209,311)	89,853	(1,185,460)
Infrastructure	(506,172)	(243,376)	-	(749,548)
Total accumulated depreciation	<u>(5,062,226)</u>	<u>(846,369)</u>	<u>122,558</u>	<u>(5,786,037)</u>
Total capital assets, being depreciated, net	<u>10,755,626</u>	<u>(69,385)</u>	<u>(14,152)</u>	<u>10,672,089</u>
Total governmental activities	<u>\$ 11,305,348</u>	<u>\$ 1,284,300</u>	<u>\$ (34,919)</u>	<u>\$ 12,554,729</u>

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

Governmental activities:

General government	\$ 53,171
Police department	188,199
Fire department	169,899
Public works	435,100
Total depreciation governmental activities	<u>\$ 846,369</u>

7. **LONG-TERM LIABILITIES**

	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due Within One Year
Governmental activities:					
Accrued vacation	\$ 437,665	\$ 435,490	\$ (437,665)	\$ 435,490	\$ 435,490
Accrued sick leave	807,504	285,000	(260,026)	832,478	83,249
Subtotal					
governmental activities	\$ <u>1,245,169</u>	\$ <u>720,490</u>	\$ <u>(697,691)</u>	\$ <u>1,267,968</u>	\$ <u>518,739</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 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, 2009, the date of the last actuarial valuation:

	Uniformed Plan	Non-Uniformed Plan
Retirees and beneficiaries currently receiving benefits	49	10
Terminated plan members entitled to but not yet receiving benefits	-	2
Active plan members	<u>60</u>	<u>30</u>
TOTAL	<u>109</u>	<u>42</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 and death benefits to plan members and their beneficiaries. Disability benefits are provided outside the plan through an insurance company. 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	\$ 1,255,382
Interest on net pension obligation	(138,304)
Adjustment to annual required contribution	138,521
Annual pension cost	<u>1,255,599</u>
Contribution made	<u>(2,255,382)</u>
Decrease in net pension obligation	(999,783)
Net pension obligation - beginning of year	<u>(1,784,570)</u>
Net pension obligation - end of year	<u>\$ (2,784,353)</u>

FUNDING PROGRESS - UNIFORMED PLAN

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial 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)]
1/1/2009	\$18,266,006	\$29,214,709	\$10,948,703	62.5 %	\$4,469,088	245.0 %
1/1/2008	19,999,879	28,526,368	8,526,489	70.1	4,245,175	200.9
1/1/2007	18,106,583	27,471,232	9,364,649	65.9	4,102,912	228.2
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
1/1/2000	15,090,063	16,484,939	1,394,876	91.5	3,001,103	46.5

8. **EMPLOYEE RETIREMENT SYSTEMS - continued**

The annual required contribution for the current year was determined as part of the January 1, 2009 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 RP2000 Combined White Collar Mortality table projected to 2007 by Scale AA for males and females with active deaths assumed to be 50% duty related. 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 as a level percentage of projected payroll.

UNIFORMED PLAN			
Year Ended December 31,	Annual Required Contributed	Actual Contribution	Percentage Contribution
2009	\$ 1,255,599	\$ 2,255,382	180 %
2008	1,055,357	2,240,000	212
2007	1,210,076	1,810,076	150
2006	1,129,573	1,129,573	100
2005	983,068	983,068	100
2004	906,696	906,696	100
2003	910,979	910,979	100
2002	567,169	567,169	100
2001	462,505	407,000	88
2000	423,222	423,222	100

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, and death benefits to plan members and their beneficiaries. Disability benefits are provided outside the plan through an insurance company. There is no cost of living adjustment provision. The Board of Aldermen has the authority to amend benefit provisions of the plan.

8. **EMPLOYEE RETIREMENT SYSTEMS - continued**

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	\$ 203,664
Interest on net pension obligation	(2,039)
Adjustment to annual required contribution	<u>2,042</u>
Annual pension cost	203,667
Contribution made	<u>(403,663)</u>
Decrease in net pension obligation	(199,996)
Net pension obligation - beginning of year	<u>(26,305)</u>
Net pension obligation - end of year	\$ <u><u>(226,301)</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2009 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 RP2000 Combined White Collar Mortality table projected to 2007 by Scale AA for males and females. 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 non-uniform plan prepares the actuarial valuation using the aggregate cost method which does not identify or separately amortize unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. This information is presented as required supplemental information.

8. **EMPLOYEE RETIREMENT SYSTEMS - continued**

Year Ended December 31,	Non-Uniformed Plan		
	Annual Required Contributed	Actual Contribution	Percentage Contribution
2009	\$ 203,664	\$ 403,663	198 %
2008	148,695	175,000	118
2007	143,662	143,662	100
2006	120,800	120,800	100
2005	110,188	110,188	100
2004	99,990	99,990	100
2003	92,402	92,402	100
2002	50,615	50,615	100
2001	49,067	49,067	100
2000	55,644	47,300	85

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.

Retirement Plan Advisors 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. **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description and Provisions - The City of Ladue has a single-employer other post employment plan that provides its retirees with access to healthcare (medical and dental). Employees that retire in good standing and are covered by the City's health plan receive a subsidy of \$10 per month for each year of service up to 20 years (with a minimum of \$200 per month) and an additional \$20 per month for each year of service from 20 to 30 years (with a total maximum of \$400 per month). Employees become eligible for other post employment benefits on the retirement or disability date to age 65. The Plan does not issue a separate stand-alone financial report. Benefits under the Plan are established by ordinance and may be changed by the passage of an ordinance. The City funds these benefits on a pay as you go basis.

10. **OTHER POST EMPLOYMENT BENEFITS (OPEB) - continued**

At January 1, 2009, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	90
Retirees and beneficiaries currently receiving benefits	19
Total Plan Participants	<u>109</u>

Triennial valuations are performed using the projected unit credit method. The unfunded actuarial accrued liability is amortized over a 15 year open period in level dollar amounts. The actuarial assumptions include (a) 3.60% discount rate, (b) marital status of members at the calculation date was assumed to be 80% married, (c) disability for uniformed participants based on 1985 Pension Disability Table – Class 3, disabilities are assumed to be 75% duty related, disability for non-uniformed participant vary by age and gender (d) mortality based on the RP2000 Combined White Collar Mortality table projected to 2007 by Scale AA for males and females, (e) employee participation rates for uniformed are assumed to be 65% of future retired employees, for non-uniformed participation rates are assumed to be 50% of future retired employees and 100% of current retirees. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments.

Net OPEB Obligation

The City’s annual other post employment benefit cost of the current Plan year is as follows:

Annual required contribution (actuarially computed)	\$ 84,510
Interest on net benefit plan obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual benefit plan cost	84,510
Contributions made	<u>-</u>
Increase in net benefit plan obligation	84,510
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 84,510</u>

Trend Information – Other Post Employment Benefits

Fiscal Year Ended Dec 31,	Annual Pension Cost	Percentage Contribution	Net OPEB Obligation
2009	\$ 84,510	- %	\$ 84,510

Funded Status and Funding Progress - As of January 1, 2009, the most recent actuarial valuation available, the plan was 0% funded. The actuarial accrued liability for benefits was \$716,836, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$716,836. The covered payroll (annual payroll of active employees covered by the plan) was \$6,196,920, and the ratio of the UAAL to the covered payroll was 11.6%.

The schedule of funding progress is presented as RSI following the notes to the financial statements.

11. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

Excess of expenditures over appropriations in individual funds included the following:

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES OVER APPROPRIATIONS</u>
General Fund	\$10,791,963	\$11,440,382	\$648,419
Capital Improvements Fund	586,450	623,767	37,317

12. **SUBSEQUENT EVENTS**

As of April 9, 2010, the date the financial statements were available to be issued, no subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTAL INFORMATION

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS - NON-UNIFORMED PLAN

FUNDING PROGRESS - NON-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)]
1/1/2008	\$2,542,196	\$ 2,897,592	\$ 355,396	87.7 %	\$ 1,709,715	20.8 %
1/1/2009	2,344,006	3,148,403	804,397	74.5	1,727,832	46.6

Information for years prior to January 1, 2008 is unavailable.

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST EMPLOYEE BENEFIT PLAN

FUNDING PROGRESS - OTHER POST EMPLOYEE BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfund AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll [(b)-(a)/(c)]
1/1/2009	\$ -	\$ 716,836	\$ 716,836	-	% \$ 6,196,920	11.6 %

Information for years prior to January 1, 2009 are unavailable.

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 8,987,543	\$ 8,987,543	\$ 8,659,549	\$ (327,994)
Licenses and permits	358,425	358,425	347,368	(11,057)
Fines and court costs	566,000	566,000	737,385	171,385
Charges for service	220,015	220,015	260,518	40,503
Miscellaneous	184,300	184,300	179,902	(4,398)
TOTAL REVENUE	<u>10,316,283</u>	<u>10,316,283</u>	<u>10,184,722</u>	<u>(131,561)</u>
EXPENDITURES				
Current:				
General government	1,090,356	1,090,356	1,093,362	(3,006)
Police department	4,034,090	4,034,090	4,281,403	(247,313)
Fire department	3,959,758	3,959,758	4,371,210	(411,452)
Public works	1,707,759	1,707,759	1,694,407	13,352
TOTAL EXPENDITURES	<u>10,791,963</u>	<u>10,791,963</u>	<u>11,440,382</u>	<u>(648,419)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(475,680)</u>	<u>(475,680)</u>	<u>(1,255,660)</u>	<u>(779,980)</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	(175,680)	(175,680)	(955,660)	<u>\$ (779,980)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>8,034,652</u>	<u>8,034,652</u>	<u>8,034,652</u>	
FUND BALANCES - END OF YEAR	<u>\$ 7,858,972</u>	<u>\$ 7,858,972</u>	<u>\$ 7,078,992</u>	

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 850,000	\$ 850,000	\$ 881,320	\$ 31,320
Licenses and permits	37,000	37,000	38,395	1,395
Miscellaneous income	26,000	26,000	8,975	(17,025)
TOTAL REVENUE	<u>913,000</u>	<u>913,000</u>	<u>928,690</u>	<u>15,690</u>
EXPENDITURES				
Current:				
General government	5,800	5,800	-	5,800
Public works	890,350	890,350	890,216	134
TOTAL EXPENDITURES	<u>896,150</u>	<u>896,150</u>	<u>890,216</u>	<u>5,934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,850</u>	<u>16,850</u>	<u>38,474</u>	<u>21,624</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	(300,000)	(300,000)	(300,000)	-
CHANGE IN FUND BALANCE	(283,150)	(283,150)	(261,526)	<u>\$ 21,624</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,508,162</u>	<u>1,508,162</u>	<u>1,508,162</u>	
FUND BALANCES - END OF YEAR	<u>\$ 1,225,012</u>	<u>\$ 1,225,012</u>	<u>\$ 1,246,636</u>	

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 770,000	\$ 770,000	\$ 736,217	\$ (33,783)
Miscellaneous	35,500	35,500	23,759	(11,741)
TOTAL REVENUE	<u>805,500</u>	<u>805,500</u>	<u>759,976</u>	<u>(45,524)</u>
EXPENDITURES				
Capital outlay	<u>586,450</u>	<u>586,450</u>	<u>623,767</u>	<u>(37,317)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	219,050	219,050	136,209	<u>\$ (82,841)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>1,572,832</u>	<u>1,572,832</u>	<u>1,572,832</u>	
FUND BALANCES - END OF YEAR	<u>\$ 1,791,882</u>	<u>\$ 1,791,882</u>	<u>\$ 1,709,041</u>	

CITY OF LADUE, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 STORM WATER PROJECTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUE				
Taxes	\$ 910,000	\$ 910,000	\$ 866,132	\$ (43,868)
Miscellaneous	927,000	927,000	609,134	(317,866)
TOTAL REVENUE	<u>1,837,000</u>	<u>1,837,000</u>	<u>1,475,266</u>	<u>(361,734)</u>
EXPENDITURES				
Capital outlay	<u>1,960,750</u>	<u>1,960,750</u>	<u>893,481</u>	<u>1,067,269</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(123,750)	(123,750)	581,785	<u>\$ 705,535</u>
FUND BALANCES - BEGINNING OF YEAR	<u>3,126,739</u>	<u>3,126,739</u>	<u>3,126,739</u>	
FUND BALANCES - END OF YEAR	<u>\$ 3,002,989</u>	<u>\$ 3,002,989</u>	<u>\$ 3,708,524</u>	

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

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	TOTAL
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
2007	1,133,386	8,058,174	1,593,791	10,785,351
2008	1,056,960	8,562,907	1,646,286	11,266,153
2009	1,093,362	8,652,613	1,694,407	11,440,382

Note: Excludes capital expenditures

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

FISCAL YEAR	TAXES	LICENSES AND PERMITS	CHARGES FOR SERVICES	FINES AND FORFEITS	MISCELLANEOUS	TOTAL
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
2007	9,257,637	472,669	250,835	645,149	432,168	11,058,458
2008	9,669,670	447,590	242,753	591,044	202,660	11,153,717
2009	8,659,549	347,368	260,518	737,385	179,902	10,184,722

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 THROUGH FEB 28</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>	<u>OUTSTANDING TAXES AS OF DEC 31</u>	<u>PERCENT OF OUTSTANDING TAXES TO TAX LEVY</u>
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
2007	4,310,288	3,264,400 *	75.7	996,540	4,260,940	98.9	987,028 *	22.9
2008	4,328,500	3,467,429 *	80.1	983,475	4,450,904	102.8	833,688 *	19.3
2009	4,246,316	2,017,857 *	47.5	1,900,332	3,918,189	92.3	2,228,459 *	52.5

* 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, 2009

Date of Incorporation	December 1, 1936
Form of Government	Mayor - Board of Aldermen
Area	8.43 square miles
Population (2000 census)	8413
Homes (2000 census)	3345
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	25
Communications personnel	6
Public Works	
Number of:	
Buildings	3
Personnel and officers	16
Education:	
Number of:	
Elementary - public	2
Elementary - private	3
Middle school - public	1
High school - public	1
High School - private	2
Special education	1
Churches	6
Building permits issued for the year ended December 31, 2009	286
Recreation and Culture:	
Number of:	
Parks	2 with approximately 66.7 acres
Libraries	1
Private country clubs	6
Employees	85

CITY OF LADUE, MISSOURI

SINGLE AUDIT REPORT

DECEMBER 31, 2009

CITY OF LADUE, MISSOURI
SINGLE AUDIT REPORT
LADUE, MISSOURI

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CITY OF LADUE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>DISBURSEMENT EXPENDITURES</u>
DEPARTMENT OF TRANSPORTATION Passed through Missouri Department of Transportation: Highway Planning and Construction Grant	20.205	\$ 559,800

CITY OF LADUE, MISSOURI
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Ladue, Missouri and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***



Board of Alderman
CITY OF LADUE, MISSOURI

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Ladue, Missouri as of and for the year ended December 31, 2009, and have issued our report thereon dated April 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Ladue, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

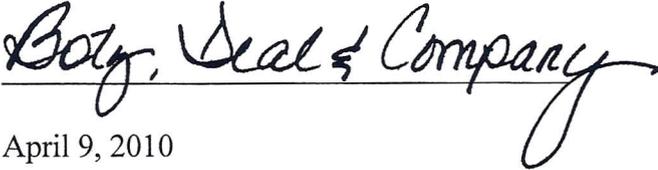
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether City of Ladue, Missouri's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Aldermen, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


A handwritten signature in cursive script that reads "Bolz, Seal & Company". The signature is written in black ink and is positioned above a horizontal line.

April 9, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH *OMB CIRCULAR A-133***



The Mayor, Members of the Board of Alderman and Officeholders
CITY OF LADUE, MISSOURI

Compliance

We have audited the compliance of City of Ladue, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. City of Ladue, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Ladue, Missouri's management. Our responsibility is to express an opinion on City of Ladue, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Ladue, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Ladue, Missouri's compliance with those requirements.

In our opinion, the City of Ladue, Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of City of Ladue is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing our audit, we considered City of Ladue's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Ladue's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule Of Expenditures Of Federal Awards

We have audited the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of City of Ladue, Missouri, as of and for the year ended December 31, 2009, and have issued our report thereon dated April 9, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Ladue, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Aldermen, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


April 9, 2010

CITY OF LADUE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements.
2. No instances of noncompliance material to the financial statements were disclosed during the audit.
3. No significant deficiencies relating to the audit of the major federal awards programs are reported.
4. The auditors' report on compliance for the major federal awards programs expresses an unqualified opinion.
5. There were no material audit findings that are required to be reported in accordance with Section 510(a) of *OMB Circular A-133*.
6. The program tested as a major program was U.S. Department of Transportation Planning and Construction CFDA No. 20.205.
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. The City of Ladue, Missouri was determined to not be a low risk auditee.

B. Findings - Financial Statement Audit

1. None.

C. Findings and Questioned Costs - Major Federal Awards Programs Audit

2. None.