

**City of Olivette, Missouri**

**Financial Statements**

For The Year Ended June 30, 2013

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# *Fick, Eggemeyer & Williamson*

Certified Public Accountants, PC



MEMBERS OF THE  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Members of the City Council  
City of Olivette  
Olivette, 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 Olivette, Missouri as of and for the year ended June 30, 2013, 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 auditor's 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 Olivette, Missouri, as of June 30, 2013, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and budgetary comparison information and the schedule of funding progress on pages 3a-3f and 27-30 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 opinions on the financial statements that collectively comprise the City of Olivette, Missouri's basic financial statements. The combining balance sheet - nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balance - nonmajor governmental funds and statement of changes in assets and liabilities - agency funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet - nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balance - nonmajor governmental funds and statement of changes in assets and liabilities - agency funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining balance sheet - nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balance - nonmajor governmental funds and statement of changes in assets and liabilities - agency funds are 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 February 15, 2014, on our consideration of the City of Olivette, Missouri'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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results 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 the City of Olivette, Missouri's internal control over financial reporting and compliance.

*Fick, Eggemeyer & Williamson*

Fick, Eggemeyer & Williamson, CPA's

St. Louis, Missouri

February 15, 2014

**CITY OF OLIVETTE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

The discussion and analysis of the City of Olivette's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Accomplishment of financial targets established in the adopted budget for fiscal period 2012-13.
- Continued strategic planning process to identify redevelopment strategies with the goal of long term financial stability and sustainable economic strength.
- Maintenance of healthy fund balances in the City's operating fund.
- Maintenance of an Aa2 bond rating on City of Olivette debt by Moody's Investors Service.
- General Fund cash reserves to cover four months of city expenditures.

**REPORT LAYOUT**

This 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 two statements are highly condensed and present a government-wide view of the City's finances in complying with the Governmental Accounting Standards Board (GASB No. 34). 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, public works, parks and recreation, planning, inspection and engineering, municipal courts 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, giving a broad perspective on the City's overall financial condition.

**Basic Financial Statements**

- The government-wide financial statements are reported on the accrual basis of accounting. The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities.
- The Statement of Net Assets focuses on resources available for future operations according to the accrual basis of accounting. This statement presents a snap-shot view of the assets the City holds in addition a listing of the liabilities it owes with the net difference representing net position. The net position is further separated into amounts restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses on the costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement provides a summary analysis to determine the extent to which programs are subsidized by general revenues opposed to self-supporting.
- Fund financial statements focus on major governmental funds with each of the City's major governmental fund's presentation in separate columns. Governmental fund statements follow the more traditional presentation of financial statement, following the modified accrual basis of accounting. The remaining funds determined to be non-major are combined into a column titled "Other Non-Major Funds". A budgetary comparison for each major fund is presented as required supplementary information and combining statements for non-major funds are presented with other supplementary information.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide essential information to assist the reader in understanding the City's financial condition.

## THE CITY AS A WHOLE

### Government-wide Financial Analysis

The City's combined net position was \$9,283,972 as of June 30, 2013. This analysis focuses on the net position (table 1) and changes in general revenues (table 2) and significant expenses of the City's governmental activities.

The City's net assets consist of its investment in capital assets, less 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**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 8,482,969	\$ 6,943,354	\$ 1,539,615
Capital assets, net	2,875,797	2,982,105	(106,308)
Total assets	<u>11,358,766</u>	<u>9,925,459</u>	<u>1,433,307</u>
<b>Liabilities</b>			
Current liabilities	1,112,090	1,801,885	(689,795)
Long-term liabilities	962,704	361,196	601,508
Total liabilities	<u>2,074,794</u>	<u>2,163,081</u>	<u>(88,287)</u>
<b>Net position</b>			
Net investment in capital assets	1,967,098	1,681,139	285,959
Restricted	4,558,924	3,292,276	168,150
Unrestricted	2,757,950	2,788,963	1,067,485
Total net position	<u>\$ 9,283,972</u>	<u>\$ 7,762,378</u>	<u>\$ 1,521,594</u>

Governmental activities increased the City's net assets by \$1,521,594. The key elements of this increase for fiscal year ending June 30 are as follows:

**Governmental-wide Financial Analysis (continued)**

**Table 2**

	<b>2013</b>	<b>2012</b>	<b>(Decrease)</b>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,349,618	\$ 1,266,062	\$ 83,556
Capital grants & contributions	95,470	18,446	77,024
General revenues			
Taxes	8,853,774	7,629,029	1,224,745
Interest income	513	586	(73)
Transfers	524	568	(44)
Miscellaneous	110,433	107,998	2,435
Total revenues	<u>10,410,332</u>	<u>9,022,689</u>	<u>1,387,643</u>
<b>Expenses</b>			
Administrative	1,359,463	1,397,329	(37,866)
Public safety	5,089,952	4,929,810	160,142
Public works	1,415,929	1,481,698	(65,769)
Parks and recreation	885,062	878,789	6,273
Public health	45,463	49,902	(4,439)
Interest and fiscal charges	104,171	21,449	82,722
Total expenses	<u>8,900,040</u>	<u>8,758,977</u>	<u>141,063</u>
<b>Change in net position</b>	1,510,292	263,712	1,246,580
Net position, beginning of year	7,762,378	7,498,666	263,712
Prior period adjustment	11,302	-	11,302
<b>Net position, end of year</b>	<u>\$ 9,283,972</u>	<u>\$ 7,762,378</u>	<u>\$ 1,521,594</u>

Total fiscal 2013 revenue shown in Table 2 of \$10,410,332 reflects an increase of \$1,387,643 from fiscal 2012 revenues of \$9,022,689. Government wide, all revenue sources with the exception of franchise taxes increased during the year ended June 30, 2013. Most notable is the increase in property taxes which increased from \$2,471,773 to \$3,382,700 for the years ended June 30, 2012 and 2013, respectively. This represents an increase of \$910,927 or 37% from the years ended June 30, 2012 to June 30, 2013. \$870,425 of the increase is due to the addition of the full amount of the Dielman Neighborhood Improvement District's assessments which will be collected over the next 20 years. Although revenues have recovered during the year ending June 30, 2013, the City, as well as the Country, continues to deal with an uneasy economic climate where lending has remained tight despite zero-bound interest rates, and unemployment statistics continue to be a struggle.

The fiscal year 2013 expenses increased to \$8,782,430 from \$8,758,977 in fiscal year 2012. While all departments are carefully watching for extra places to cut expenses, public safety expense increases are attributable to a slight increase in overall personnel costs along with the purchase of two vehicles in the police department. Meanwhile, expenses in public works and parks and recreation have decreased compared to fiscal year 2013 due to purchasing of large assets during fiscal year 2012. Additional decreases for public works as well as administration expense decreases were due to personnel vacancies. Interest and fiscal charges increased dramatically due to costs associated with the issuance of the Dielman NID bonds.

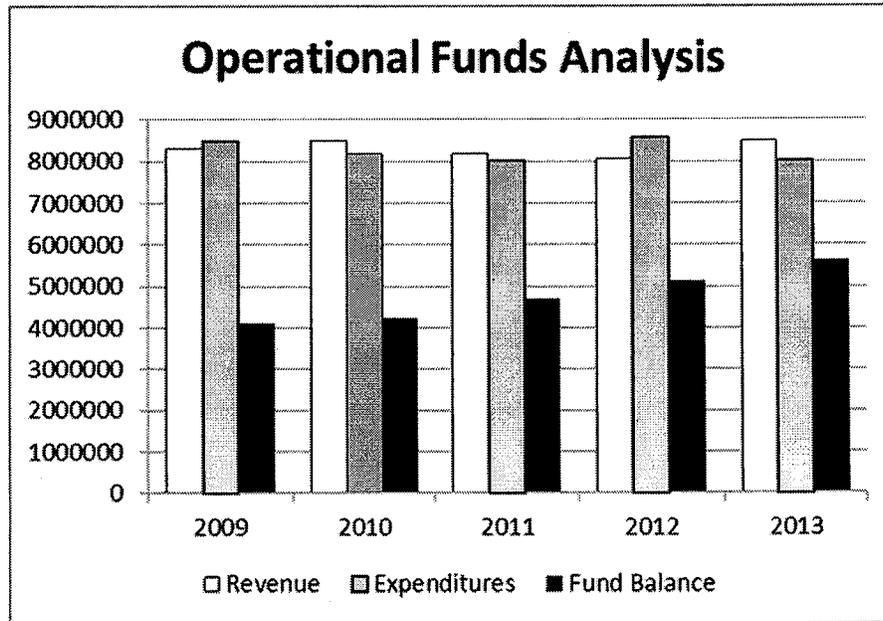
**Governmental Funds**

The following table presents the amount of revenues from various sources on the modified accrual basis of accounting for the fiscal year ending June 30.

**Table 3**

	2013	2012	Increase (Decrease)	Percentage Change
<b>General Fund:</b>				
Taxes	\$ 5,582,401	\$ 5,396,464	\$ 185,937	3.4%
Licenses and permits	428,041	363,820	64,221	1.8%
Fines and court costs	283,289	309,123	(25,834)	-8.4%
Intergovernmental	28,001	18,446	9,555	51.8%
Charges for service	638,288	593,118	45,170	7.6%
Miscellaneous	86,282	107,998	(21,716)	-20.1%
<b>Total</b>	<b>7,046,302</b>	<b>\$ 6,788,969</b>	<b>\$ 257,333</b>	<b>3.8%</b>

Total General Fund revenue increased from \$6,788,969 to \$7,043,302, a 3.8% increase. The City had increased revenue from taxes of \$185,937, which includes public utility licenses. Most revenue sources can be directly tied to economic ups and downs and this is reflected here. Property tax revenue was up slightly with the majority of the remaining increase coming from increased sales tax collection. Licenses and permits have also increased slightly along with charges for services. Investment income has remained zero due to the lack of acceptable returns on deposits.



The above chart is an analysis of Revenue, Expenditures, and Fund Balance over the past 5 years for the General, Capital Improvements, Fire Operations, and Stormwater/Parks Fund. The operational funds are the funds of the city that provide services such as police, fire, public works, parks and recreation, and administration. Through the past 5 years revenues and expenditures have remained flat with revenues exceeding expenditures in 3 of the most recent 4 years. Meanwhile the fund balance has maintained a steady increase. In 2012 the fund balance increased despite expenditures being in excess of revenues due to the debt proceeds in relation to the Dielman NID project.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of the end of the fiscal year 2013, the City had \$5,442,334 invested in a broad range of capital assets. As a full service municipality, the City has equipment to support police and fire departments, public works equipment, buildings, and park facilities. This amount represents a net increase (including additions and deductions) of \$175,465 or 3.3% over the prior fiscal year.

**Table 4**

	June 30, 2013	June 30, 2012	Increase (Decrease)
Land	\$ 471,300	\$ 471,300	\$ -
Construction in progress	112,784	25,231	87,553
Buildings and improvements	1,028,130	1,028,130	-
Infrastructure	974,137	974,137	-
Equipment	1,269,328	1,248,664	20,664
Vehicles	1,586,655	1,519,407	67,248
<b>Total</b>	<b>\$ 5,442,334</b>	<b>\$ 5,266,869</b>	<b>\$ 175,465</b>

The most significant addition to capital assets this year was the purchase of two police cars in addition to construction in progress costs associated with the Old Bonhomme Road Project.

### Debt

In September 2005, the City issued bonds to refund the 1997 Neighborhood Improvement District bonds to take advantage of lower interest rates since the initial bond issue. In March of 2012 the City paid the last debt and interest on this debt. Therefore, as of June 30, 2012, the City had \$-0- in outstanding Neighborhood Improvement District bonds in regard to that issuance. The City retained its bond rating of Aa2 from Moody's Investor Service and issued bonds related to the Dielman Industrial Park Reconstruction Project which added \$974,137 to its Infrastructure assets in fiscal year 2012. In prior fiscal years the City acquired two fire trucks and a phone system with leases and continues to pay annually on the leases. As of June 30, 2013, capital leases outstanding totaled \$178,699. More detailed information on the City's long-term liabilities is presented in note 9 to the financial statements.

### THE CITY'S FUNDS

At the close of the City's fiscal year on June 30, 2013, the governmental funds of the City reported a combined fund balance of \$6,797,699. This ending balance includes an increase in the City's General Fund balance of \$299,132. Total fund balance increased by \$644,731.

### General Fund Budgetary Highlights

For the fiscal year ending June 30, 2013, actual revenues on a budgetary basis were \$7,046,302 compared to the budget amount of \$6,923,290. The \$123,012 difference in revenues was primarily due to an across the board favorable variance from budgeted amounts. The exception is with regards to fines and court costs which ended the year \$37,511 under budget. For the fiscal year ended June 30, 2013 actual expenditures on a budgetary basis were \$6,803,994 as compared to the budget amount of \$7,084,060. The \$280,066 in expenditures under the budget amount is due to strong controls over expenditures, such as adhering strictly to the purchasing policies, but also to vacancies in personnel positions in administration and public works.

## **ECONOMIC FACTORS AND IMPACT ON CURRENT AND FUTURE FISCAL PROJECTS**

As it appears the worst is behind us regarding the recession that continues to plague the economy and in turn municipal revenue sources, the City of Olivette looks to have weathered the adverse effects with flying colors. As with many difficult situations though, there are silver linings with the current economic crisis in the City of Olivette. Along with some prudent budgeting and spending from departments that has resulted in a reduction of expenditures over the past several years; some drawbacks to the City's revenue streams have been highlighted. This has brought forth discussion on how to broaden the city's tax base away from those revenue sources tightly connected to the larger economic position.

Pressed with the prospect of lowering revenues from the property tax and sales tax fronts, fiscal discipline was exercised with promising results. As valuations have stabilized for property tax revenue and with sales tax collections showing improvement, the City can now focus on efforts towards discussions of broadening revenue sources. With the continued implementation and work regarding the strategic plan, the City has shown its commitment to improvement and maintaining a proud and well thought of municipality.

Part of maintaining efficient and appropriate services is making sure employees and citizens have of proper facilities. As the requirements the citizens make upon the city government and its employees change over time, the state of facilities throughout the City of Olivette are increasingly not up to the challenge. In addition to expected wear and tear, more and more spaces are being used for unintended purposes which has resulted in additional costs and repairs to make the space available acceptable for its new purpose. The administration looks to work with citizens to come to terms on an acceptable space for the operations of the city to continue that is both affordable to taxpayers and designed to meet the expectations the citizens have for meeting areas and the city's employees.

All told, the citizens of Olivette stand to get a great deal on new facilities due to three favorable attributes: the Aa2 bond rating, low macroeconomic borrowing costs, and competitive bidding environment among builders. The City has managed its debt very well in the past with no long term debt currently aside from conduit NID debt and capital leases for fire equipment. Through the same thriftiness that has been a part of the dialogue surrounding the vote for the issuance of bonds to be used for a new facility, the maintenance of the Aa2 bond serves to lower local borrowing costs. As the prospect for ever increasing maintenance and repair costs, notwithstanding a possible event that would render a facility unusable for an extended period of time which would be even more costly, the cost of borrowing is very favorable at the moment with municipalities enjoying very low interest rates. Should borrowing be required in the future, as it no doubt will be at some point as the current facilities are over 50 years old, the interest rates, and therefore, costs of issuing bonds, are likely to increase with time. In addition, as the recession hurt the revenue of municipalities, it also hurt the revenue of construction companies. This has led to a very competitive environment for the few remaining contracts available. These three factors make the current time ripe for getting a reasonable, affordable facility up for the challenges the next generation of citizens and the employees of the City of Olivette can be proud of.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT TEAM**

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 any questions about this report or need additional information, contact:

Darren Mann, Director of Finance  
City of Olivette, Missouri Finance Department  
9473 Olive Boulevard, Olivette, MO 63132

Email: [dmann@olivettemo.com](mailto:dmann@olivettemo.com) Phone: 314-993-0444

## Basic Financial Statements

CITY OF OLIVETTE, MISSOURI  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 6,832,120
Taxes receivable	
Property	76,398
Other	1,534,361
Accounts receivable	10,949
Inventory	29,141
Total current assets	8,482,969
Noncurrent assets	
Capital assets, net of depreciation	2,875,797
Total noncurrent assets	2,875,797
<b>TOTAL ASSETS</b>	<b>\$ 11,358,766</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 162,421
Accrued wages	201,939
Accrued vacation payable	307,502
Court bonds payable	8,983
Other liabilities	31,433
Interest payable	4,492
Net pension liability	218,174
Current portion of long-term liabilities	199,346
Total current liabilities	1,112,090
Noncurrent liabilities	
Accrued sick leave	196,994
Bonds payable	705,000
Capital leases payable	60,710
Total noncurrent liabilities	962,704
<b>TOTAL LIABILITIES</b>	<b>\$ 2,074,794</b>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 1,967,098
Restricted	4,558,924
Unrestricted	2,757,950
<b>TOTAL NET POSITION</b>	<b>\$ 9,283,972</b>

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues			Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions			
Primary government:						
Governmental activities:						
Administrative	\$ 1,359,463	\$ 272,603	\$ -	\$ -	\$ -	(1,086,860)
Public safety	5,089,952	490,381	-	-	-	(4,599,571)
Public works	1,415,929	212,623	-	67,469	-	(1,135,837)
Parks and recreation	885,062	374,011	-	28,001	-	(483,050)
Public health	45,463	-	-	-	-	(45,463)
Interest and fiscal charges	104,171	-	-	-	-	(104,171)
Total governmental activities	\$ 8,900,040	\$ 1,349,618	\$ -	\$ 95,470	\$ -	(7,454,952)

General revenues:

Taxes:	
Sales	2,372,044
Utility	2,310,362
Property	3,382,700
Franchise	66,240
Other	722,428
Interest income	513
Transfers	524
Other miscellaneous revenue	110,433
Total general revenues and transfers	8,965,244
Changes in net position	1,510,292
Net position - beginning	7,762,378
Prior period adjustment	11,302
Net position - ending	\$ 9,283,972

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Dielman Neighborhood Improvement District Fund	Capital Improvement Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,422,502	\$ 49,690	\$ 1,684,444	\$ 1,675,484	\$ 6,832,120
Taxes receivable					
Property	76,398	-	-	-	76,398
Other	442,336	894,243	62,658	135,124	1,534,361
Accounts receivable	10,949	-	-	-	10,949
Due from other funds	54,720	-	-	204,255	258,975
Inventory	29,141	-	-	-	29,141
<b>Total assets</b>	<b>\$ 4,036,046</b>	<b>\$ 943,933</b>	<b>\$ 1,747,102</b>	<b>\$ 2,014,863</b>	<b>\$ 8,741,944</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 141,683	\$ -	\$ 4,245	\$ 16,493	\$ 162,421
Accrued wages	178,780	-	8,052	15,107	201,939
Accrued vacation payable	276,590	-	13,801	17,111	307,502
Court bonds payable	8,983	-	-	-	8,983
Other liabilities	31,433	-	-	-	31,433
Deferred revenue	76,398	894,243	-	24,551	995,192
Due to other funds	-	-	-	236,775	236,775
<b>Total liabilities</b>	<b>713,867</b>	<b>894,243</b>	<b>26,098</b>	<b>310,037</b>	<b>1,944,245</b>
<b>FUND BALANCES</b>					
Nonspendable	29,141	-	-	-	29,141
Restricted	-	49,690	1,721,004	1,893,987	3,664,681
Unassigned	3,293,038	-	-	(189,161)	3,103,877
<b>Total fund balances</b>	<b>3,322,179</b>	<b>49,690</b>	<b>1,721,004</b>	<b>1,704,826</b>	<b>6,797,699</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,036,046</b>	<b>\$ 943,933</b>	<b>\$ 1,747,102</b>	<b>\$ 2,014,863</b>	<b>\$ 8,741,944</b>

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013

Total fund balance - governmental funds		\$ 6,797,699
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$5,442,334 and the accumulated depreciation is \$2,566,537.		2,875,797
Net pension liability are not current financial resources and, therefore are not reported in the funds.		(218,174)
Receivables not collected in the current period are not available to pay current expenditures and, therefore are deferred in the funds.		995,192
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the statement of net assets.		
Accrued sick leave	(253,351)	
Capital leases payable	(178,699)	
Bonds payable	(730,000)	
Accrued interest on outstanding debts	(4,492)	
	(1,166,542)	(1,166,542)
Total net position of governmental activities		\$ 9,283,972

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Revenues:	General Fund	Dielman Neighborhood Improvement District Fund	Capital Improvement Fund	Other Nonmajor Funds	Total Governmental Funds
Taxes	\$ 5,582,401	\$ 414,182	\$ 391,284	\$ 1,383,842	\$ 7,771,709
Licenses and permits	428,041	-	-	-	428,041
Fines and court costs	283,289	-	-	-	283,289
Intergovernmental	28,001	-	67,469	-	95,470
Investment income	-	-	-	513	513
Charges for service	638,288	-	-	-	638,288
Miscellaneous	86,282	-	269,061	-	355,343
Total revenues	<u>7,046,302</u>	<u>414,182</u>	<u>727,814</u>	<u>1,384,355</u>	<u>9,572,653</u>
<b>Expenditures:</b>					
<b>Current</b>					
Administrative	817,194	-	-	484,778	1,301,972
Public safety	4,453,183	-	-	225,290	4,678,473
Public works	830,827	-	394,294	-	1,225,121
Parks and recreation	465,385	-	-	287,667	753,052
Public health	44,868	-	-	-	44,868
Capital outlay	122,408	-	187,643	116,954	427,005
Debt service					
Principal, interest and fiscal charges	70,129	1,094,492	31,667	31,667	1,227,955
Total expenditures	<u>6,803,994</u>	<u>1,094,492</u>	<u>613,604</u>	<u>1,146,356</u>	<u>9,658,446</u>
Excess (deficiency) of revenue over expenditures	<u>242,308</u>	<u>(680,310)</u>	<u>114,210</u>	<u>237,999</u>	<u>(85,793)</u>
<b>Other financing sources (uses)</b>					
Debt proceeds	-	730,000	-	-	730,000
Transfers between funds	56,824	-	-	(56,300)	524
Net other sources and uses of financial resources	<u>56,824</u>	<u>730,000</u>	<u>-</u>	<u>(56,300)</u>	<u>730,524</u>
Net change in fund balances	299,132	49,690	114,210	181,699	644,731
Fund balances - beginning	<u>3,023,047</u>	<u>-</u>	<u>1,606,794</u>	<u>1,523,127</u>	<u>6,152,968</u>
Fund balances - ending	<u>\$ 3,322,179</u>	<u>\$ 49,690</u>	<u>\$ 1,721,004</u>	<u>\$ 1,704,826</u>	<u>\$ 6,797,699</u>

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$	644,731
Amounts reported for governmental activities in the statement of net position are different because:		
Revenues that do not provide current financial resources are not included in the fund financial statements		837,155
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	194,558	
Depreciation expense	<u>(312,168)</u>	(117,610)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. These amounts are the net effect of these differences in the treatment of long-term debt and related items:		
Borrowing:		
Bonds payable	<u>(730,000)</u>	(730,000)
Repayments:		
Loans payable	1,000,000	
Capital lease payable	<u>122,267</u>	1,122,267
Some expenses reported in the statement of net position do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest on outstanding debt	1,517	
Change in accrued compensated absences and net pension obligation	<u>(247,768)</u>	<u>(246,251)</u>
Change in net position of governmental activities		<u>\$ 1,510,292</u>

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2012 AND JUNE 30, 2013

	December 31, 2012 Pension Trust Fund	June 30, 2013 Agency Fund
<b>ASSETS</b>		
Cash	\$ -	\$ 214,853
Investments, at fair value	16,772,467	-
Total assets	\$ 16,772,467	\$ 214,853
 <b>LIABILITIES</b>		
Deposits held	\$ -	\$ 192,653
Due to other fund	-	22,200
Total liabilities	-	214,853
 <b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	16,772,467	-
Total net position	16,772,467	-
Total liabilities and net position	\$ 16,772,467	\$ 214,853

The notes to the financial statements are an integral part of this statement

CITY OF OLIVETTE, MISSOURI  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

Additions	
Employer contributions	\$ 217,976
Employee contributions	148,574
Investment return	2,089,328
Total additions	2,455,878
Deductions	
Retirement benefits	1,420,802
Total deductions	1,420,802
Change in net position	1,035,076
Net assets held in trust for pension benefits	
Net position - beginning of year	15,737,391
Net position - end of year	\$ 16,772,467

The notes to the financial statements are an integral part of this statement

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Olivette, Missouri (the City) was incorporated in 1930 under the provisions of the Missouri State Statutes. In 1976, the City voters approved a Home Rule Charter which established a council-manager form of government, governed by a policy making body of five council members, including the mayor. The City's major operations include fire and police protection, street maintenance and improvements, five parks, recreation programs, and general administrative services. The accounting and financial reporting policies of the City conform to U.S. generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

The City defines its financial reporting entity in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for inclusion of component units are based primarily upon whether the City governing body has any significant amount of financial accountability for potential component units. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the potential component unit may provide specific financial benefits to, or impose specific financial burdens on, the City. Currently, the City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. As a general rule the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and fiduciary funds, although the latter are excluded from the government-wide financial statements. The major governmental funds are the General Fund, Dielman Neighborhood Improvement District Fund and Capital Projects Fund. The nonmajor funds are combined in a column in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Governmental fund financial statements are reported using the 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 measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

All revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 government reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Dielman Neighborhood Improvement District Fund - This fund is used to account for the collection of tax revenues from the improvement district to be used for debt service associated with that improvement district.

Capital Improvement Fund - This fund is used to account for taxes and grants to be used for the construction, repair and maintenance of streets, roads and bridges.

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for specific revenue sources that are legally restricted to expenditures for specific purposes, and one capital projects fund.

Additionally, the government reports the following fund types:

Fiduciary Fund – The City uses these funds to account for assets held by the City in a trustee capacity or as an agent for individual, private organizations and other governmental units. The City's Pension Trust Fund accounts for the assets of the City's retirement plan.

Agency Fund - The City uses these funds to account for escrow deposits held by the City in an agency capacity.

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

The City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. The City pools the cash of all funds, except for funds held for court bonds and escrow deposits. Interest income earned on pooled cash and investments is allocated to the various funds as required. Interest income on restricted cash and investments is credit directly to the related fund.

Missouri State Statute requires that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The City maintains a cash pool that is available for use by all the funds. Each fund type's portion of this pool is displayed on the combined statement of assets, liabilities and fund balances as "Cash" under each fund's caption.

Investments

The City's investments are carried at fair value. The City is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper.

The Pension Trust Fund is also authorized to invest in corporate stocks, common or preferred bonds and mortgages, real or personal property and other evidence of indebtedness or ownership, excluding any debt of the City itself and individual insurance policies.

Allowance for Doubtful Accounts

Management believes there are no significant uncollectible receivables, therefore, no allowance for doubtful accounts has been recorded.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventory in the General Fund consists of fuel held for consumption.

Capital Assets

Capital assets, which include land, building and improvements, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$50,000 or more are also capitalized and depreciated. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation. The City has elected not to retroactively report infrastructure constructed prior to March 1, 2004. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

**CITY OF OLIVETTE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation is being computed on the straight-line method, using asset lives as follows:

<u>Assets</u>	<u>Years</u>
Building and improvements	20-40
Infrastructure	25
Equipment	5-20
Vehicles	5-20

Compensated Absences

Under terms of the City's personnel policy, employees are granted vacation time based on length of service. Vacation time accrued during one fiscal year may be carried over and used only in subsequent fiscal year. Upon termination, the employee is paid for unused vacation or is required to repay the City for used and unearned vacation of the current year. A liability for unused vacation compensation has been recorded in the respective governmental funds as such amounts are expected to be paid from current expendable resources. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. Upon retirement an employee is eligible to receive payment for a portion of unused sick leave. The City has recognized a liability in the government-wide statements since current financial resources will not be used to relieve this liability.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Long-Term Liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and issuance costs are included in interest expense.

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 other interfund transactions are reported as transfers.

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 3 - INVESTMENTS**

Statutes authorize the City to invest in the following: obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper.

**Interest Rate Risk** - The City structures its investment portfolios so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City also invests operating funds primarily in short-term securities. No information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided in the current year as funds were invested in certificates of deposits which are short term bank deposits.

**Custodial Credit Risk** - For an investment, the custodial risk is the risk that in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In the case of deposits, the risk is that in the event of bank failure, the City's deposits may not be returned to it. It is the City's policy to pre-qualify financial institutions, broker/dealers, intermediaries and advisors with which the City will do business. The City also diversifies its portfolio so that potential losses on individual securities would be minimized.

**Concentration of Credit Risk** - The City places no limit on the amount that it may invest in any one issuer. The City has pension investments in certain mutual funds that exceed 5% of the total pension investments. Those concentrations are as follows:

Principal Financial Advisors - Total Market Stock Index	\$ 1,837,574
TS&W - LargeCap Value I	1,950,596
Columbus Circle Investors - LargeCap Growth	1,973,663
PIMCO - Core Plus Bond I	4,305,727
Principal Real Estate - U.S. Property Separate	1,271,087
Vanguard Total International Stock	927,396
Vanguard Emerging Markets Stock Index	890,010

The City's Pension Trust Fund has an investment policy designed to provide benefits as anticipated through a carefully planned and executed investment program designed to achieve a reasonable long-term total return consistent with the level of risk assumed. To achieve this return, professional investment managers are employed by the Plan to manage the Plan's assets. The plan invests in equities and bonds through use of mutual funds.

**CITY OF OLIVETTE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 4 - FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

*Level 1*- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

*Level 2*- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3*- Inputs to the valuation methodology are unobservable and significant to the fair value measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013.

Mutual funds: Valued at the net asset value of shares held by the City at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 16,772,467	\$ -	\$ -	\$ 16,772,467
Total at fair value	<u>\$ 16,772,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,772,467</u>

**CITY OF OLIVETTE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 5 - PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by December 31. The county collects the property tax and remits it to the City.

The assessed valuation of the tangible real, personal taxable and public utility property for the calendar year 2012 for purposes of local taxation was \$237,001,315.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2012 for purposes of local taxation was:

	Real Estate		Personal Property
	Residential	Commercial	
General Fund	\$ 0.6380	\$ 0.7480	\$ 0.7710
Pension Fund	0.2310	0.2500	0.2500
Road and Bridge	0.1050	0.1050	0.1050

**Note 6 - DEFICIT FUND BALANCE**

The special revenue Fire Operation Fund had a deficit fund balance of \$189,161 at June 30, 2013. The deficit is the result of a temporary timing difference between of tax receipts and expenditures.

**Note 7 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The City, along with various other local municipal governments, participates in insurance trusts for workers' compensation (St. Louis Area Insurance Trust - SLAIT) and for general liability matters (Property and Casualty Trust - PACT). The purpose of these trusts is to distribute the cost of self-insurance over similar entities. The trust requires an annual premium payment to cover estimated claims payable and reserves for claims for each entity. The members of the trust have no legal interest in the assets, liabilities or fund balances of the insurance trusts. However, the City retains contingent liability to fund its pro rata share of any deficit incurred by the trusts should the trusts cease operations at some future date. The trusts have contracted with the Daniel and Henry Company to handle all administrative matters, including processing of claims filed. The City's premium payments to the trust were \$205,832 for the fiscal year ending June 30, 2013.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes and employees blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**CITY OF OLIVETTE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from other funds at June 30, 2013 are as follows:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund	\$ 54,720	\$ -
Agency Escrow Fund	-	22,200
Pension Trust Fund	204,255	-
Sewer Lateral Fund	-	27,257
Fire Operations Fund	-	209,518

The outstanding balances between funds result mainly from the time lag between the dates that the reimbursable expenditures occur and the payments are made.

Interfund transfers for the period ending June 30, 2013 are as follows:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ 56,824	\$ -
Sewer Lateral Fund	-	22,400
Local Parks/Storm Water Fund	-	24,900
Neighborhood Improvement District Fund	-	9,000
Agency Escrow Fund	-	524

Transfers were made to reimburse expenses incurred by the General Fund to administer the sewer lateral program and agency escrow fund and expenses paid for the Local Parks/Storm Water Fund.

**Note 9 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due Within One Year
Governmental activities:					
Neighborhood Improvement District Limited General Obligation Bonds	\$ -	\$ 730,000	\$ -	\$ 730,000	\$ 25,000
Capital leases	300,966	-	(122,267)	178,699	117,989
Notes payable	1,000,000	-	(1,000,000)	-	-
Accrued sick leave	238,288	15,063	-	253,351	56,357
	<u>\$ 1,539,254</u>	<u>\$ 745,063</u>	<u>\$ (1,122,267)</u>	<u>\$ 1,162,050</u>	<u>\$ 199,346</u>

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 9 - LONG-TERM LIABILITIES (continued)**

Capital Lease Obligations

The City has entered into lease agreements as lessee for financing the acquisition of two fire trucks and an ambulance. The balances as of June 30, 2013 are as follows:

SunTrust Leasing Corporation	\$ 118,906
Fire Trucks	
Interest rate - 4.322%	
Maturity - August 2014	
Annual payments of \$63,334, which includes principal and interest	
Commerce Bank	59,793
Ambulance	
Interest rate - 3.706%	
Maturity - May 2014	
Annual payments of \$62,047, which includes principal and interest	
Total	\$ 178,699

The following is an analysis of the minimum future lease payments:

For the Years Ended June 30,	Principal	Interest	Total
2014	\$ 117,989	\$ 7,393	\$ 125,382
2015	60,710	2,624	63,334
Total	\$ 178,699	\$ 10,017	\$ 188,716

Assets acquired through capital leases are as follows:

Vehicles	\$ 789,090
Equipment	120,757
Less accumulated depreciation	(398,206)
	\$ 511,641

Note Payable

In March 2012, the City entered into a construction loan agreement with Royal Banks of Missouri for \$1,000,000. The loan was to refinance the Dielman Industrial Park construction project loan. The loan carries interest at 3.6% and matured March 15, 2013. As of June 30, 2013, the loan has been paid in full and the balance is \$0.

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 9 - LONG-TERM LIABILITIES** (continued)

Neighborhood Improvement District Limited General Obligation Bonds

In October 2012, the City Council authorized the issuance of \$730,000 in Neighborhood Improvement District Limited General Obligation Bonds. The bonds are to be repaid through special assessment revenues collected from the residents within the City's Neighborhood Improvement Districts. The bonds bear interest at rates ranging from 0.75% to 2.40% and mature on March 1, 2032.

The annual debt service requirements to maturity on the refunding bonds are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2014	\$ 25,000	\$ 16,448	\$ 41,448
2015	35,000	12,856	47,856
2016	35,000	12,592	47,592
2017	35,000	12,330	47,330
2018	35,000	11,944	46,944
2019	35,000	11,560	46,560
2020	35,000	11,176	46,176
2021	35,000	10,597	45,597
2022	40,000	10,020	50,020
2023	40,000	9,360	49,360
2024	40,000	8,560	48,560
2025	40,000	7,760	47,760
2026	40,000	6,960	46,960
2027	40,000	6,080	46,080
2028	40,000	5,200	45,200
2029	45,000	4,320	49,320
2030	45,000	3,240	48,240
2031	45,000	2,160	47,160
2032	45,000	1,080	46,080
	<u>\$ 730,000</u>	<u>\$ 164,243</u>	<u>\$ 894,243</u>

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 10 - CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended June 30, 2013 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Land	\$ 471,300	\$ -	\$ -	\$ 471,300
Construction in progress	36,533	76,251	-	112,784
Total capital assets not being depreciated	<u>507,833</u>	<u>76,251</u>	<u>-</u>	<u>584,084</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,028,130	-	-	1,028,130
Infrastructure	974,137	-	-	974,137
Equipment	1,248,664	20,664	-	1,269,328
Vehicles	1,519,407	97,643	30,395	1,586,655
Total capital assets being depreciated	<u>4,770,338</u>	<u>118,307</u>	<u>30,395</u>	<u>4,858,250</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	654,957	37,737	-	692,694
Infrastructure	19,483	38,965	-	58,448
Equipment	947,618	81,796	-	1,029,414
Vehicles	662,706	153,670	30,395	785,981
Total accumulated depreciation	<u>2,284,764</u>	<u>312,168</u>	<u>30,395</u>	<u>2,566,537</u>
Total net capital assets being depreciated	<u>2,485,574</u>	<u>(193,861)</u>	<u>-</u>	<u>2,291,713</u>
Governmental activity capital assets, net	<u>\$ 2,993,407</u>	<u>\$ (117,610)</u>	<u>\$ -</u>	<u>\$ 2,875,797</u>

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

	<u>Year Ended June 30, 2013</u>
<b>Governmental activities:</b>	
Administrative	\$ 28,736
Public safety	136,397
Public works	83,117
Parks and recreation	63,918
Total	<u>\$ 312,168</u>

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 11 - DEFINED BENEFIT PENSION PLAN**

Plan Description

The City of Olivette Salaried Employees Pension Plan is a single-employer defined benefit pension plan controlled by the provision of Ordinance #686 adopted October 14, 1964. The plan is governed by the City of Olivette which is responsible for the management of plan assets. The City of Olivette has hired Principal Financial Advisors, Inc. to manage plan assets. The City has retained Fiduciary Consultants, Inc. to recommend an investment strategy for the plan assets. The plan provides for retirement benefits, early and deferred retirement, termination and death benefits to member and beneficiaries.

Employees become eligible to participate in the plan after completion of six months of full-time employment. Employees attaining the latter of age 58 or completion of five years of service are entitled to annual benefits of their highest average monthly compensation for the five consecutive years out of the ten last compensating years prior to retirement date. All benefits vest after five years of credited service. The Plan permits early retirement at the completion of ten years of credited services and attainment of age 50. The employee receives the actuarial equivalent of their normal retirement benefit, based on age, credited services and average monthly compensation at early retirement.

Current membership in the Plan is comprised of the following:

Group	December 31, 2012
Retirees and beneficiaries currently receiving benefits	53
Vested terminated employees not yet receiving benefits	18
Active employees	44

Basis of Accounting

The Plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Funding Policies

Active members were required to contribute 5% of income to the Plan. Any remaining obligation with respect to the Pension Plan shall be paid by the employer. Contributions for the Plan year ended December 31, 2012 were \$677,999, which consisted of \$529,586 from the City and \$148,413 from employees. The actuarially required contribution was \$761,693 for the Plan year, which represented 29.8% of covered payroll.

Schedule of Employer Contributions			
For the Years Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012	\$ 761,693	\$ 529,586	69.5%
2011	746,869	550,099	73.7%
2010	841,972	678,723	80.6%

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 11 - DEFINED BENEFIT PENSION PLAN (continued)**

The actuarial accrued liability was determined as part of an actuarial valuation at January 1, 2013, the most recently filed actuarial valuation report. Additional information as of the latest actuarial valuation follows:

Actuarial Cost Method	Aggregate method
Asset Valuation Method	At market value
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	4.50%

The aggregate method does not identify and separately amortize unfunded actuarial liabilities.

**Three-Year Trend Information**

Calendar Year Ending	Annual Pension Cost (APC)	Annual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 762,291	\$ 529,586	69.5%	\$ 218,174
2011	753,730	550,099	73.0%	(14,531)
2010	854,578	678,723	79.4%	(218,162)

Plan Description and Provisions - The City of Olivette is a single-employer other post employment plan that provides its retirees with access to healthcare (medical and dental). The retiree must pay the full premium of such coverage, but the employer is responsible for any implicit subsidy arising from actual claims being higher than premium amounts. 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.

**Note 12 - OTHER POST EMPLOYMENT BENEFITS**

The most recent actuarial valuation was performed as of June 30, 2012. As of June 30, 2013 the Plan covered the following participants for medical coverage:

Active participants	62
Retirees and beneficiaries currently receiving benefits	7
Total plan participants	<u>69</u>

**CITY OF OLIVETTE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Note 12 - OTHER POST EMPLOYMENT BENEFITS (continued)**

The most recent actuarial valuation was performed as of June 30, 2012. As of June 30, 2013 the Plan covered the following participants for medical coverage:

Active participants	59
Retirees and beneficiaries currently receiving benefits	19
Total plan participants	<u>78</u>

Annual valuations are performed using the Projected Unit Credit (PUC) Funding Method. Under the PUC Funding Method the Normal Cost is based exclusively on plan liabilities. The PUC Funding Method allocates the projected benefit of each participant over the participant's period of service. The valuation assumes 9% inflation rate in 2010 graded down 1% each year until an ultimate rate of 5% is reached in 2014 and uses the 2000 Group Annuity Mortality Table.

**Trend Information - Other Post Employment Benefits**

Fiscal year Ending	Annual OPEB Cost	Percentage of APC Contributed	Net OPEB Obligation
6/30/2013	\$ 74,403	64.3%	\$ (130,866)
6/30/2012	70,860	63.2%	(104,715)
6/30/2011	22,502	57.8%	(73,737)

**Funding Status and Funding Progress** - As of June 30, 2012, the most recent actuarial valuation available, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$715,939, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$715,939. The covered payroll (annual payroll of active employees covered by the plan) was \$2,655,603, and the ratio of the UAAL to the covered payroll was 27.0 percent.

**Note 13 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment in the amount of \$11,302 was recorded to account for construction in progress additions from fiscal 2012 that were not recorded in the previous fiscal year.

**Note 14 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 15, 2014, the date which the financial statements were available for issue.

**Required Supplementary Information**  
**(Other than Management's Discussion and Analysis)**

CITY OF OLIVETTE, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 5,539,970	\$ 5,539,970	\$ 5,582,401	\$ 42,431
Licenses and permits	398,600	398,600	428,041	29,441
Fines and court costs	320,800	320,800	283,289	(37,511)
Intergovernmental	20,000	20,000	28,001	8,001
Investment income	500	500	-	(500)
Charges for service	594,720	594,720	638,288	43,568
Miscellaneous	48,700	48,700	86,282	37,582
Total revenues	<u>6,923,290</u>	<u>6,923,290</u>	<u>7,046,302</u>	<u>123,012</u>
<b>EXPENDITURES</b>				
Current				
Administrative	853,783	853,783	817,194	36,589
Public safety	4,623,095	4,623,095	4,453,183	169,912
Public works	892,617	892,617	830,827	61,790
Parks and recreation	492,027	492,027	465,385	26,642
Public health	48,906	48,906	44,868	4,038
Capital outlay	111,584	111,584	122,408	(10,824)
Debt service				
Principal, interest and fiscal charges	62,048	62,048	70,129	(8,081)
Total expenditures	<u>7,084,060</u>	<u>7,084,060</u>	<u>6,803,994</u>	<u>280,066</u>
Excess (deficiency) of revenues over expenditures	(160,770)	(160,770)	242,308	403,078
Other financing (uses)				
Transfers to (from)	48,000	48,000	56,824	8,824
Net change in fund balance	<u>\$ (112,770)</u>	<u>\$ (112,770)</u>	299,132	<u>\$ 411,902</u>
Fund balance, beginning of year			<u>3,023,047</u>	
Fund balance, end of year			<u>\$ 3,322,179</u>	

CITY OF OLIVETTE, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE  
 DIELMAN NEIGHBORHOOD IMPROVEMENT DISTRICT FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 414,182	\$ 414,182
Total revenues	-	-	414,182	414,182
<b>EXPENDITURES</b>				
Debt service				
Principal, interest and fiscal charges	-	-	1,094,492	(1,094,492)
Total expenditures	-	-	1,094,492	(1,094,492)
Excess (deficiency) of revenues over expenditures	-	-	(680,310)	(680,310)
Other financing (uses)				
Debt proceeds	-	-	730,000	730,000
Net change in fund balance	\$ -	\$ -	49,690	\$ 49,690
Fund balance, beginning of year			-	
Fund balance, end of year			\$ 49,690	

CITY OF OLIVETTE, MISSOURI  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2013

**Note 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The City's budgets are prepared on the modified accrual basis of accounting. The City does not adopt detailed budgets for the special revenue funds. Unencumbered appropriations lapse at year end.

The City Council follows the procedures outlined below in establishing the budgetary data:

1. The City Manager submits to the City Council a proposed operating budget for the following fiscal year by July 1. The operating budget includes proposed operating expenditures, capital expenditures, and the means for financing them.
2. Public hearings are conducted to obtain comments from all interested parties.
3. The budget is legally enacted by ordinance.
4. Transfers of budgeted amounts must be approved by the City Council.
5. There were no budget amendments during the year.

**Note 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

	Expenditures	Appropriations	Expenditures Over Budget
<b>General Fund:</b>			
Capital outlay	122,408	111,584	10,824
Debt service	70,129	62,048	8,081
 <b>Dielman Neighborhood Improvement District Fund</b>			
Debt service	1,094,492	-	1,094,492

CITY OF OLIVETTE, MISSOURI  
PENSION TRUST  
FOR THE YEAR ENDED JUNE 30, 2013  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	17,083,915	23,285,069	6,201,154	73.4%	2,553,305	242.9%
1/1/2012	15,737,391	22,846,063	7,108,672	68.9%	2,655,603	267.7%
1/1/2011	16,295,306	22,846,748	6,551,442	71.3%	2,741,672	239.0%
1/1/2010	15,383,467	23,237,552	7,854,085	66.2%	2,847,284	275.8%
1/1/2009	14,598,769	23,241,683	8,642,914	62.8%	2,928,155	295.2%
1/1/2008	22,624,112	21,736,771 *	(887,341)	104.1%	2,890,508	-30.7%
1/1/2007	21,212,713	20,422,778 *	(789,935)	103.9%	2,708,300	-29.2%
1/1/2006	19,096,646	19,832,944 *	736,298	96.3%	2,858,007	25.8%
1/1/2005	17,999,051	19,375,723 *	1,376,672	92.9%	3,093,039	44.5%

\*Entry Age Normal AAL is shown beginning on 1/1/2005 and ending on 1/1/2009

OTHER POST EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2013  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	-	715,939	715,939	0.00%	2,655,603	27.0%
7/1/2012	-	715,939	715,939	0.00%	2,655,603	27.0%
3/1/2011	-	697,388	697,388	0.00%	3,052,640	22.8%

## Supplementary Information

CITY OF OLIVETTE, MISSOURI  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds							Capital Projects Fund	
	Neighborhood Improvement District Fund		Local Parks/Storm Water Fund	Sewer Lateral Fund	Pension Fund	Equipment Replacement Fund	Total		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 491	\$ 9,898	\$ 735,706	\$ 585,679	\$ -	\$ 343,710	\$ 1,675,484		
Other taxes receivable	36,858	24,551	73,715	-	-	-	135,124		
Due from other funds	-	-	-	-	204,255	-	204,255		
Total assets	\$ 37,349	\$ 34,449	\$ 809,421	\$ 585,679	\$ 204,255	\$ 343,710	\$ 2,014,863		
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ 16,493	\$ -	\$ -	\$ -	\$ 16,493		
Accrued wages payable	8,415	-	6,692	-	-	-	15,107		
Accrued vacation payable	8,577	-	8,534	-	-	-	17,111		
Deferred revenue	-	24,551	-	-	-	-	24,551		
Due to other funds	209,518	-	-	27,257	-	-	236,775		
Total liabilities	226,510	24,551	31,719	27,257	-	-	310,037		
<b>FUND BALANCES</b>									
Restricted	-	9,898	777,702	558,422	204,255	343,710	1,893,987		
Unassigned	(189,161)	-	-	-	-	-	(189,161)		
Total fund balances	(189,161)	9,898	777,702	558,422	204,255	343,710	1,704,826		
Total liabilities and fund balances	\$ 37,349	\$ 34,449	\$ 809,421	\$ 585,679	\$ 204,255	\$ 343,710	\$ 2,014,863		

CITY OF OLIVETTE, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds							Capital Projects Fund
	Neighborhood							
	Fire Operations Fund	Improvement District Fund	Local Parks/ Storm Water Fund	Sewer Lateral Fund	Pension Fund	Equipment Replacement Fund	Total	
Revenues								
Taxes	\$ 230,151	\$ 9,076	\$ 460,301	\$ 136,500	\$ 547,814	\$ -	\$ -	\$ 1,383,842
Investment income	-	52	-	461	-	-	-	513
Total revenues	230,151	9,128	460,301	136,961	547,814	-	-	1,384,355
Expenditures								
Current								
Administrative	-	139,854	-	1,365	343,559	-	-	484,778
Public safety	225,290	-	-	-	-	-	-	225,290
Parks and recreation	-	-	287,667	-	-	-	-	287,667
Capital outlay	-	-	34,005	55,347	-	27,602	-	116,954
Debt service	-	-	-	-	-	-	-	-
Principal, interest and fiscal charges	31,667	-	-	-	-	-	-	31,667
Total general government	256,957	139,854	321,672	56,712	343,559	27,602	-	1,146,356
Total expenditures	256,957	139,854	321,672	56,712	343,559	27,602	-	1,146,356
Excess (deficiency) of revenues over expenditures	(26,806)	(130,726)	138,629	80,249	204,255	(27,602)	-	237,999
Other financing (uses)								
Transfers to (from)	-	(9,000)	(24,900)	(22,400)	-	-	-	(56,300)
Net change in fund balance	(26,806)	(139,726)	113,729	57,849	204,255	(27,602)	-	181,699
Fund balance, beginning of year	(162,355)	149,624	663,973	500,573	-	371,312	-	1,523,127
Fund balance, end of year	\$ (189,161)	\$ 9,898	\$ 777,702	\$ 558,422	\$ 204,255	\$ 343,710	\$ -	\$ 1,704,826

CITY OF OLIVETTE, MISSOURI  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Transfers	Balance June 30, 2013
<b>Escrow Trust Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 173,524	\$ 41,329	\$ -	\$ 214,853
<b>Liabilities</b>				
Deposits held for others	\$ 173,524	\$ 19,653	\$ (524)	\$ 192,653
Due to other fund	-	22,200	-	22,200
Total	\$ 173,524	\$ 41,853	\$ (524)	\$ 214,853

**Federal Compliance Section**

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

To the Members of the City Council  
City of Olivette  
Olivette, Missouri

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Olivette, Missouri, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Olivette, Missouri's basic financial statements, and have issued our report thereon dated February 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Olivette, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Olivette, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Olivette, Missouri's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fick, Eggemeyer, & Williamson, CPA's  
St. Louis, Missouri  
February 15, 2014

CITY OF OLIVETTE, MISSOURI  
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified  Yes  No

Reportable conditions identified that are not considered to be material weaknesses  Yes  No

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards - N/A**

Internal control over major programs:

Material weaknesses identified?  Yes  No

Reportable conditions identified that are not considered to be material weaknesses  Yes  No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)  Yes  No

Identification of major program:

CFDA Numbers                      Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee?  Yes  No

CITY OF OLIVETTE, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

Section II - Financial Statement Findings

There are no significant deficiencies to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

CITY OF OLIVETTE, MISSOURI  
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

**Summary Schedule of Prior Audit Findings**

<u>Prior finding number</u>	<u>Condition</u>	<u>Current Status</u>
None		