

CITY OF LADUE, MISSOURI

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015***

CITY OF LADUE, MISSOURI

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Statement Of Net Position	11
Statement Of Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation Of The Statement Of Net Position Of Governmental Funds To The Balance Sheet	14
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances - All Governmental Fund Types	15
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	16
Statement Of Fiduciary Net Position - Fiduciary Funds	17
Statement Of Changes In Fiduciary Net Position - Fiduciary Funds	18
Notes To Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule Of Changes In Net Pension Liability And Investment Returns:	
Non-Uniformed Plan	39
Uniformed Plan	40
Schedules Of Employer Contributions - Pension	41
Schedule Of Employer Contributions - Other Post Employment Benefits	42
Schedules Of Funding Progress - Other Post Employment Benefits	43
Budgetary Comparison Schedule - General Fund	44
Budgetary Comparison Schedule - Road And Bridge Fund	45
Budgetary Comparison Schedule - Capital Improvements Fund	46
Budgetary Comparison Schedule - Storm Water Projects Fund	47
SUPPLEMENTAL INFORMATION:	
Schedule Of General Fund Expenditures By Function - Last Ten Fiscal Years	48
Schedule Of General Fund Revenues By Source - Last Ten Fiscal Years	49
Schedule Of Property Tax Levies And Collections - Last Ten Fiscal Years	50
Miscellaneous Statistical Data	51

INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members of the City Council
CITY OF LADUE, MISSOURI

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of funding progress and budgetary comparison information on pages 4 through 11 and 40 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 49 through 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2016, on our consideration of the City of Ladue's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Ladue's internal control over financial reporting and compliance.

Betz Deal & Company
June 7, 2016

**CITY OF LADUE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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, 2015. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- From a government-wide overview, the total net position of the City of Ladue decreased 27% from \$45.9 million (2014) to \$36 million (2015). This \$9.9 million decrease reflected the net pension liability of \$9,955,160 which is now included on the Statement of Net Position in accordance with GASB 67 and 68.
- The General Fund recorded a surplus (revenues less expenditures) of \$776,508 versus an anticipated budget surplus of \$304,331. This \$472,177 favorable variance was led by total expenditures that were below budget by \$626,007 (5.14%) offset by revenues that were below budget by \$146,721 (1.21%). The fund balance for the General Fund grew from \$10,329,137 at the beginning of the year to \$11,105,645 at the end of the year.
- The Road and Bridge Fund recorded a surplus (revenues less expenditures) of \$296,101 versus an anticipated budget deficit of \$112,077. This \$408,178 favorable variance was led by total expenditures that were below budget by \$990,854 (51.04%) offset by revenues that were below budget by \$582,676 (27.10%). The fund balance for the Road and Bridge Fund grew from \$2,302,347 at the beginning of the year to \$2,598,448 at the end of the year.
- The Capital Improvements Fund recorded a surplus (revenues less expenditures) of \$674,450 versus an anticipated budget surplus of \$380,362. This \$294,088 favorable variance was led by total revenues that exceeded budget by \$242,780 (27.50%) and expenditures that were below budget by \$44,199 (8.80%) as well as a \$7,109 transfer from the General Fund. The fund balance for the Capital Improvements Fund grew from \$761,790 at the beginning of the year to \$1,436,240 at the end of the year.
- The Storm Water Projects Fund recorded a surplus (revenues less expenditures) of \$727,367 versus an anticipated budget surplus of \$355,197. This \$372,170 favorable variance was led by total expenditures that were below budget by \$720,332 (40.24%) offset by revenues that were below budget by \$348,162 (16.03%) reflecting grant revenue that moves forward into the upcoming budget year. The fund balance for the Storm Water Fund grew from \$6,491,951 at the beginning of the year to \$7,219,318 at the end of the year.
- The Non-Uniform Retirement Fund completed the year with assets of \$4,254,000. The City contributed \$153,600 (actuarial required) to the plan during the year. The Uniform Pension Fund completed the year with assets of \$29,355,000. The City contributed \$1,560,988 (actuarial required) and employees contributed \$290,166 to the plan during the year.

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 Position 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 position.
- 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 position is \$36,038,968 as of December 31, 2015. 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 position consists 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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1

	2015	2014	Increase (Decrease)
Current and other assets	\$ 23,895,790	\$ 27,175,236	\$ (3,279,446)
Capital assets	22,517,363	21,823,660	693,703
Total assets	<u>46,413,153</u>	<u>48,998,896</u>	<u>(2,585,743)</u>
Deferred Outflows	2,351,104	-	2,351,104
Current and other liabilities	968,722	1,404,786	(436,064)
Long-term liabilities	1,765,808	1,686,469	79,339
Pension liability	9,955,160	-	9,955,160
Total liabilities	<u>12,689,690</u>	<u>3,091,255</u>	<u>9,598,435</u>
Deferred Inflows	35,599	-	35,599
Net position:			
Net investment in capital assets	22,517,363	21,709,225	808,138
Restricted	11,260,206	9,562,286	1,697,920
Unrestricted	2,261,399	14,636,130	(12,374,731)
Total net position	<u>\$ 36,038,968</u>	<u>\$ 45,907,641</u>	<u>\$ (9,868,673)</u>

Governmental activities increased the City's net position by \$3,367,873. The key elements of this increase are as follows:

Table 2

	2015	2014	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for service	\$ 1,530,009	\$ 1,596,391	\$ (66,382)
Capital and operating grants	1,537,922	1,882,427	(344,505)
General revenues:			
Taxes	13,302,116	13,280,696	21,420
Interest income	55,026	53,064	1,962
Miscellaneous	202,397	18,630	183,767
Total revenues	<u>16,627,470</u>	<u>16,831,208</u>	<u>(203,738)</u>
Expenses:			
General government	\$ 1,337,050	\$ 1,213,757	\$ 123,293
Police department	4,418,921	4,580,350	(161,429)
Fire department	4,953,045	4,789,296	163,749
Public works	2,546,257	2,340,779	205,478
Interest and fiscal charges	4,324	8,494	(4,170)
Total expenses	<u>13,259,597</u>	<u>12,932,676</u>	<u>326,921</u>
Increase in net position	3,367,873	3,898,532	(530,659)
Net position, beginning of year	32,671,095	42,009,109	(9,338,014)
Net position, end of year	<u>\$ 36,038,968</u>	<u>\$ 45,907,641</u>	<u>\$ (9,868,673)</u>

Total 2015 revenues shown in Table 2 were \$16,627,470 compared with total revenues of \$16,831,208 in 2014. The decrease in total revenues of \$203,738 represents an overall decrease in revenue of 1.2%. This decrease in government-wide revenue primarily reflects:

- A decrease of \$344,505 in total capital and operating grants as MODOT/Federal reimbursements decreased as a result of work completed on the Litzinger, McKnight, and Price road, and I-170 SB Ramps at Ladue Road and sidewalk projects.
- A net decrease of \$66,382 in charges for service which was offset by an additional \$183,767 in miscellaneous revenue.

Total government-wide expenses increased \$326,921 (2.5%) from \$12,932,676 in 2014 to \$13,259,597 in 2015 primarily reflecting a modest increase in salaries/wages (COLA) and other personnel costs.

Governmental Funds

The following table presents the amount of revenues from various sources using the modified accrual basis of accounting, for all governmental funds.

Table 3

	2015	2014	Increase (Decrease)	Percentage Change	
Taxes	\$ 13,182,539	\$ 13,255,003	\$ (72,464)	(.5)	%
Licenses and permits	758,718	617,061	141,657	23	
Fines and court costs	358,412	589,480	(231,068)	(39)	
Charges for service	412,879	389,850	23,029	5.9	
Investment income	55,026	53,064	1,965	3.7	
Miscellaneous	1,740,319	1,901,021	(160,738)	(8.5)	
Total General Revenues	<u>\$ 16,507,893</u>	<u>\$ 16,805,515</u>	<u>\$ (297,622)</u>	(1.8)	%

Total revenues as a whole decreased (-1.8%) primarily reflecting a decrease of \$231,068 in fines and court costs offset by an increase of \$141,657 in licenses and permits.

THE CITY'S FUNDS

At the close of the City's fiscal year on December 31, 2015, the governmental funds of the City reported a combined fund balance of \$22,359,651. This ending balance reflects an increase in total fund balances of \$2,474,426 in the City's funds. Refer to page 16 for individual fund results. Effective January 1, 2013 the City implemented significant changes to the retirement and pension plans which affect retirements and new hires. Included in these changes was the elimination of the vacation/sick leave payout at retirement in the calculation of the employee's final average salary and resulting annual benefit payment. Other changes in the uniform pension plan included an increase in employee contributions from 3% to 4.5% of salary in 2013 and 4.5% to 6% of salary in 2014, a reduction in benefits to 60% of final average salary for those hired after January 1, 2013 and a change to the unreduced retirement age to 60 for those hired after January 1, 2013. The City also contributed an additional \$1 million to the uniform pension plan (above and beyond its minimum actuarial required contribution) in 2013 and 2014.

General Fund

Overall, the financial results for the General Fund were favorable in 2015, compared to the budget. The General Fund recorded a surplus (revenues less expenditures) of \$776,508 versus an anticipated budget surplus of \$304,331. This \$472,177 favorable variance was led by total expenditures that were below budget by \$626,007 (5.14%) offset revenues that were below budget by \$146,721 (1.21%). The fund balance for the General Fund grew from \$10,329,137 at the beginning of the year to \$11,105,645 at the end of the year.

Revenue decreases were a result of unfavorable variances compared to budget for the following revenues: natural gas utility gross receipts tax \$67,619 (12.86%), telephone utility gross receipts tax \$202,404 (15.94%), and commercial franchise fees \$45,416 (19.07%).

Expenditure results were 5.14% favorable to budget and all departments finished the year below budget. The City made all of its actuarially required contributions to the uniform pension plan and the non-uniform retirement plan during the year (based on the January 1, 2015 reports).

Road and Bridge Fund

The Road and Bridge Fund recorded a surplus (revenues less expenditures) of \$296,101 versus an anticipated budget deficit of \$112,077. This \$408,178 favorable variance was led by total expenditures that were below budget by \$990,854 (51.04%) offset by revenues that were below budget by \$582,676 (27.10%). These variances are the result of the timing of road projects expenditures and corresponding reimbursement grants. The fund balance (all restricted) for the Road and Bridge Fund grew from \$2,302,347 at the beginning of the year to \$2,598,448 at the end of the year.

Capital Improvements Fund

The Capital Improvements Fund recorded a surplus (revenues less expenditures) of \$674,450 versus an anticipated budget surplus of \$380,362. This \$294,088 favorable variance was led by total revenues that exceeded budget by \$242,780 (27.50%) and expenditures that were below budget by \$44,199 (8.80%) as well as a \$7,109 transfer from the General Fund. Revenues exceeding budget was mostly due to the insurance claim proceeds for roof replacement and the refund received for returning in-car videos. The fund balance (all restricted) for the Capital Improvements Fund grew from \$761,790 at the beginning of the year to \$1,436,240 at the end of the year.

Storm Water Projects Fund

The Storm Water Projects Fund recorded a surplus (revenues less expenditures) of \$727,367 versus an anticipated budget surplus of \$355,197. This \$372,170 favorable variance was led by total expenditures that were below budget by \$720,332 (40.24%) offset by revenues that were below budget by \$348,162 (16.03%) reflecting timing of work on projects and corresponding grant revenue that moves forward into the upcoming budget year. The fund balance for the Storm Water Fund grew from \$6,491,951 at the beginning of the year to \$7,219,318 at the end of the year.

FIDUCIARY FUNDS

The Non-Uniform Retirement Fund completed the year with assets of \$4,255,464. The City contributed \$153,600 (actuarial required) to the plan during the year. The fund experienced a net loss of \$139,166 over the year reflecting a net depreciation in fair value of investments in the amount of \$106,915. The fund balance for the Non-Uniform Retirement Fund decreased from \$4,394,630 at the beginning of the year to \$4,255,464 at the end of the year.

The Uniform Pension Fund completed the year with assets of \$29,355,447. The City contributed \$1,560,988 (actuarial required) and employees contributed \$290,166 (6% of salary) to the plan during the year. The fund experienced a net loss of \$627,742 over the year reflecting a net depreciation in the fair value of investments in the amount of \$706,546. The fund balance for the Uniform Retirement Fund decreased from \$29,983,189 at the beginning of the year to \$29,355,447 at the end of the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2015, the City had \$32,994,969 invested in a broad range of capital assets, including police and public works equipment, buildings, fire equipment, roads, bridges, and other infrastructure (See Table 4). This amount represents a net increase (including additions and disposals) of \$1,211,964, or +3.8% over the prior fiscal year.

Table 4

	2015	2014	Increase (Decrease)
Land	\$ 316,425	\$ 316,425	\$ -
Buildings	7,569,835	7,569,835	-
Improvements	909,109	1,228,504	(319,395)
Machinery and equipment	2,532,395	2,812,467	(280,072)
Vehicles	2,802,844	2,775,314	27,530
Infrastructure	18,203,987	14,327,827	3,876,160
Construction in progress	660,374	2,752,633	(2,092,259)
Total	\$ <u>32,994,969</u>	\$ <u>31,783,005</u>	\$ <u>1,211,964</u>

The in-service additions to Capital assets this fiscal year were as follows:

• City Hall Office Carpeting	\$ 20,010
• 96 Inch Six Way Dozer Blade	5,987
• 2015 Ford Police Interceptor	26,296
• 2016 Ford F150 Pick Up	23,942
• Rodes Park Improvements	8,885
• Fire House #2 Driveway	10,000
• 4 Flint Salt Spreaders	89,344
• Police In-Car Video Systems	30,190
• Thermal Imaging Cameras	18,638
• Mulch Site Storm Water Upgrade	520,964
• I-70 Ladue Road Interstate Project	352,249
• McKnight Road & Bridge Improvement	587,128
• McKnight Sidewalk Improvement	617,779
• McKnight Storm Water Improvement	1,798,037

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Ladue expects that general overall economic forecast will remain stable with continued recovery in 2016. In the interest of generating a conservative budget, key revenue streams are, for the most part, forecast slightly higher than 2015 estimated results at the time of budget. Key expenditure areas also contain moderate increases. These expenditures were weighted against projected revenues and the reserve balance of the Fund. The uniform pension plan increased employee contributions in 2014 to 6.0% of salary. This change coupled with other approved assumption and funding method changes are intended to improve the integrity, stability, and funded ratios of the City's pension and retirement plans.

General Fund 2016 revenues are budgeted at \$12,186,355 (excludes \$591,570 in Road and Bridge and Storm Water inter-fund transfers-in) and expenditures are budgeted at \$12,582,658. These budget expenditure levels represent an overall 3.3% increase from the 2015 budget including a 3.1% increase in total personnel costs. Other costs increased 4.1% (compared to the 2015 budget) and primarily reflect the increase in computer services, legal retainers, and professional fees. Personnel costs account for 84.9% of total General Fund expenditures. The 2015 budget includes an increase to salary lines of 3.4% compared to the 2015 budget. Other notable General Fund expenditures include a 2.9% increase for property, liability and vehicle insurance, 8% increase for medical insurance, 4% increase for workers compensation insurance, and utility increases of 4.3%. Professional fees in the Fire department reflect the third party contract with Central County Emergency 911 of \$232,500 (\$216,549 in 2015).

In 2016, the City expects to continue work on McKnight Road (bridge/culvert replacements, road repaving and sidewalks) and Price Road (road repaving, storm water and sidewalks) in the Road and Bridge and Storm Water Funds and develop a storm water needs assessment and master plan. Total revenues of \$1,688,745 and expenditures of \$1,590,221 (excludes \$487,496 inter-fund transfer to General Fund) are projected in the Road and Bridge Fund leading to an expected deficit of \$388,972 and an ending fund reserve balance of \$2,161,863. Total revenues of \$1,550,809 and expenditures of \$1,331,687(excludes \$104,074 inter-fund transfer to the General Fund) are projected in the Storm Water Fund leading to a budgeted net income of \$115,048 and an ending fund reserve balance of \$7,275,967.

The 2016 Capital Improvements Fund budget includes revenues of \$954,081 and an expenditure budget of \$3,463,845 which included \$2,700,000 for the Firehouse #1 construction, \$463,807 in equipment purchases and replacements, and \$300,038 in vehicle replacements. The fund is projected to have a \$109,764 decrease to net income and an estimated ending fund reserve balance of approximately \$1,269,366. In April 2016, the City approved an ordinance to finance the construction of Fire House #1.

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 would like additional financial information, please contact Sam Zes, Director of Finance of the City of Ladue, Missouri.

CITY OF LADUE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 7,972,881
Investments	11,599,845
Taxes receivable:	
Property	2,416,539
Other	1,828,631
Inventory	28,243
Prepaid insurance	49,651
Capital assets - net	
Nondepreciable	976,799
Depreciable	21,540,564
TOTAL ASSETS	<u>46,413,153</u>
 DEFERRED OUTFLOWS	
Deferred outflow related to pension	<u>2,351,104</u>
 LIABILITIES	
Accounts payable	428,320
Accrued employee benefits	142,115
Escrow payable	259,547
Deferred revenue	138,740
Noncurrent liabilities:	
Due in one year	780,224
Due in more than one year	985,584
Net pension liability	9,955,160
TOTAL LIABILITIES	<u>12,689,690</u>
 DEFERRED INFLOWS	
Deferred inflow related to pension	<u>35,599</u>
 NET POSITION	
Net investment in capital assets	22,517,363
Restricted for capital improvements	11,254,006
Unrestricted	2,267,599
TOTAL NET POSITION	<u><u>\$ 36,038,968</u></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, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Governmental Activities					Governmental Activities
General government	\$ 1,337,050	\$ 795,207	\$ -	\$ -	\$ (541,843)
Police department	4,418,921	483,480	108,741	-	(3,826,700)
Fire department	4,953,045	251,322	-	-	(4,701,723)
Public works	2,546,257	-	-	1,363,891	(1,182,366)
Interest and fiscal charges	4,324	-	-	-	(4,324)
TOTAL GOVERNMENTAL ACTIVITIES	\$13,259,597	\$ 1,530,009	\$ 108,741	\$ 1,363,891	(10,256,956)
Taxes:					
Sales					4,563,225
Utility					3,089,497
Property					4,510,263
Franchise					192,717
Intergovernmental					946,414
Interest income					55,026
Other miscellaneous revenue					267,687
TOTAL GENERAL REVENUES					13,624,829
CHANGE IN NET POSITION					3,367,873
NET POSITION BEGINNING OF YEAR, AS RESTATED					32,671,095
NET POSITION END OF YEAR					\$ 36,038,968

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

CITY OF LADUE, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 3,063,205	\$ 1,613,716	\$ 1,338,131	\$ 1,957,829	\$ 7,972,881
Investments	5,799,845	700,000	-	5,100,000	11,599,845
Taxes receivable:					-
Property	2,416,539	-	-	-	2,416,539
Other	962,072	458,844	143,906	263,809	1,828,631
Inventory	28,243	-	-	-	28,243
Prepaid insurance	49,651	-	-	-	49,651
TOTAL ASSETS	\$ 12,319,555	\$ 2,772,560	\$ 1,482,037	\$ 7,321,638	23,895,790
LIABILITIES					
Accounts payable	\$ 106,091	\$ 174,112	\$ 45,797	\$ 102,320	\$ 428,320
Accrued employee benefits	142,115	-	-	-	142,115
Escrow payable	259,547	-	-	-	259,547
TOTAL LIABILITIES	507,753	174,112	45,797	102,320	829,982
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	536,133	-	-	-	536,133
Unavailable revenue - ambulance fees	170,024	-	-	-	170,024
TOTAL DEFERRED INFLOWS	706,157	-	-	-	706,157
FUND BALANCES:					
Non-spendable:					
Prepaid items	49,651	-	-	-	49,651
Inventory	28,243	-	-	-	28,243
Restricted:					
Road and bridge projects	-	2,598,448	-	-	2,598,448
Capital improvements	-	-	1,436,240	-	1,436,240
Storm water projects	-	-	-	7,219,318	7,219,318
Assigned:					
Beautification project	9,760	-	-	-	9,760
Unassigned	11,017,991	-	-	-	11,017,991
TOTAL FUND BALANCES	11,105,645	2,598,448	1,436,240	7,219,318	22,359,651
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	\$ 12,319,555	\$ 2,772,560	\$ 1,482,037	\$ 7,321,638	\$ 23,895,790

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

CITY OF LADUE, MISSOURI
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF DECEMBER 31, 2015

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

Total fund balance per balance sheet	\$ 22,359,651
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	22,517,363
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	567,417
Certain deferred outflows of resources represent a consumption or acquisition of net position in a future period and therefore are not reported in the funds.	
Deferred outflow of resources	2,351,104
Deferred inflow of resources	(35,599)
Long-term liabilities, including the net pension obligation, compensated absences and other post retirement benefits are not due and payable in the current period and therefore, are not reported in the funds.	<u>(11,720,968)</u>
Net position of governmental activities	<u><u>\$ 36,038,968</u></u>

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

CITY OF LADUE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Road and Bridge Fund	Capital Improvement Fund	Storm Water Projects Fund	Total
REVENUES					
Taxes	\$ 10,288,930	\$ -	\$ 928,343	\$ 1,092,166	\$ 12,309,439
Intergovernmental	-	873,100	-	-	873,100
Licenses and permits	720,928	37,790	-	-	758,718
Fines and court costs	358,412	-	-	-	358,412
Charges for service	412,879	-	-	-	412,879
Investment income	27,911	3,200	2,456	21,459	55,026
Miscellaneous	181,849	653,467	194,579	710,424	1,740,319
TOTAL REVENUES	<u>11,990,909</u>	<u>1,567,557</u>	<u>1,125,378</u>	<u>1,824,049</u>	<u>16,507,893</u>
EXPENDITURES					
Current:					
General government	1,240,593	-	-	-	1,240,593
Police department	4,241,519	-	-	-	4,241,519
Fire department	4,672,377	-	-	-	4,672,377
Public works	1,400,803	146,081	-	-	1,546,884
Capital outlay	-	804,375	339,278	1,069,682	2,213,335
Debt service	-	-	118,759	-	118,759
TOTAL EXPENDITURES	<u>11,555,292</u>	<u>950,456</u>	<u>458,037</u>	<u>1,069,682</u>	<u>14,033,467</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	435,617	617,101	667,341	754,367	2,474,426
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	340,891	(321,000)	7,109	(27,000)	-
CHANGE IN FUND BALANCE	776,508	296,101	674,450	727,367	2,474,426
FUND BALANCES - BEGINNING OF YEAR	<u>10,329,137</u>	<u>2,302,347</u>	<u>761,790</u>	<u>6,491,951</u>	<u>19,885,225</u>
FUND BALANCES - END OF YEAR	<u>\$ 11,105,645</u>	<u>\$ 2,598,448</u>	<u>\$ 1,436,240</u>	<u>\$ 7,219,318</u>	<u>\$ 22,359,651</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, 2015**

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

Change in fund balance-total governmental funds	\$ 2,474,426
The acquisition of capital assets requires the use of current financials resources, but has no effect on net position.	1,995,471
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(1,274,271)
The net effect of other miscellaneous transactions involving capital assets (ie. sales or trade-ins) that decrease net position.	(27,497)
Revenues in the statement of activities that do not provide current financial resources, are not reported as revenue in the governmental funds.	119,577
Expenses related to providing pension benefits are reported using a different measurement focus in the statement of activities compared to the the governmental fund statements. Expeditures in the governmental fund exceed the expense reported in the statement of activities.	(69,794)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	114,435
Compensated absences do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds.	35,526
Change in net position of governmental activities	\$ 3,367,873

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

CITY OF LADUE, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

ASSETS

	PENSION TRUST		TOTAL
	FIREMEN'S AND POLICEMEN'S PENSION FUND	PENSION FUND NON-UNIFORMED EMPLOYEES	
Cash and cash equivalents	\$ 1,341,564	\$ 153,735	\$ 1,495,299
Accrued interest receivable	22,386	4,781	27,167
Investments - at fair value:			
Bonds funds	7,948,504	1,220,321	9,168,825
Stock funds	18,222,739	2,596,720	20,819,459
Hedge funds	1,398,522	215,942	1,614,464
Traded real estate fund	421,732	63,965	485,697
Total Investments	27,991,497	4,096,948	32,088,445
 TOTAL ASSETS	 \$ 29,355,447	 \$ 4,255,464	 \$ 33,610,911

LIABILITIES AND NET POSITION

NET POSITION			
Net position held in trust for pension benefits	\$ 29,355,447	\$ 4,255,464	\$ 33,610,911
 TOTAL LIABILITIES AND NET POSITION	 \$ 29,355,447	 \$ 4,255,464	 \$ 33,610,911

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

CITY OF LADUE, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PENSION TRUST</u>		
	<u>FIREMEN'S AND POLICEMEN'S PENSION FUND</u>	<u>PENSION FUND NON-UNIFORMED EMPLOYEES</u>	<u>TOTAL</u>
ADDITIONS			
Contributions:			
Employer	\$ 1,560,988	\$ 153,600	\$ 1,714,588
Plan members	290,166	-	290,166
Total Contributions	<u>1,851,154</u>	<u>153,600</u>	<u>2,004,754</u>
Investment return:			
Net appreciation in fair value of investments	(706,546)	(106,915)	(813,461)
Interest and dividends	608,212	90,035	698,247
Less: investment expenses	(80,218)	(11,981)	(92,199)
Net Investment Return	<u>(178,552)</u>	<u>(28,861)</u>	<u>(207,413)</u>
TOTAL ADDITIONS	<u>1,672,602</u>	<u>124,739</u>	<u>1,797,341</u>
DEDUCTIONS			
Benefit payments	2,273,915	254,307	2,528,222
Refunds	12,049	-	12,049
Administrative expense	14,380	9,598	23,978
TOTAL DEDUCTIONS	<u>2,300,344</u>	<u>263,905</u>	<u>2,564,249</u>
CHANGE IN NET POSITION	(627,742)	(139,166)	(766,908)
NET POSITION - BEGINNING OF YEAR	<u>29,983,189</u>	<u>4,394,630</u>	<u>34,377,819</u>
NET POSITION - END OF YEAR	<u>\$ 29,355,447</u>	<u>\$ 4,255,464</u>	<u>\$ 33,610,911</u>

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

CITY OF LADUE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ladue, Missouri, (the City) was incorporated December 1, 1936. The City operates under a Mayor-City Council 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. 61, *The Financial Reporting Entity* (GASB 61), 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 position 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 position have been eliminated.

Statement of Net Position -The statement of net position 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 position and reports depreciation expense in the statement of activities. The net position of the City are broken down into three categories 1) net investment in capital assets; 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 position 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. Even though the Road and Bridge Fund does not meet the minimum criteria, the City feels this fund is significant enough to be considered a major fund.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued
- C. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION** - continued

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.

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 - 12 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.

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.

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

H. **NET POSITION AND FUND EQUITY**

In government-wide financial statements net position are reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets, represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets, does not include the unspent proceeds of capital debt. Restricted net position represents net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All other net positions 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 position reports \$11,260,206 of restricted net position, all of which is restricted by enabling legislation.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or an official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The City would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

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

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.

K. **PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

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 City Council 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. Budget revisions are required at the fund level and must be approved by the City Council.

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.

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

At year-end, the carrying value of the City's deposits, including certificates of deposits, was \$19,575,944 and the bank balances were \$19,823,042. 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.

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. Property taxes are shown net of an allowance for uncollectibles which is equal to the amounts not collected within 60 days of year-end. Property tax is collected by St. Louis County and remitted to the City. The assessed value at January 1, 2015, upon which the 2015 levy was based for real, personal and public utility property, was \$664,287,880. The City's tax rate was levied per \$100 of assessed valuation for the General Fund based on the following property classes:

Real estate:	
Residential	\$ 0.687
Commercial	0.687
Agricultural	0.000
Personal property	0.756

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 road and bridge in nature, which includes some expenditures charged to Public Works. The following operating transfers were made during the fiscal year ending December 31, 2015:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 348,000	\$ 7,109
Road and Bridge Fund	-	321,000
Capital Improvements	7,109	-
Storm Water Projects Fund	-	27,000

6. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2015 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	<u>2,752,633</u>	<u>497,045</u>	<u>(2,589,304)</u>	<u>660,374</u>
Total capital assets, not being depreciated	<u>3,069,058</u>	<u>497,045</u>	<u>(2,589,304)</u>	<u>976,799</u>
Capital assets, being depreciated:				
Buildings	7,569,835	-	-	7,569,835
Improvements	1,228,504	47,376	(366,771)	909,109
Machinery and equipment	2,812,467	113,959	(394,031)	2,532,395
Vehicles	2,775,314	50,238	(22,708)	2,802,844
Infrastructure	<u>14,327,830</u>	<u>3,876,157</u>	<u>-</u>	<u>18,203,987</u>
Total capital assets, being depreciated	<u>28,713,950</u>	<u>4,087,730</u>	<u>(783,510)</u>	<u>32,018,170</u>
Less: accumulated depreciation				
Buildings	(2,256,712)	(190,094)	-	(2,446,806)
Improvements	(764,548)	(55,354)	366,771	(453,131)
Machinery and equipment	(1,995,882)	(132,319)	370,534	(1,757,667)
Vehicles	(1,770,802)	(231,482)	18,708	(1,983,576)
Infrastructure	<u>(3,171,404)</u>	<u>(665,022)</u>	<u>-</u>	<u>(3,836,426)</u>
Total accumulated Depreciation	<u>(9,959,348)</u>	<u>(1,274,271)</u>	<u>756,013</u>	<u>(10,477,606)</u>
Total capital assets, being depreciated, net	<u>18,754,602</u>	<u>2,813,459</u>	<u>(27,497)</u>	<u>21,540,564</u>
Total governmental activities	<u>\$ 21,823,660</u>	<u>\$ 3,310,504</u>	<u>\$ (2,616,801)</u>	<u>\$ 22,517,363</u>

6. **CAPITAL ASSETS** - continued

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

Governmental activities:

General government	\$ 46,894
Police department	173,806
Fire department	226,018
Public works	<u>827,556</u>
Total depreciation governmental activities	<u>\$ 1,274,274</u>

7. **LONG-TERM LIABILITIES**

	<u>Balance, Beginning Of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, End Of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
Accrued vacation	\$ 435,330	\$ 415,724	\$ (435,330)	\$ 415,724	\$ 415,724
Accrued sick leave	701,404	311,584	(327,504)	685,484	226,000
Capital lease	114,435	-	(114,435)	-	-
Net other post employment benefit obligation	<u>435,300</u>	<u>357,200</u>	<u>(127,900)</u>	<u>664,600</u>	<u>138,500</u>
Subtotal governmental Activities	<u>\$ 1,686,469</u>	<u>\$ 1,084,508</u>	<u>\$ (1,005,169)</u>	<u>\$ 1,765,808</u>	<u>\$ 780,224</u>

Funds to retire accrued vacation and sick leave as well as the other post-employment benefit obligation 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, 2015, the date of the last actuarial valuation:

	<u>Uniformed Plan</u>	<u>Non-Uniformed Plan</u>
Retirees and beneficiaries currently receiving benefits	61	19
Terminated plan members entitled to but not yet receiving benefits	5	5
Terminated nonvested	-	-
Active plan members	<u>56</u>	<u>25</u>
TOTAL	<u>122</u>	<u>49</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 City Council has the authority to amend the benefit provisions of the Plan. The Pension Board is composed of the City Treasurer and Mayor, two city residents and four city employees. Neither plan issues separate stand alone financial statements. The financial information is included as Pension Trust Funds in the City’s basic financial statements.

For employees hired before January 1, 2013, the normal retirement benefit is available to an eligible employee who has completed 20 or more years of service. The employee is then eligible to receive a monthly lifetime benefit equal to 2% of the employee’s career average salary multiplied by his first 20 years of service and 2.5% of the final average salary multiplied by years of service in excess of 20 years (up to a maximum of 10 years). An eligible employee who has completed at least 10 years but less than 20 years, upon reaching his normal retirement date, is entitled to receive a monthly lifetime benefit of 2% of his career average salary multiplied by years of service. For employees hired on or after January 1, 2013 the employee is eligible to receive a monthly lifetime benefit equal to 2% of the employee’s career average salary multiplied by years of service up to 30 years and 60% of final average salary for 30 years or more.

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

Contributions

Plan members are required to contribute 6.0% of their annual pay in 2014 and thereafter. It is the City's policy to make contributions at the actuarially determined rate or higher. The City Council has the authority to amend contribution requirements. Administrative costs are financed through City contributions and investment earnings.

Investment Policy - The primary objective of the portfolio is to direct the investment and reinvestment of plan assets with the primary objective of maximizing long-term total return while protecting principal. It is the policy of the Board to pursue an investment strategy through diversification across a selection of asset classes. The pension plan's investment policy maintains appropriate level of liquidity to meet cash flow needs, however short term positions generally should not exceed 5% of total portfolio. The following was the Board's adopted asset allocation policy as of December 31, 2015:

Asset Class	Target Allocation	Maximum	Minimum
Equites	62%	73%	45%
Fixed-Income	28	55	20
Alternatives	10	14	-

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a negative .59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.5%
Salary increases	4.5%
Investment rate of return	7.0%
Cost of living adjustments	None

Mortality Rates - Rates are based on the RP-2000 Combined White Collar Mortality for Employees and Healthy Annuitants for males or females, as appropriate, with projections to 2017 per Scale AA. For disabled lives the rates are based on the Post - 1994 Disability Mortality as prescribed by IRS Revenue Ruling 96-7.

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

Assumed Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Core Fixed Income	25.0 %	2.21 %
High Yield Bonds	2.0	4.42
Non-US Fixed Income	1.0	5.27
Large Cap US Equities	25.0	5.22
Mid Cap US Equities	11.0	5.80
Small Cap US Equities	6.0	6.40
Developed Foreign Equities	12.0	6.21
Emerging Market Equities	3.0	8.36
Hedge Funds/ Absolute Return	9.0	4.30
Real Estate (REITS)	2.0	6.13
Commodities	1.0	3.21
Infrastructure	3.0	5.28

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

Net Pension Liability - The employer's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances - December 31, 2014	\$ (37,379,818)	\$ 29,983,189	\$ (7,396,629)
Changes for the year:			
Service cost	(652,236)	-	(652,236)
Interest	(2,583,588)	-	(2,583,588)
Differences between expected and actual experience	(325,780)	-	(325,780)
Contribution - employer	-	1,560,988	1,560,988
Contributions - employee	-	290,166	290,166
Net investment income	-	(178,551)	(178,551)
Benefit payments including Administrative expense	2,285,964	(2,285,964)	-
	-	(14,381)	(14,381)
Balances - December 31, 2015	\$ (38,655,458)	\$ 29,355,447	\$ (9,300,011)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plan, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Total pension liability	\$ 43,243,835	\$ 38,655,458	\$ 34,801,609
Fiduciary net position	29,355,447	29,355,447	29,355,447
Net pension liability	13,888,388	9,300,011	5,446,162

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

THE CITY OF LADUE, MISSOURI PENSION PLAN FOR NON-UNIFORMED EMPLOYEES (NON-UNFORMED 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 City Council has the authority to amend benefit provisions of the plan. The Pension Board is composed of the City Treasurer, Mayor, two residents, and two city employees.

The normal retirement benefit is a monthly payment equal to 1.25% times the participant's final average monthly compensation times the participant's full years and completed months of credited service (but not in excess of thirty-five years of credited service). The normal retirement age is the date the employee turns 62. An early retirement benefit shall be calculated in the same manner as a normal retirement benefit but shall be based on the participant's average monthly compensation and credited service at his termination of employment, reduced for early commencement.

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 City Council has the authority to amend contribution requirements. Administrative costs are financed through City contributions and investment earnings.

Investment Policy - The primary objective of the portfolio is to direct the investment and reinvestment of plan assets with the primary objective of maximizing long-term total return while protecting principal. It is the policy of the Board to pursue an investment strategy through diversification across a selection of asset classes. The pension plan's investment policy maintains appropriate level of liquidity to meet cash flow needs, however short term positions generally should not exceed 5% of total portfolio.

The following was the Board's adopted asset allocation policy as of December 31, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Maximum</u>	<u>Minimum</u>
Equites	62%	73%	45%
Fixed-Income	28	55	20
Alternatives	10	14	-

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

Rate of Return - For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a negative .69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.5%
Salary increases	4.5%
Investment rate of return	7.0%
Cost of living adjustments	None

Mortality rates are based on the RP-2000 Combined White Collar Mortality for Employees and Healthy Annuitants for males or females, as appropriate, with projections to 2017 per Scale AA. For disabled lives the rates are based on the Post - 1994 Disability Mortality rates as prescribed by IRS Revenue Ruling 96-7 were used.

Assumed Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Core Fixed Income	25.0 %	2.21 %
High Yield Bonds	2.0	4.42
Non-US Fixed Income	1.0	5.27
Large Cap US Equities	25.0	5.22
Mid Cap US Equities	11.0	5.80
Small Cap US Equities	6.0	6.40
Developed Foreign Equities	12.0	6.21
Emerging Market Equities	3.0	8.36
Hedge Funds/ Absolute Return	9.0	4.30
Real Estate (REITS)	2.0	6.13
Commodities	1.0	3.21
Infrastructure	3.0	5.28

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability - The employer's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances - December 31, 2014	\$ <u>(4,797,162)</u>	\$ <u>4,394,630</u>	\$ <u>(402,532)</u>
Changes for the year:			
Service cost	(77,220)	-	(77,220)
Interest	(332,456)	-	(332,456)
Differences between expected and actual experience	43,280	-	43,280
Contributions - employer	-	153,600	153,600
Net investment income	-	(30,224)	(30,224)
Benefit payments including	254,307	(254,307)	-
Administrative expense	-	(9,597)	(9,597)
Balances - December 31, 2015	\$ <u><u>(4,909,251)</u></u>	\$ <u><u>4,254,102</u></u>	\$ <u><u>(655,149)</u></u>

8. **EMPLOYEE RETIREMENT SYSTEMS** - continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plan, calculated using the discount rate of 7.0%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Total pension liability	\$ 5,544,021	\$ 4,909,251	\$ 4,379,005
Fiduciary net position	4,254,102	4,254,102	4,254,102
Net pension liability	1,289,919	655,149	124,903

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015 the employer recognized pension expense of \$1,555,082. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 274,328	\$ (35,999)
Changes in assumptions	-	-
Net differences between projected and actual earning on pension plan investments	2,076,776	-
	<u>\$ 2,351,104</u>	<u>\$ (35,999)</u>

The deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$ 562,966
2017	562,966
2018	562,966
2019	562,966
2020	46,575
Thereafter	17,066
	<u>2,315,505</u>

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, Missouri has a single-employer other post employment plan that provides its retirees with access to healthcare (medical and dental insurance). 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.

At January 1, 2012, the date of the last actuarial valuation, the Plan covered the following number of participants:

Active participants	82
Retirees and beneficiaries currently receiving benefits	<u>42</u>
Total Plan Participants	<u><u>124</u></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 50% and 70% married medical and dental coverage, respectively, (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 2017 by Scale AA for males and females, (e) employee participation rates of future retired employees are assumed to be 90% for medical coverage and 70% for dental coverage, participation rates of current retirees are assumed to be 100% of medical and dental coverage. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments.

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

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)	\$ 378,200
Interest on net benefit plan obligation	15,700
Adjustment to annual required contribution	<u>(36,700)</u>
Annual benefit plan cost	357,200
Contributions made	<u>(127,900)</u>
Increase in net benefit plan obligation	229,300
Net OPEB obligation (asset) - beginning of year	435,300
Net OPEB obligation (asset) - end of year	<u>\$ 664,600</u>

Trend Information - Other Post Employment Benefits

Fiscal Year Ended Dec 31,	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2015	\$ 378,200	34 %	\$ 664,600
2014	321,500	54	435,300
2013	321,500	60	287,000

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation available, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,404,500, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,404,500. The covered payroll (annual payroll of active employees covered by the plan) was \$6,785,338, and the ratio of the UAAL to the covered payroll was 35.4%.

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

11. **CHANGE IN ACCOUNTING PRINCIPLE**

In 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASB Statement No. 68 changed how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide. GASB Statement No. 71 addressed the issue of contributions made the defined benefit pension plan after the measurement date for the year in which GASB No. 68 is implemented. As a result of the implementation, net position as of December 31, 2014 was restated as follows:

11. **CHANGE IN ACCOUNTING PRINCIPLE** - continued

Government-wide financial statements

		Governmental Activities
Net position at December 31, 2014	\$	45,907,641
Removal of net pension asset		(5,437,385)
Beginning net pension liability		(7,799,161)
Net position as of December 31, 2015	\$	<u>32,671,095</u>

12. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 7, 2016, the date the financial statements were available to be issued.

In April 2016, the City Council approved financing the construction and equipping of a new Fire House #1 by means of a tax-exempt lease purchase in the amount of approximately \$4,046,000. The Lease and payments thereon are limited obligations of the City and do not constitute indebtedness within the statutory debt limitations and do not obligate the City beyond the appropriations in the general fund or other permitted fund each fiscal year.

13. **CONTINGENCIES**

From time to time, the City is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, or are claims without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the City.

14. **PENDING GOVERNMENTAL ACCOUNTING STANDARDS**

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 72, Fair Value and Measurement, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of FASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government, GASB State No. 77, Tax Abatement Disclosures, GASB Statement No. 78, Pensions Provided through Certain Multiple Employer Defined Benefit Pensions plans and GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The City will adopt and implement these statements at the required time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS - NON-UNIFORMED PLAN
(in 1,000's)

<u>Total Pension Liability</u>	Fiscal Year Ended December 31,	
	2015	2014
Service cost	\$ 77	\$ 98
Interest	332	320
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	(43)	14
Effect of assumptions changes or inputs	-	-
Benefit payments, including refunds	(254)	(243)
Net change in total pension liability	112	189
Total pension liability - beginning of year	4,797	4,608
Total pension liability - end of year	\$ 4,909	\$ 4,797
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 154	\$ 177
Net investment income	(31)	263
Benefit payments, including refunds	(254)	(243)
Administrative expenses	(10)	(9)
Net change in plan fiduciary net position	(141)	188
Plan fiduciary net position - beginning of year	4,395	4,207
Plan fiduciary net position - end of year	\$ 4,254	\$ 4,395
Net pension liability - end of year	\$ 655	\$ 402
Plan fiduciary net position as a percentage of total pension liability	86.7%	91.6%
Covered employee payroll	\$ 1,624	\$ 1,312
Net pension liability as a percentage of covered payroll	40.3%	30.6%
Money weighted rate of return	(0.69) %	6.2 %

Note: The above information is not available for years prior to the implementation of GASB 67.

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS - UNIFORMED PLAN
(in 1,000's)

<u>Total Pension Liability</u>	Fiscal Year Ended December 31,	
	2015	2014
Service cost	\$ 652	\$ 651
Interest on total pension liability	2,584	2,517
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	326	44
Effect of assumptions changes or inputs	-	-
Benefit payments, including refunds	(2,286)	(2,250)
Net change in total pension liability	1,276	962
Total pension liability - beginning of year	37,380	36,418
Total pension liability - end of year	\$ 38,656	\$ 37,380
<u>Plan Fiduciary Net Position</u>		
Contributions - employer	\$ 1,561	\$ 2,600
Member contributions	290	281
Net investment income	(179)	1,762
Benefit payments, including refunds	(2,286)	(2,250)
Administrative expenses	(14)	(12)
Net change in plan fiduciary net position	(628)	2,381
Plan fiduciary net position - beginning of year	29,983	27,602
Plan fiduciary net position - end of year	\$ 29,355	\$ 29,983
Net pension liability - end of year	\$ 9,301	\$ 7,397
Plan fiduciary net position as a percentage of total pension liability	75.9%	80.2%
Covered employee payroll	\$ 4,631	\$ 4,535
Net pension liability as a percentage of covered payroll	200.8%	163.1%
Money weighted rate of return	(0.59) %	6.08 %

Note: The above information is not available for years prior to the implementation of GASB 67.

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS

NON-UNIFORM PLAN

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Employee Payroll	Contributions As A Percentage Of Covered Employee Payroll
2006	\$ 120,800	\$ 120,800	\$ -	100 %	N/A	N/A
2007	143,662	143,662	-	100	N/A	N/A
2008	148,695	175,000	(26,305)	118	\$ 1,709,715	10.24 %
2009	203,664	403,664	(200,000)	198	1,727,832	23.36
2010	161,199	261,199	(100,000)	162	1,802,804	14.49
2011	139,170	139,170	-	100	1,717,264	8.10
2012	200,550	200,550	-	100	1,638,495	12.24
2013	189,461	189,461	-	100	1,490,353	12.71
2014	176,589	176,589	-	100	1,507,473	11.71
2015	153,600	153,600	-	100	1,624,117	9.46

UNIFORM PLAN

Year Ended June 30,	Actuarially Determined Contribution	Employer Actual Contribution	Contribution Deficiency (Excess)	Percentage Contributed	Covered Employee Payroll	Contributions As A Percentage Of Covered Employee Payroll
2006	\$ 1,129,573	\$ 1,129,573	\$ -	100 %	3,782,856	29.86 %
2007	1,210,076	1,810,076	(600,000)	150	4,102,912	44.12
2008	1,055,357	2,240,000	(1,184,643)	212	4,245,175	52.77
2009	1,255,382	2,255,382	(1,000,000)	180	4,469,088	50.47
2010	1,092,786	1,692,786	(600,000)	155	4,447,537	38.06
2011	1,100,673	1,100,673	-	100	4,246,707	25.92
2012	1,182,728	1,182,728	-	100	4,107,358	28.80
2013	1,616,761	2,616,761	(1,000,000)	162	3,939,359	66.43
2014	1,599,667	2,599,667	(1,000,000)	163	4,560,524	57.00
2015	1,560,988	1,560,988	-	100	4,630,901	33.71

Notes to Schedule

Valuation Date: January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	level dollar layered
Remaining amortization period	layered 20 years periods
Asset valuation method	5 year smoothed market
Inflation	2.5%
Salary increases	4.5%
Investment return	7.0%
Retirement age:	
Non-Uniform Plan	Early retirement - 55 years of age and 10 years of credited service Normal retirement - 62 years of age
Uniform Plan:	Early retirement - 50 years of age and 10 years of credited service Normal retirement - 55 years of age with 10 years of service

Mortality
 RP-2000 Combined White Collar Mortality for Employees and Healthy Annuitants for males or females, with projections to 2017 per Scale AA. Post - 1994 Disability Mortality as prescribed by IRS Revenue Ruling 96-7 for disabled lives

Note: Assumptions apply to both the Uniform Plan and Non-Uniform Plan unless otherwise noted.

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST EMPLOYEE BENEFIT PLAN
LAST SEVEN FISCAL YEARS

Year ended December 31,	Annual Required Contribution	Interest On Net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Actual Contribution	Net OPEB Obligation
2009	\$ 84,510	\$ -	-	\$ 84,510	\$ 87,562	\$ (3,052)
2010	84,510	-	-	84,510	91,345	(9,887)
2011	84,510	-	-	84,510	71,923	2,700
2012	321,500	100	200	321,400	166,800	157,300
2013	321,500	100	200	321,400	191,700	287,000
2014	321,500	100	200	321,400	173,100	435,300
2015	378,200	15,700	36,700	357,200	127,900	664,600

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF 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 %
1/1/2012	-	2,273,700	2,273,700	-	5,745,853	39.6
1/1/2015	-	\$ 2,404,500	\$ 2,404,500	-	\$ 6,785,338	35.4

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

Valuations are performed triannually.

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 10,515,110	\$ 10,515,110	\$ 10,288,930	\$ (226,180)
Licenses and permits	576,983	576,983	720,928	143,945
Fines and court costs	563,465	563,465	358,412	(205,053)
Charges for service	352,695	352,695	412,879	60,184
Miscellaneous	129,377	129,377	209,760	80,383
TOTAL REVENUE	<u>12,137,630</u>	<u>12,137,630</u>	<u>11,990,909</u>	<u>(146,721)</u>
EXPENDITURES				
Current:				
General government	1,280,376	1,280,376	1,240,593	39,783
Police department	4,480,374	4,480,374	4,241,519	238,855
Fire department	4,887,549	4,887,549	4,672,377	215,172
Public works	1,533,000	1,533,000	1,400,803	132,197
TOTAL EXPENDITURES	<u>12,181,299</u>	<u>12,181,299</u>	<u>11,555,292</u>	<u>626,007</u>
EXCESS OF REVENUES OVER (UNIDER) EXPENDITURES	<u>(43,669)</u>	<u>(43,669)</u>	<u>435,617</u>	<u>479,286</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	348,000	348,000	340,891	(7,109)
CHANGE IN FUND BALANCE	304,331	304,331	776,508	<u>\$ 472,177</u>
FUND BALANCE - BEGINNING OF YEAR	<u>10,329,137</u>	<u>10,329,137</u>	<u>10,329,137</u>	
FUND BALANCE - END OF YEAR	<u>\$ 10,633,468</u>	<u>\$ 10,633,468</u>	<u>\$ 11,105,645</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUE				
Intergovernmental	\$ 826,000	\$ 826,000	\$ 873,100	\$ 47,100
Licenses and permits	36,000	36,000	37,790	1,790
Miscellaneous income	1,288,233	1,288,233	656,667	(631,566)
TOTAL REVENUE	<u>2,150,233</u>	<u>2,150,233</u>	<u>1,567,557</u>	<u>(582,676)</u>
EXPENDITURES				
Current:				
General government	28,808	28,808	-	28,808
Public works	1,912,502	1,912,502	950,456	962,046
TOTAL EXPENDITURES	<u>1,941,310</u>	<u>1,941,310</u>	<u>950,456</u>	<u>990,854</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>208,923</u>	<u>208,923</u>	<u>617,101</u>	<u>408,178</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	<u>(321,000)</u>	<u>(321,000)</u>	<u>(321,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	(112,077)	(112,077)	296,101	<u>\$ 408,178</u>
FUND BALANCE - BEGINNING OF YEAR	<u>2,302,347</u>	<u>2,302,347</u>	<u>2,302,347</u>	
FUND BALANCE - END OF YEAR	<u>\$ 2,190,270</u>	<u>\$ 2,190,270</u>	<u>\$ 2,598,448</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUE				
Taxes	\$ 873,500	\$ 873,500	\$ 928,343	\$ 54,843
Miscellaneous	9,098	9,098	197,035	187,937
TOTAL REVENUE	<u>882,598</u>	<u>882,598</u>	<u>1,125,378</u>	<u>242,780</u>
EXPENDITURES				
Capital outlay	502,236	502,236	339,278	162,958
Debt service	-	-	118,759	(118,759)
TOTAL EXPENDITURES	<u>502,236</u>	<u>502,236</u>	<u>458,037</u>	<u>44,199</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES				
	<u>380,362</u>	<u>380,362</u>	<u>667,341</u>	<u>\$ 286,979</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	-	-	7,109	
CHANGE IN FUND BALANCE				
	<u>380,362</u>	<u>380,362</u>	<u>674,450</u>	
FUND BALANCE - BEGINNING OF YEAR				
	761,790	761,790	761,790	
FUND BALANCE - END OF YEAR				
	<u>\$ 1,142,152</u>	<u>\$ 1,142,152</u>	<u>\$ 1,436,240</u>	

CITY OF LADUE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STORM WATER PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
OPERATING REVENUE				
Taxes	\$ 1,028,000	\$ 1,028,000	\$ 1,092,166	\$ 64,166
Miscellaneous	1,144,211	1,144,211	731,883	(412,328)
TOTAL REVENUE	<u>2,172,211</u>	<u>2,172,211</u>	<u>1,824,049</u>	<u>(348,162)</u>
EXPENDITURES				
Public works	385,125	385,125	-	385,125
Capital outlay	1,404,889	1,404,889	1,069,682	335,207
TOTAL EXPENDITURES	<u>1,790,014</u>	<u>1,790,014</u>	<u>1,069,682</u>	<u>720,332</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES				
	<u>382,197</u>	<u>382,197</u>	<u>754,367</u>	<u>372,170</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(27,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	355,197	355,197	727,367	<u>\$ 372,170</u>
FUND BALANCE - BEGINNING OF YEAR	<u>6,491,951</u>	<u>6,491,951</u>	<u>6,491,951</u>	
FUND BALANCE - END OF YEAR	<u>\$ 6,847,148</u>	<u>\$ 6,847,148</u>	<u>\$ 7,219,318</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>
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
2010	1,130,866	8,060,100	1,629,802	10,820,768
2011	1,285,937	7,498,103	1,600,431	10,384,471
2012	1,262,260	8,015,230	1,708,772	10,986,262
2013	1,086,831	9,371,703	1,417,696	11,876,230
2014	1,172,673	9,641,593	1,451,420	12,265,686
2015	1,240,593	8,913,896	1,400,803	11,555,292

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>
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
2010	9,251,296	451,188	395,724	777,044	115,070	10,990,322
2011	9,569,863	466,980	411,831	621,400	156,709	11,226,783
2012	10,115,868	708,296	363,379	445,275	226,763	11,859,581
2013	10,007,153	581,935	412,083	522,134	252,270	11,775,575
2014	10,430,056	581,425	389,850	589,480	237,494	12,228,305
2015	10,288,930	720,928	412,879	358,412	209,760	11,990,909

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>
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
2010	4,323,146	2,466,867 *	57.1	2,224,421	4,691,288	108.5	1,898,822 *	43.9
2011	4,351,285	2,291,258 *	52.7	1,853,385	4,144,643	95.3	2,124,234 *	48.8
2012	4,370,876	2,503,878 *	57.3	1,708,195	4,212,073	96.4	1,924,155 *	44.0
2013	4,385,108	1,889,946 *	43.1	2,161,113	4,051,059	92.4	2,495,162 *	56.9
2014	4,156,040	2,131,079 *	51.3	1,675,370	3,806,449	91.6	1,994,251 *	48.0
2015	4,251,470	2,018,632 *	47.5	1,691,721	3,710,353	87.3	2,190,159 *	51.5

* 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, 2015

Date of Incorporation	December 1, 1936
Form of Government	Mayor - Board of Aldermen
Area	8.55 square miles
Population (2010 census)	8,521
Homes (2010 census)	3,377
Miles of Streets	
Public	23
Private	58
Fire Protection:	
Number of:	
Stations	2
Firemen and officers	31
Police Protection:	
Number of:	
Stations	1
Policemen and officers	27
Communications personnel	5
Public Works	
Number of:	
Buildings	3
Personnel and officers	14
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, 2015	494
Recreation and Culture:	
Number of:	
Parks	2 with approximately 66.7 acres
Libraries	1
Private country clubs	6
Employees	85