

***CITY OF OLIVETTE, MISSOURI***  
***FINANCIAL STATEMENTS***  
***FOR THE FISCAL YEAR ENDED***  
***JUNE 30, 2015***

**CITY OF OLIVETTE, MISSOURI**

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## INDEPENDENT AUDITORS' REPORT



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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the City of Olivette, Missouri, as of and for the year ended June 30, 2015, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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*

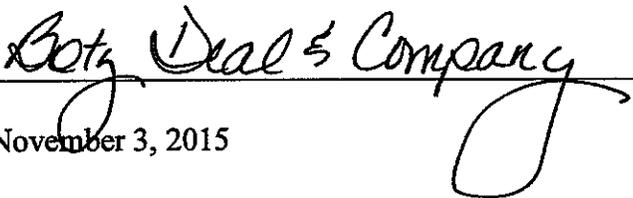
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the remaining fund information of the City of Olivette, Missouri, as of June 30, 2015, and the respective changes in financial position for the year then ended, in conformity 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 and Analysis, Budgetary Comparison Information, Schedule of Changes in Net Pension Liability, Schedules of Annual Dollar-weighted Rate of Return on and Schedule of Fund Progress - Other Post-Employment Benefits pages 3 through 11 and 40 through 45, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
November 3, 2015

**CITY OF OLIVETTE, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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, 2015. It is intended to serve as an introduction to the government-wide statements, fund statements, and notes and should be read in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Major revenue streams continuing to show stability and improvement throughout all funds due to the overall improvement of sales tax revenue. Combined with expenditure control, this has led to a \$360,271 increase in General Fund balance and an increase of \$1,340,398 in government-wide net position.
- General Fund cash reserves cover roughly six months of city operating expenditures.
- Issuance of Series 2014 General Obligation Bonds for the purpose of construction of a new facility. All properties have been acquired and the construction process is underway.
- Major changes in governmental reporting requirements for all Cities nationwide has required the presentation of a pension plan liability of \$3,615,278 on the statement of net position and a \$3,245,501 retroactive restatement of net position. While reporting requirements have changed in an effort towards transparency of the liabilities of local governments, the health of the pension itself saw no material changes in fiscal year 2015. Note 13 which begins on page 33 provides additional information on the pension history and policies. Required supplementary information on pages 40-42 also contain schedules that are important to the understanding of the pension plan.

**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 zoning, municipal courts and general government administration. The City currently does not have any business-type activities. All activities are consolidated within the government-wide statements and reported on the accrual basis of accounting. Therefore they appear similar to private sector reporting. The government-wide statements can offer a broad perspective of the City's overall financial condition with positive or negative indicators over time.

**Basic Financial Statements**

**Statement of Net Position (Page 12):**

- |  |  |
|--|--|
| -Focus on resources available for future operations                  | -Snapshot view of the assets and liabilities with the difference representing net position |
| -Accrual basis of accounting   | -Net position separated into restricted and unrestricted amounts                           |
| -Capital assets reported net of depreciation and pension assets held | -Long term debt, vacation and sick accruals in addition to pension liabilities             |

## **Basic Financial Statements (continued)**

### **Statement of Activities (Page 13):**

- Focus on the cost of city programs and reliance on other revenue and general taxation
- Accrual basis of accounting
- Summary analysis to determine the extent to which programs are subsidized by general revenue opposed to self-supporting

### **Fund Financial Statements (Page 14):**

- Focus on major governmental funds
- Modified accrual basis of accounting
- Budgetary comparisons for all major funds provided as supplementary information on pages 44-45
- Each major fund presented in separate column as a self-balancing set of accounts
- Non-major funds combined and labeled "Other Non-Major Funds" and presented as supplementary information on page 46

### **Other Important Information:**

- The notes to the financial statements provide additional required disclosures and essential information to assist readers in understanding the City's financial condition
- The Pension Trust Fund on page 18-19 is considered a fiduciary fund and is not reported on the government-wide financial statements because those resources are not available to support City programs.
- The Performance Bond Fund on page 18 is considered an agency fund and is not reported on the government-wide financial statements because those resources are not available to support City programs.

## **THE CITY AS A WHOLE**

### **Government-wide Financial Analysis**

The City's combined net position as restated due to pension plan reporting requirements is \$7,551,295 as of June 30, 2015. 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 position 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 and due to their nature, are not available for future spending.

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

**Table 1**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 20,400,582	\$ 8,781,702	\$ 11,618,880
Capital assets, net	5,537,446	3,030,974	2,506,472
Total assets	<u>25,938,028</u>	<u>11,812,676</u>	<u>14,125,352</u>
<b>Deferred Outflows of Resources</b>	<u>235,000</u>	<u>-</u>	<u>235,000</u>
<b>Liabilities</b>			
Current liabilities	4,164,533	1,322,589	2,841,944
Long-term liabilities	14,389,677	1,033,689	13,355,988
Total liabilities	<u>18,554,210</u>	<u>2,356,278</u>	<u>16,197,932</u>
<b>Deferred Inflows of Resources</b>	<u>67,523</u>	<u>-</u>	<u>67,523</u>
<b>Net position</b>			
Net investment in capital assets	4,276,173	2,970,264	1,305,909
Restricted net position	3,920,008	4,142,621	(222,613)
Unrestricted	(644,886)	2,343,513	(2,988,399)
Total net position	<u>\$ 7,551,295</u>	<u>\$ 9,456,398</u>	<u>\$ (1,905,103)</u>

Governmental activities decreased the City's net position by \$1,905,103. This comes as assets grew by over \$14 million and liabilities by over \$16 million. Issuance of \$13.5 million in general obligation debt, a liability, for the construction of a new city hall was offset by an increase in capital assets and restricted cash and investments. In addition, another \$3.6 million increase in liabilities is due to required reporting changes for net pension liability and associated costs. Aside from this retroactive restatement of net position, the City's change in net position from all previously reported activities was an increase of over \$1.3 million.

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

**Table 2**

	2015	2014	Increase (Decrease)
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,319,652	\$ 1,359,048	\$ (39,396)
Capital grants & contributions	754,252	621,811	132,441
General revenues			
Taxes	8,375,508	7,409,070	966,438
Interest income	18,867	357	18,510
Miscellaneous	105,842	146,190	(40,348)
Transfers	556	-	556
Total revenues	<u>10,574,677</u>	<u>9,536,476</u>	<u>1,038,201</u>
<b>Expenses</b>			
Administrative	1,318,972	1,593,493	(274,521)
Public safety	5,108,802	5,165,468	(56,666)
Public works	1,567,296	1,496,657	70,639
Parks and recreation	903,706	903,999	(293)
Public health	55,937	47,431	8,506
Interest and fiscal charges	279,566	26,136	253,430
Total expenses	<u>9,234,279</u>	<u>9,233,184</u>	<u>1,095</u>
<b>Change in net position</b>	1,340,398	303,292	1,037,106
Net position, beginning of year	9,456,398	9,283,972	172,426
Prior period adjustment	(3,245,501)	(130,866)	(3,114,635)
<b>Net position, end of year</b>	<u>\$ 7,551,295</u>	<u>\$ 9,456,398</u>	<u>\$ (1,905,103)</u>

Total fiscal year 2015 revenue shown in Table 2 of \$10,574,677 reflects an increase of \$1,038,201 from fiscal year 2014 revenues of \$9,536,476. The majority of the increase in government-wide revenue is an increase in property taxes from the previous year attributable to the levy of a new debt service tax for the repayment of the 2014 General Obligation bonds.

The fiscal year 2015 expenses remained flat in total with an only \$1,095 increase from fiscal year 2014. This is due to spending reductions throughout administrative and public safety activities, increased grants activity and increased revenue associated with new facility tax collections. Administrative expenditures decreased in fiscal year 2015 due to the required reporting changes relating to the pension that removed pension expense. Public safety and public works expenditure changes are due to salary and related personnel costs. Interest and fiscal charges increased as initial payments were made on the \$13.5 million 2014 General Obligation bonds to be used to construct a new city hall.

**Governmental Funds Analysis**

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**

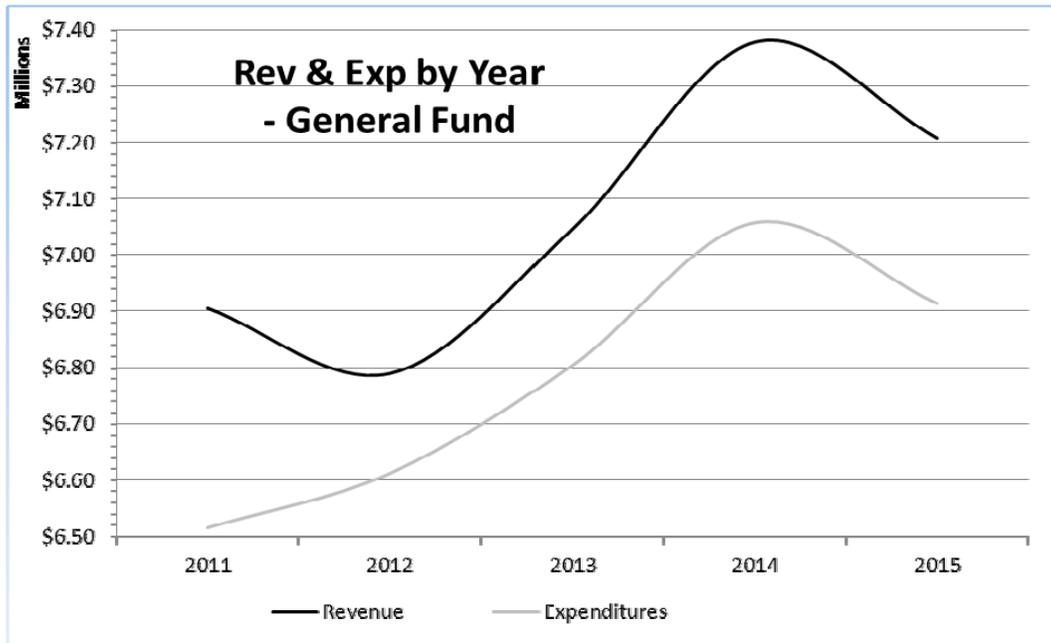
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>General Fund:</b>				
Taxes	\$ 5,446,438	\$ 5,468,717	\$ (22,279)	(0.4)%
Licenses and permits	396,444	419,501	(23,057)	(15.3)
Fines and court costs	339,011	282,012	56,999	20.2
Intergovernmental	322,307	380,457	(58,150)	351.9
Investment income	1,757	-	1,757	100.0
Charges for service	584,197	657,535	(73,338)	(11.2)
Miscellaneous	<u>116,935</u>	<u>169,244</u>	<u>(52,309)</u>	<u>(30.9)</u>
<b>Total</b>	<u>\$ 7,207,089</u>	<u>\$ 7,377,466</u>	<u>\$ (170,377)</u>	<u>(2.3)</u>

Total General Fund revenue decreased 2.3% over the past year due in part to grant revenue and associated expenses receiving their own fund beginning in the current fiscal year. Had the \$193,704 of grants received remained in the General Fund, year over year revenue would have shown positive. However, with the removal of grants, revenues decreased across all lines except for courts and investment income. Sales taxes showed continued strength throughout the 2015 fiscal year with a 3.7% increase while utility taxes have seen a steady decline for several years due to telecommunications compliance issues and milder weather for a 2.8% decrease. Charges for services also are experiencing a long-term decline due to lower registrations in youth sports, decreased collections per ambulance transport, and a slower snow season than prior year which led to an 11.1% decrease.

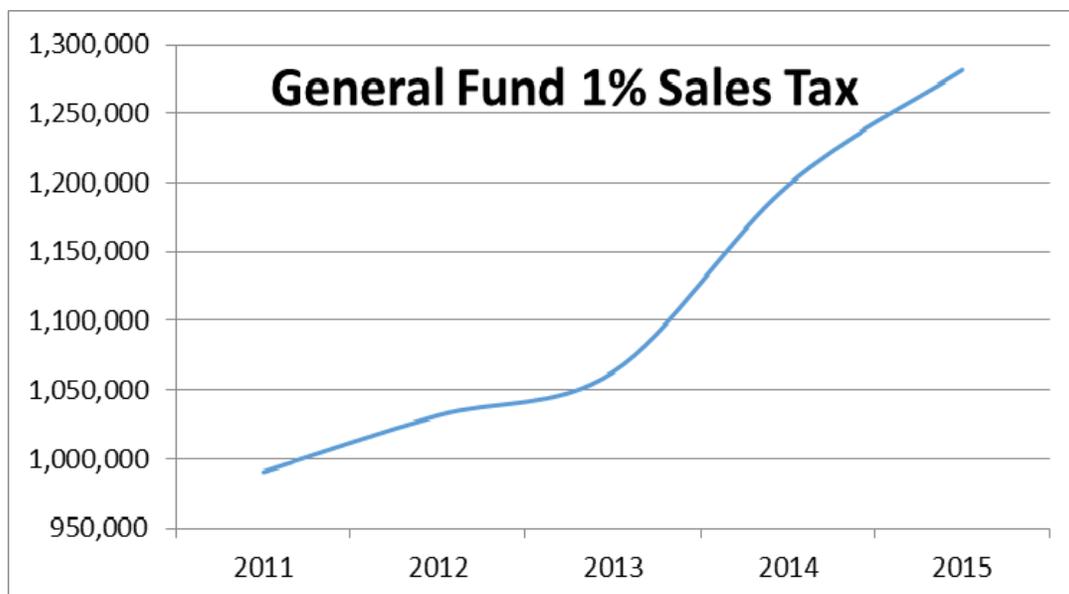
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## Governmental Funds Analysis (continued)

The chart below illustrates the recovering revenues in the General Fund over the past three years after the previous recessionary dip. It also shows the expenditure cuts to match the decreasing revenue and then corresponding increases upon recovery of revenues. Current year decreases are not due to economic conditions, but rather the removal of grant revenue and expenditures to their own respective fund to show true ongoing operations versus one-time or non-operational expenditures.

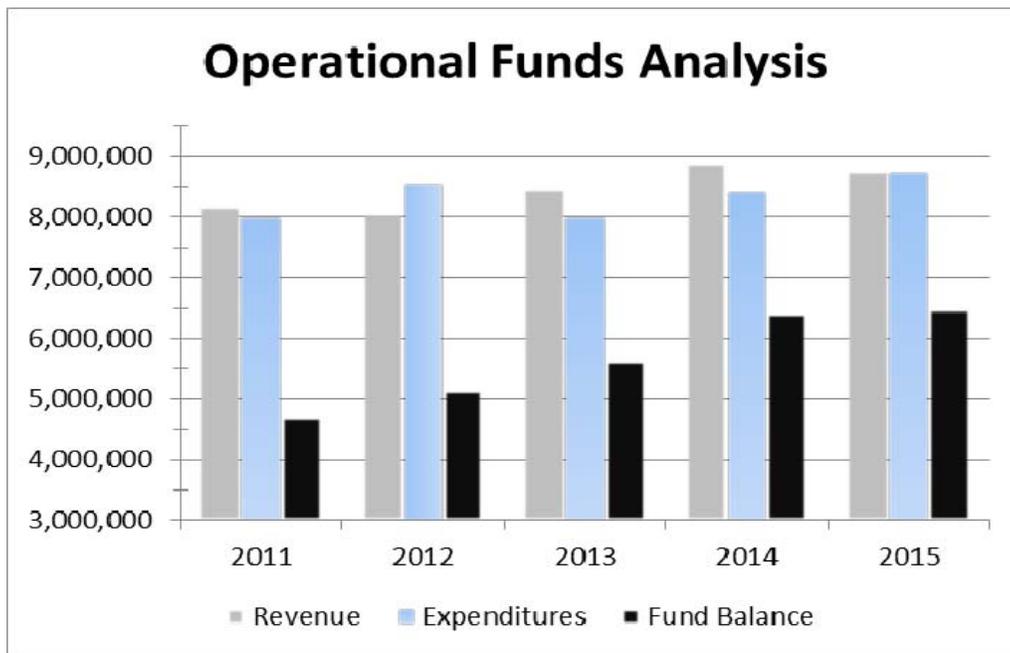


The chart below provides a look at the recovery of sales tax using the city-wide 1% sales tax as an example as our largest single sales tax revenue source. While this tax is contained within the General Fund, the Capital Improvement Fund, Fire Operations Fund, and Stormwater/Parks Fund are funded almost exclusively by sales taxes and the revenue growth in those funds mirrors this chart. Sales tax growth been boosted by a combination of long-term businesses enjoying increased sales as well as the opening of several outlets along the Olive Blvd corridor and within the light industrial areas on Price Rd, Dielman Industrial Rd., Dielman Rock Island Rd, and Baur Blvd.



**Governmental Funds Analysis (continued)**

The chart below is an analysis of Revenue, Expenditures, and Fund Balance over the past 5 years for the General Fund, Capital Improvements Fund, Fire Operations Fund, and Stormwater/Parks Fund. These operational funds provide services such as police, fire, public works, parks and recreation, and administration. These operational funds are heavily funded by sales taxes compared to other sources and with the growing sales tax revenue as previously charted we are experiencing an upward trend of revenues over the last three years. Revenue decreased from 2014 to 2015 due to the removal of grants to their own fund. Revenues exceed expenditures in four of the most recent five years with 2015 revenue exceeding expenditures by \$1,088. Fund balance has also 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 which are classified as “other financing sources”.



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of the end of the fiscal year 2015, the City had \$8,504,250 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 \$2,724,599 or 47.1% over the prior fiscal year.

**Table 4**

	June 30, 2015	June 30, 2014	Increase (Decrease)
Land	\$ 2,020,039	\$ 471,300	\$ 1,548,739
Construction in progress	1,497,260	351,828	1,145,432
Buildings and improvements	1,068,429	1,068,429	-
Infrastructure	974,137	974,137	-
Equipment	1,336,012	1,321,000	15,012
Vehicles	1,608,373	1,592,957	15,416
<b>Total</b>	<b>\$ 8,504,250</b>	<b>\$ 5,779,651</b>	<b>\$ 2,724,599</b>

## **CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

The most significant addition to capital assets this year was the addition of land and construction in progress for the new city hall. Additional costs in the construction in progress category are ongoing costs for Old Bonhomme Road improvements and North Price road improvements.

### **Debt**

At the end of the fiscal year on June 30, 2015, the City had debt of \$13,622,113 outstanding. This amount consist of \$12,860,000 in Series 2014 General Obligation Bonds to be repaid by a levy on all real and personal property within the City. Another \$670,000 is the Dielman NID Limited General Obligation Bonds expected to be repaid by the landowners within the district receiving the improvements. The remaining \$92,113 is for temporary financing of the North Price NID that is also expected to repaid by landowners within the district.

## **THE CITY'S FUNDS**

At the close of the City's fiscal year on June 30, 2015, the governmental funds of the City reported a combined fund balance of \$19,055,591. This ending balance includes an increase in the City's fund balance in the General Fund of \$360,271 and the addition of the New Facility Fund with an increase of \$11,576,814. Across all funds, total fund balances increased by \$11,594,368.

### **General Fund Budgetary Highlights**

For the fiscal year ending June 30, 2015, actual revenues on a budgetary basis were \$7,207,089 compared to the budget amount of \$7,235,500. The \$28,411 difference in revenues was a positive variance in sales taxes and court revenue offset by lower than expected youth sports registrations, lower ambulance transport collections, and business license collections. For the fiscal year ended June 30, 2015 actual expenditures on a budgetary basis were \$6,961,479 compared to the final budget amount of \$7,299,986. The \$338,507 in expenditures under the budget amount is primarily due to vacancies in personnel positions and associated costs.

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

Aging of equipment and infrastructure has dominated discussion of the future of many governmental entities in the recent past. The City of Olivette citizens came to the voting booth in August of 2014 and said they were willing to pay a little more out of their pockets to fund a \$13.5 million new facility to house public safety and administrative offices. Work is underway to design and build a cost effective and attractive new facility off Dielman Road north of Olive which is slated to open the beginning of 2017. This is a huge undertaking of resources for both the citizens and for staff of the City to create something both employees and citizens will be proud of.

Property taxes, sales taxes, and utility gross receipts taxes provide the foundation that the City uses to provide services and represents roughly 75% of our modified cash basis revenue. During the past few years, several high profile business have opened up shop within the City of Olivette serving to help prop up the sales and property tax receipts. On the residential side, the City of Olivette continues to be a desirable place to live and build as evidenced by new construction and improving assessed valuations. Despite these positive factors, revenue within the City of Olivette appears at a plateau as we look forward. Sales tax receipts which have shown recovery to prerecession numbers, are showing signs of flattening while property taxes receipts are limited by state statute despite improving assessed valuations. Utility gross receipts remain in a slight decline due for the most part to telephone gross receipts. In addition to the stable but tepid foundation, the remaining 25% of revenue are showing signs of continued decline in a variety of areas.

Meanwhile, the demands for services have remained steady during the recession and continue into the recovery. With a continued goal of producing balanced budgets, this potential outlook of wavering revenues has placed continued emphasis on department heads' ownership and accountability to their budgets. With this ownership and further engagement in the budgeting process, limited budgets can be managed in a more effective way to produce better results for the citizens.

In addition to the day to day operations, like many governmental entities, the City has aging equipment and infrastructure needs and this leaves the City Council, citizens, and the administration with continued struggles concerning aging equipment and infrastructure. However, several great examples of solutions to these problems are currently in progress in addition to the new facility mentioned above. One is the continued advancement of \$2,000,000 in improvements on Old Bonhomme Road with the assistance of a Federal Grant. Another is improvements on North Price Road funded by property owners via a Neighborhood Improvement District (NID). Other projects include the recent work on Cherry Tree Lane to reopen storm sewer runoff drainage and another NID along Dielman Industrial Drive which was completed in FY2013. Grants also continue to ease pressure off the City's capital improvement needs with all SCBA equipment being replaced and the addition of a self-performing CPR device in the Fire Department, safety equipment including bullet proof vests and overtime reimbursement in the Police Department, and tree inventory and maintenance costs for the Parks and Public Works Departments.

Another development in addressing aging equipment occurred with the adoption of the 2016 fiscal year budget. This budget included financing for two new vehicles in the Fire and Public Works departments. In addition to that, outright purchases were approved for two Police cruisers and one Park maintenance truck. Aging equipment and infrastructure will require the continued discussions about how these types of items will be funded with the recently adopted Capital Improvement Plan.

Through traditional public meetings and the adoption of Capital Improvement Plans and presentation of monthly financial reports, transparency and involvement has been a hot topic for local governments and the City of Olivette is no exception. The response has been an attempt to keep the website full of relevant information such as providing audio and presentations of meetings and modernize processes. The goal is to engage citizens to bring ideas for improvement forward.

#### **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, CPA

Director of Finance

City of Olivette, Missouri

9473 Olive Boulevard, Olivette, MO 63132

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

**CITY OF OLIVETTE, MISSOURI**

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 7,145,105
Taxes receivable:	
Property	108,395
Other	1,504,609
Accounts receivable	7,521
Interest receivable	22,098
Inventory	14,127
Cash and investments - restricted	11,598,727
Capital assets - net	
Nondepreciable	3,517,299
Depreciable	2,020,147
<b>TOTAL ASSETS</b>	<u>25,938,028</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related deferred outflows	<u>235,000</u>
<b>LIABILITIES</b>	
Accounts payable	131,552
Accrued wages	257,342
Other liabilities	42,985
Interest payable	117,376
Net pension liability	3,615,278
Noncurrent liabilities:	
Due in one year	1,036,925
Due in more than one year	13,352,752
<b>TOTAL LIABILITIES</b>	<u>18,554,210</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows	<u>67,523</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,276,173
Restricted:	
Capital projects	1,321,691
Debt service	1,012,654
Local parks and storm water	969,265
Sanitary sewer lateral program	602,952
Pension contributions	13,446
Unrestricted	(644,886)
<b>TOTAL NET POSITION</b>	<u>\$ 7,551,295</u>

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

**CITY OF OLIVETTE, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		<b>Net (Expense)</b>
		<b>Charges for Service</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Change in Net Position</b>
				<b>Governmental Activities</b>
<b>Governmental Activities</b>				
Administrative	\$ 1,318,972	\$ 258,826	\$ -	\$ (1,060,146)
Public safety	5,108,802	510,701	193,704	(4,404,397)
Public works	1,567,296	222,984	560,548	(783,764)
Parks and recreation	903,706	327,141	-	(576,565)
Public health	55,937	-	-	(55,937)
Interest and fiscal charges	279,566	-	-	(279,566)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 9,234,279</b>	<b>\$ 1,319,652</b>	<b>\$ 754,252</b>	<b>(7,160,375)</b>
<b>Taxes:</b>				
Sales				2,776,482
Utility				2,183,105
Property				3,293,723
Franchise				121,531
Other				667
Interest income				18,867
Other miscellaneous revenue				105,842
Transfer				556
<b>TOTAL GENERAL REVENUES</b>				<b>8,500,773</b>
<b>CHANGE IN NET POSITION</b>				<b>1,340,398</b>
<b>NET POSITION - BEGINNING OF YEAR, PREVIOUSLY STATED</b>				<b>9,456,398</b>
<b>Change in accounting principle - Pension</b>				<b>(3,245,501)</b>
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>				<b>6,210,897</b>
<b>NET POSITION - END OF YEAR</b>				<b>\$ 7,551,295</b>

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

**CITY OF OLIVETTE, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 JUNE 30, 2015

	General Fund	Dielman Neighborhood Improvement District Fund	Capital Improvement Fund	New Facility Fund	Other Non-major Funds	Total
<b>ASSETS AND OTHER DEBITS</b>						
Cash and investments	\$ 3,923,926	\$ 49,649	\$ 1,270,081	\$ -	\$ 1,901,449	\$ 7,145,105
Taxes receivable:						
Property	92,910	-	-	15,485	-	108,395
Other	487,505	804,716	76,830	-	135,558	1,504,609
Accounts receivable	7,521	-	-	-	-	7,521
Interest receivable	-	-	-	22,098	-	22,098
Due from other funds	212,460	-	-	-	-	212,460
Inventory	14,127	-	-	-	-	14,127
Restricted cash and investments	-	-	-	11,598,727	-	11,598,727
<b>TOTAL ASSETS</b>	<u>\$ 4,738,449</u>	<u>\$ 854,365</u>	<u>\$ 1,346,911</u>	<u>\$ 11,636,310</u>	<u>\$ 2,037,007</u>	<u>\$20,613,042</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 39,814	\$ -	\$ 13,683	\$ 44,011	\$ 34,044	\$ 131,552
Due to other funds	-	-	-	-	212,460	212,460
Accrued wages	226,753	-	11,537	-	19,052	257,342
Other liabilities	42,985	-	-	-	-	42,985
<b>TOTAL LIABILITIES</b>	<u>309,552</u>	<u>-</u>	<u>25,220</u>	<u>44,011</u>	<u>265,556</u>	<u>644,339</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Property taxes	92,911	-	-	15,485	-	108,396
Special assessments	-	804,716	-	-	-	804,716
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>92,911</u>	<u>804,716</u>	<u>-</u>	<u>15,485</u>	<u>-</u>	<u>913,112</u>
<b>FUND BALANCES:</b>						
Fund balances:						
Unspendable	14,127	-	-	-	-	14,127
Restricted:						
Debt service	-	49,649	-	158,289	-	207,938
Capital improvements	-	-	1,321,691	11,418,525	-	12,740,216
Local parks and stormwater	-	-	-	-	969,265	969,265
Sewer lateral repairs	-	-	-	-	602,952	602,952
Pension	-	-	-	-	13,446	13,446
Assigned:						
Encumbrances	49,550	-	-	-	-	49,550
Equipment replacement	-	-	-	-	343,710	343,710
Unassigned	4,272,309	-	-	-	(157,922)	4,114,387
<b>TOTAL FUND BALANCES</b>	<u>4,335,986</u>	<u>49,649</u>	<u>1,321,691</u>	<u>11,576,814</u>	<u>1,771,451</u>	<u>19,055,591</u>
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 4,738,449</u>	<u>\$ 854,365</u>	<u>\$ 1,346,911</u>	<u>\$ 11,636,310</u>	<u>\$ 2,037,007</u>	<u>\$20,613,042</u>

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

**CITY OF OLIVETTE, MISSOURI**  
RECONCILIATION OF THE STATEMENT OF NET POSITION  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
AS OF JUNE 30, 2015

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

Total fund balance per balance sheet	\$ 19,055,591
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,537,446
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	913,112
Net pension liability is not due and payable in current period therefore is not reported in the funds.	(3,447,801)
Accrued interest is recorded in the statement of net position that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(117,376)
Long-term liabilities, including bonds payable, capital leases, OPEB obligation, accrued vacation and accrued sick leave are not due and payable in the current period and therefore, are not reported in the funds.	<u>(14,389,677)</u>
Net position of governmental activities	<u>\$ 7,551,295</u>

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

**CITY OF OLIVETTE, MISSOURI**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Dielman Neighborhood Improvement District Fund	Capital Improvement Fund	New Facility Fund	Other Non-major Funds	Total
<b>REVENUES</b>						
Taxes	\$ 5,446,438	\$ 45,242	\$ 466,998	\$ 932,210	\$ 1,511,004	\$ 8,401,892
Licenses and permits	396,444	-	-	-	-	396,444
Fines and court costs	339,011	-	-	-	-	339,011
Intergovernmental	322,307	-	238,241	-	193,704	754,252
Investment income	1,757	-	-	16,749	361	18,867
Charges for service	584,197	-	-	-	-	584,197
Miscellaneous	116,935	-	-	-	13	116,948
<b>TOTAL REVENUES</b>	<u>7,207,089</u>	<u>45,242</u>	<u>705,239</u>	<u>948,959</u>	<u>1,705,082</u>	<u>10,611,611</u>
<b>EXPENDITURES</b>						
Current:						
Administrative	956,954	-	-	7,575	570,404	1,534,933
Public safety	4,584,350	-	-	-	343,648	4,927,998
Public works	854,848	-	495,362	-	-	1,350,210
Parks and recreation	435,691	-	-	-	374,920	810,611
Public health	55,937	-	-	-	-	55,937
Capital outlay	25,796	-	647,813	2,059,526	292,695	3,025,830
Debt service:						
Principal, interest and fiscal charges	-	48,120	31,667	773,921	31,667	885,375
<b>TOTAL EXPENDITURES</b>	<u>6,913,576</u>	<u>48,120</u>	<u>1,174,842</u>	<u>2,841,022</u>	<u>1,613,334</u>	<u>12,590,894</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	293,513	(2,878)	(469,603)	(1,892,063)	91,748	(1,979,283)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the issuance of debt	-	-	-	13,500,000	92,113	13,592,113
Bond discount	-	-	-	(19,018)	-	(19,018)
Transfers in (out)	66,758	-	37,405	(12,105)	(91,502)	556
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>66,758</u>	<u>-</u>	<u>37,405</u>	<u>13,468,877</u>	<u>611</u>	<u>13,573,651</u>
<b>NET CHANGE IN FUND BALANCE</b>	360,271	(2,878)	(432,198)	11,576,814	92,359	11,594,368
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>3,975,715</u>	<u>52,527</u>	<u>1,753,889</u>	<u>-</u>	<u>1,679,092</u>	<u>7,461,223</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,335,986</u>	<u>\$ 49,649</u>	<u>\$ 1,321,691</u>	<u>\$ 11,576,814</u>	<u>\$ 1,771,451</u>	<u>\$ 19,055,591</u>

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

**CITY OF OLIVETTE, 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 JUNE 30, 2015**

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

Change in fund balance-total governmental funds	\$ 11,594,368
Revenues that do not provide current financial resources are not included in the fund financial statements.	(26,384)
The acquisition of capital assets requires the use of current financial resources but has no effect on net position.	2,797,977
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.	(280,399)
The net effect of transactions involving capital asset disposals.	(11,106)
Interest is reported as an expenditure when due in the governmental funds but is accrued in the statement of activities.	(110,883)
Expenses not payable from current financial resources are not expenditures in the fund statements but are expenses on the statement of activities include net pension obligation, net other post employment benefit obligation and accrued compensated absences.	(8,351)
The proceeds from the issuance of bonds is an other financing source in the fund financial statements, however it is a liability in the government-wide statements and has no affect on net position.	(13,592,113)
Pension expenditures are reported as a decrease in fund balance in the governmental funds. In the statement of activities pension expense is the change in the net pension liability.	241,579
Payment of bond principal and capital lease payments are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.	<u>735,710</u>
Change in net position of governmental activities	<u><u>\$ 1,340,398</u></u>

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

**CITY OF OLIVETTE, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2014 AND JUNE 30, 2015**

	December 31, 2014	June 30, 2015
	Pension Trust Fund	Agency Fund
<b>CURRENT ASSETS</b>		
Cash	\$ 1,380,463	\$ 242,949
Investments:		
Equity mutual funds	9,851,687	-
Fixed income funds	6,353,544	-
Annuity contracts	1,560,410	-
Preferred stock funds	468,387	-
<b>TOTAL ASSETS</b>	<b>\$ 19,614,491</b>	<b>\$ 242,949</b>
 <b>CURRENT LIABILITIES</b>		
Deposits held	-	242,949
<b>TOTAL LIABILITIES</b>	-	<b>\$ 242,949</b>
 <b>NET POSITION</b>		
Held in trust for pension benefits	<b>\$ 19,614,491</b>	

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

**CITY OF OLIVETTE, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	December 31, 2014
	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,001,748
Employee	151,888
Total Contributions	1,153,636
Investment return	1,428,271
<b>TOTAL ADDITIONS</b>	<b>2,581,907</b>
 <b>DEDUCTIONS</b>	
Distributions	1,534,178
Administrative expenses	2,040
<b>TOTAL DEDUCTIONS</b>	<b>1,536,218</b>
<b>CHANGE IN NET POSITION</b>	1,045,689
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>18,568,802</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 19,614,491</b>

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

**CITY OF OLIVETTE, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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 significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below:

**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. 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.

*Government-Wide Financial Statements* - The reporting model includes financial statements prepared using full accrual accounting for all the City's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

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

B. **BASIC FINANCIAL STATEMENTS** - continued

*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 is broken down into three categories 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

*Statement 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 revenues, expenses and changes in net position. 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. 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, 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, Dielman Neighborhood Improvement District Fund, Capital Improvement Fund and New Facility 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. The nonmajor funds are combined in a column in the fund financial statements.

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:

**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.

**Dielman Neighborhood Improvement District Fund** - The fund is used to collect taxes used to pay the debt service on the Neighborhood Improvement District Bonds.

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

**New Facility Fund** - The fund is used to track proceeds from the Series 2014 General Obligation Bond issue and collect resources restricted for the repayment of the Series 2014 General Obligation Bonds.

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

Additionally, the City reports the following fund type:

**Fiduciary Funds** - The City uses these funds to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The Pension Trust Fund accounts for the assets of the City's retirement plan. Agency Funds are used to account for escrow deposit held by the City in an agency capacity.

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

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. As allowed by GASB 34, the government-wide financial statements do not reflect infrastructure assets completed prior to March 1, 2004.

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	20 - 40 years
Infrastructure	25 years
Equipment	5 - 20 years
Vehicles	5 - 20 years

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 other interfund transactions are reported as transfers.

G. **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 the 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. 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 for accrued vacation and sick leave since current financial resources will not be used to relieve this liability. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements and resignations.

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

H. **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 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 expensed when incurred. Amortization of bond premiums or discounts are included in interest expense.

I. **INVENTORIES**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of gasoline and diesel held for consumption.

J. **NET POSITION AND FUND EQUITY**

In government-wide financial statements net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt.

Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All other net position is considered unrestricted. As of June 30, 2015, all restricted net position was restricted by enabling legislation. It is the City's policy to use restricted net position before unrestricted net position.

**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 (ordinance), and that remain binding unless removed in the same manner.

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

J. **NET POSITION AND FUND EQUITY** - continued

**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.

K. **CASH AND CASH EQUIVALENTS**

The City considers all highly liquid debt instruments with 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, escrow deposits and any other deposits required to be held in a separate account. Interest income earned on pooled cash and investments is allocated to the various funds as required. Interest income on restricted cash and investments is credited directly to the related fund.

L. **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 and Certificates of Deposit.

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.

M. **PENSION**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of The City of Olivette Salaried Employees Pension Plan (the Pension Plan) and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

On or before April 1, the City Manager submits to the City Council a proposed operating budget for the City for the fiscal year commencing on the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by ordinance after public hearings are held to obtain taxpayer comments. Primary budgetary control is at the fund level. Any transfers of budgeted amounts from one department to another require approval of the City Council. The City's budgets are prepared on the modified accrual basis of accounting.

Unencumbered appropriations lapse at year end.

3. **CASH AND TEMPORARY INVESTMENTS**

The City's bank deposits are required by state law to be secured by the deposit of certain securities specified by RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of June 30, 2015, the carrying amount of the City's bank deposits totaled \$10,874,042 with bank balances of \$11,514,773, which includes cash reported in the Agency Fund. The balances were covered by federal depository insurance or collateralized by securities held by the pledging financial institution but not 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 on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The adjusted assessed value at January 1, 2014, upon which the 2014 levy was based on real, personal and public utility property, was \$231,566,471.

The City's tax rate was levied as follows:

	Real Estate		Personal Property
	Residential	Commercial	
General Fund	\$ .670	\$ .759	\$ .771
Pension Fund	.244	.250	.250
Debt Service	.420	.420	.420
Road and Bridge	.105	.105	.105

5. **INVESTMENTS**

Statutes authorize the City to invest fund in the following: obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper. The City's investment policy does not include Banker's Acceptance or Commercial Paper. Certificates of deposit are considered bank deposits and are reported in footnote 3.

5. **INVESTMENTS - continued**

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 monitor the Plan's assets. The Plan invests in equities and bonds through use of mutual funds.

**Interest Rate Risk:** It is the City's policy to structure 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. The investment policy limits maturities to 5 years and limits the weighted average maturity to 3 years. Information about the sensitivity of the fair values of the City's investment (including investments held by the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Less than one year	1 - 2 years	2 - 5 years	Credit Rating
Certificates of deposit	\$ 5,742,699	\$ 4,741,246	\$ 1,001,453	\$ -	N/A
Agency of U.S. Government	<u>7,783,819</u>	<u>5,688,181</u>	<u>1,995,638</u>	<u>100,000</u>	N/A
<b>Total</b>	<b>\$ <u>13,526,518</u></b>	<b>\$ <u>10,429,427</u></b>	<b>\$ <u>2,997,091</u></b>	<b>\$ <u>100,000</u></b>	

**Concentration of Credit Risk:** It is the City's policy that investments shall be diversified to minimize the risk of loss resulting from over concentrations of assets in specific maturity, specific issuer or specific class of securities. The maximum invested by security type and issuer shall be:

U.S. Treasuries and securities having principal and/or interest guaranteed by the U.S. government	100%
Collateralized time and demand deposits	100
U.S. Government agencies and sponsored enterprises	60
Collateralized repurchase agreements	50
U.S. Government agency callable securities	30

At June 30, 2015, there are no investments in any one issuer (other than investments explicitly guaranteed by the U.S. Government and pooled investments) that represent 5% or more of the total City's governmental activities Pension Trust Fund:

**Custodial Credit Risk:** For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In the case of deposits, the risk is that in the event of a 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. All investments held for governmental activities are either insured by the FDIC or in investments guaranteed by the U.S Government.

5. **INVESTMENTS - continued**

Custodial Credit Risk: For deposits, the custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party.

6. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from other funds at June 30, 2015 are as follows:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund	\$ 212,460	\$ -
Nonmajor funds:		
North Price NID Fund	-	2,942
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, 2015 are as follows:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ 66,758	\$ -
Capital Improvement Fund	37,405	-
New Facility Fund	-	12,105
Nonmajor funds:		
Grants Fund	13,447	-
North Price NID Fund	-	37,790
Sewer Lateral Fund	-	31,000
Local Parks/Storm Water Fund	-	36,159

Transfers were made to the General Fund from the Sewer Lateral Fund and the Local Parks/Storm Water Fund to reimburse the General Fund for administrative functions. In addition, transfers were made to the General Fund from the New Facility Fund to reimburse for expenditures incurred in a prior fiscal year. Transfers were also made to reimburse expenditures to the General Fund as well as the Capital Improvements Fund from the North Price NID Fund for expenditures incurred prior to the funds creation. Finally, transfers were made to the Grants Fund from the General Fund and Local Parks/Storm Water Fund for matching provisions.

7. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2015 is as follows:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	DELETIONS AND TRANSFERS	BALANCE, END OF YEAR
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 471,300	\$ 1,548,739	\$ -	\$ 2,020,039
Construction in process	351,828	1,145,432	-	1,497,260
Total capital assets, not being depreciated	<u>823,128</u>	<u>2,694,171</u>	<u>-</u>	<u>3,517,299</u>
Capital assets, being depreciated:				
Buildings and improvements	1,068,429	-	-	1,068,429
Equipment	1,321,000	28,284	( 13,272)	1,336,012
Vehicles	1,592,957	75,522	( 60,106)	1,608,373
Infrastructure	974,137	-	-	974,137
Total capital assets, being depreciated	<u>4,956,523</u>	<u>103,806</u>	<u>(73,378)</u>	<u>4,986,951</u>
Less accumulated depreciation for:				
Buildings and improvements	( 730,935)	( 38,477)	-	( 769,412)
Equipment	(1,029,383)	( 52,117)	10,850	(1,070,650)
Vehicles	( 890,946)	(150,840)	51,422	( 990,364)
Infrastructure	( 97,413)	( 38,965)	-	( 136,378)
Total accumulated Depreciation	<u>(2,748,677)</u>	<u>(280,399)</u>	<u>62,272</u>	<u>(2,966,804)</u>
Total capital assets, being depreciated, net	<u>2,207,846</u>	<u>( 176,593)</u>	<u>( 11,106)</u>	<u>2,020,147</u>
Total governmental Activities	<u>\$ 3,030,974</u>	<u>\$ 2,517,578</u>	<u>\$ ( 11,106)</u>	<u>\$ 5,537,446</u>

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental activities:

Administrative	\$ 4,575
Public safety	142,775
Public works	75,468
Parks and recreation	57,581
Total depreciation expense- governmental activities	<u>\$ 280,399</u>



8. **LONG-TERM DEBT** - continued

The annual debt service requirements to maturity on the General Obligation Bonds – Series 2014 are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 545,000	\$ 339,534	\$ 884,534
2017	555,000	328,634	883,634
2018	565,000	317,534	882,534
2019	580,000	306,234	886,234
2020	590,000	294,634	884,634
2021	600,000	282,834	882,834
2022	615,000	270,834	885,834
2023	625,000	258,534	883,534
2024	640,000	245,096	885,096
2025	660,000	229,096	889,096
2026	675,000	212,596	887,596
2027	695,000	192,346	887,346
2028	720,000	171,496	891,496
2029	740,000	149,896	889,896
2030	760,000	127,696	887,696
2031	785,000	104,896	889,896
2032	810,000	80,562	890,562
2033	835,000	55,250	890,250
2034	865,000	28,112	893,112
<b>TOTAL</b>	<b>\$ <u>12,860,000</u></b>	<b>\$ <u>3,995,814</u></b>	<b>\$ <u>16,855,814</u></b>

**North Price Road Improvement Project Temporary Financing Loan**

In January 2015, the City secured temporary financing up to \$1,000,000 for improvements to North Price Road. The temporary loan matures January 1, 2016, at which point the City is expected to secure long-term financing. The bonds will be repaid through special assessment revenues. The temporary notes bear interest of 3.6%. At June 30, 2015, the balance is as follows:

North Price Road Loan \$ 92,113

All outstanding principal will be repaid within one year.

8. **LONG-TERM DEBT** - continued

A summary of changes in long-term liabilities is as follows:

	BALANCE, BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE, END OF YEAR	DUE WITHIN ONE YEAR
Governmental activities:					
Neighborhood Improvement District Limited General Obligation Bonds	\$ 705,000	\$ -	\$ ( 35,000)	\$ 670,000	\$ 35,000
General Obligation Bonds – Series 2014	-	13,500,000	( 640,000)	12,860,000	545,000
North Price Road Improvement Loan	-	92,113	-	92,113	92,113
Capital leases	60,710	-	( 60,710)	-	-
Net OPEB obligation	156,704	30,387	-	187,091	-
Accrued sick leave	264,469	-	( 8,070)	256,399	40,738
Accrued comp time	-	40,062	-	40,062	40,062
Accrued vacation	338,040	-	( 54,028)	284,012	284,012
Subtotal Governmental Activities	\$ 1,524,923	\$ 13,662,562	\$ ( 797,808)	\$ 14,389,677	\$ 1,036,925

9. **RISK MANAGEMENT**

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

The City, along with various other local municipal governments, participates in insurance trusts for workers' compensation, property and casualty and health insurance (St. Louis Area Insurance Trust - SLAIT). The purpose of the trust 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 trust. However, the City retains a 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 City's premiums payments to the trust were \$1,037,778 for the fiscal year ending June 30, 2015.

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.

10. **DEFICIT FUND BALANCE**

The special revenue Fire Operation Fund and the North Price NID Fund had deficit fund balances of \$139,466 and \$18,456, respectively at June 30, 2015. The deficit in the Fire Operation Fund is the result of expenditures exceeding revenue in prior years. In the North Price NID Fund, the deficit is the result of expenditures exceeding draws on the temporary financing loan.

**11. COMMITMENTS**

Beginning in July 2006, the City entered into a participation agreement with other municipalities for centralized dispatching services from East Central Dispatch Center. The contract is renewed annually. Payments are estimated to be \$154,059 for fiscal year-ending June 30, 2015.

The City has contracted with a vendor to provide trash service to City residents through June 30, 2017. Fee increases are tied to the Consumer Price index with a cap of 2% and a floor of 1%. There is no minimum billing requirement outlined in the agreement.

In November 2013, the City signed an agreement with a company to provide telephone and internet services for three years through November 2016. The City pays a minimum monthly fee of \$1,924.

**12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceeded appropriations in the following functional expenditure categories:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures Over Appropriations</u>
Dielman Neighborhood Improvement			
District Fund	\$ 48,120	\$ 47,855	\$ 265
Capital Projects Fund	1,174,842	700,654	474,188
Pension Fund	569,046	560,500	8,546

**13. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City of Olivette Salaried Employees Pension Plan (the Pension Plan) is a single-employer defined benefit pension plan controlled by the provisions 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. and BMO Harris Financial Advisors to manage plan assets. The City has retained Marquette and Associates to recommend an investment strategy for the plan assets. The Plan provides for retirement benefits, early and deferred retirement, termination and death benefits to members and beneficiaries. The Pension Plan does not issue separate standalone financial statement.

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. At full retirement employees receive 2.0% of average monthly compensation times credited service. The Plan permits early retirement at the completion of five years of credited service and attainment of age 50. The employee receives a benefit reduced by 6.67% for each year up to five that the early retirement date precedes normal retirement date.

13. **DEFINED BENEFIT PENSION PLAN - continued**

As of January 1, 2015, (the end of the most recent plan year), the pension plan's membership consists of:

Active employees	43
Retirees and beneficiaries currently received benefits	54
Terminated employees entitled to benefits, but not yet receiving them	<u>24</u>
<b>TOTAL</b>	<b><u>121</u></b>

**Funding Policies**

Active members were required to contribute 5% of wages to the Plan. Any remaining obligation with respect to the Pension Plan shall be paid by the City. Contributions recognized in the actuarial valuation for the Plan year ended January 1, 2015 were \$691,952, which consisted of \$540,000 from the City and \$151,952 from employees. The actuarially required contribution was \$635,670 for the Plan year which represented 19% of covered payroll.

The City has levied taxes on real estate and personal property to fund its pension plan. The 2014 tax levy per \$100 of assessed value for the pension is as follows:

Residential real estate	\$.244
Commercial real estate	.250
Personal property	.250

**Net Pension Liability**

The City's net pension liability was measured as of January 1, 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality Rate	RP2000 set back 4 years for females
Investment Rate of Return	7.25%
Projected Salary Increases	4.50% (includes 1.75% merit component)
Inflation	2.75%

The following are Cost-of-Living Adjustments:

<u>Retirement Date</u>	<u>Maximum Annual</u>	<u>Maximum Lifetime</u>
Prior to May 25, 1999	4 %	50 %
May 26, 1999 to September 12, 2000	3	35
September 13, 2000 to January 1, 2005	2	20
January 2, 2005 to January 1, 2010	2	25
January 2, 2010 to present	0	0

13. **DEFINED BENEFIT PENSION PLAN - continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Allocation	Assumed Geometric Real Return
Domestic Equity	47 %	6.0 %
International Equity	5	6.0
Fixed Income	33	1.5
Real Estate	8	4.5
Cash Equivalents	7	0.0
Total	100 %	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that the City's contributions will increase 2.75% per year from the 2015 estimated level. The employee population is assumed to remain level. The discount rate calculation is based on a municipal bond rate of 2.81%, which is derived from the 20 year average yield to maturity of AA rated bonds as of December 31, 2014, as determined by Morgan Stanley. 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 active and inactive employees. 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.

13. **DEFINED BENEFIT PENSION PLAN - continued**

**Changes in Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2013	\$ 23,421,613	\$ 18,568,802	\$ 4,852,811
Changes for the year:			
Service cost	209,105	-	209,105
Interest	1,642,454	-	1,642,454
Differences between expected and actual experience	(509,225)	-	(509,225)
Contributions - employer	-	1,001,748	(1,001,748)
Contributions - employee	-	151,888	(151,888)
Net investment income	-	1,428,271	(1,428,271)
Benefit payments including refunds of employee contributions	(1,534,178)	(1,534,178)	-
Administrative expense	-	(2,040)	2,040
Net Changes	<u>(191,844)</u>	<u>1,045,689</u>	<u>(1,237,533)</u>
Balances as of December 31, 2014	\$ <u>23,229,769</u>	\$ <u>19,614,491</u>	\$ <u>3,615,278</u>

**Sensitivity Of The Net Pension Liability**

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 6,192,005	\$ 3,615,278	\$ 1,431,056

**Pension Expense And Deferred Outflows of Resources and Deferred Inflows Of Resources Related to the Pension**

For the year-ended June 30, 2015, the city recognized pension expense of \$293,580. At June 30, 2015, the City reported deferred outflow of resources and deferred inflows of resources related to the Pension Plan from the following:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
City contributions subsequent to the measurement date	235,000	-
Net differences between projected and actual earnings on pension plan investments	-	67,523
Total	<u>\$ 235,000</u>	<u>\$ 67,523</u>

13. **DEFINED BENEFIT PENSION PLAN - continued**

The June 30, 2015 balance of \$235,000, reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	16,881
2017		16,881
2018		16,881
2019		16,880

14. **OTHER POST EMPLOYMENT BENEFITS**

**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.

At July 1, 2014, the date of the last actuarial valuation, the Plan covered the following number of participants for medical coverage:

Active participants	65
Retirees and beneficiaries currently receiving benefits	<u>5</u>
Total Plan Participants	<u><u>70</u></u>

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 7% inflation on health insurance premiums rate in 2014 graded down 1% each year until an ultimate rate of 5% is reached in 2016 and uses the 2000 Group Annuity Mortality Table.

**Net OPEB Obligation**

The City's annual OPEB cost of the current Plan year is as follows:

Annual required contribution (actuarially computed)	\$ 53,620
Interest on net OPEB obligation	7,835
Adjustment to annual required contribution	<u>(9,709)</u>
Annual OPEB cost	51,746
Contributions made	<u>(21,359)</u>
Increase in net OPEB obligation	30,387
Net OPEB obligation - beginning of year	<u>156,704</u>
Net OPEB obligation - end of year	\$ <u><u>187,091</u></u>

14. **OTHER POST EMPLOYMENT BENEFITS - continued**

**Trend Information - Other Post Employment Benefits**

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage Contribution		Net OPEB Obligation
2015	\$ 51,746	41.2	%	\$ 187,091
2014	74,403	63.1		156,704
2013	70,860	64.5		104,715

**Funded Status and Funding Progress** - As of July 1, 2014, the most recent actuarial valuation available, the plan was not funded. The actuarial accrued liability for benefits was \$421,500, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$421,500. The covered payroll (annual payroll of active employees covered by the plan) was \$2,780,303, and the ratio of the UAAL to the covered payroll was 15.2%.

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

16. **PRIOR PERIOD ADJUSTMENTS**

During the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result the beginning net position for governmental activities was reduced by \$3,245,501.

17. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 3, 2015, the date the financial statements were available to be issued.

18. **NEW ACCOUNTING PRONOUNCEMENTS**

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

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and discourses related to all fair value measurements. This Statement is effective for the City's fiscal year ended June 30, 2016.

18. **NEW ACCOUNTING PRONOUNCEMENTS - continued**

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governmental to report a liability on the face of the financial statements for the Other Postemployment Benefits (OPEB) that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and on percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing the government's actual OPEB contributions to its contributions to its contribution requirements. This Statement is effective for the City's fiscal year ended June 30, 2018.

In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. That will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The Statement also is intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance as is done for other GASB pronouncements. This Statement is effective for the City's fiscal year ended June 30, 2016.

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. The Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement is effective for the City's fiscal year ended June 30, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF OLIVETTE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**

December 31, 2014

Total Pension Liability

Service cost	\$	209,105
Interest		1,642,454
Changes in benefit terms		-
Difference between expected and actual experience		(509,225)
Changes in assumptions		-
Benefit payments, including refunds		(1,534,178)
Net change in total pension liability		<u>(191,844)</u>
Total pension liability - beginning of year		23,421,613
Total pension liability - end of year	\$	<u><u>23,229,769</u></u>

Plan Fiduciary Net Position

Contributions - employer	\$	1,001,748
Contributions - employee		151,888
Net investment income		1,428,271
Benefit payments, including refunds		(1,534,178)
Administrative expenses		(2,040)
Net change in plan fiduciary net position		<u>1,045,689</u>
Plan fiduciary net position - beginning of year		18,568,802
Plan fiduciary net position - end of year	\$	<u><u>19,614,491</u></u>

Net pension liability - end of year	\$	<u><u>3,615,278</u></u>
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Plan fiduciary net position as a percentage of total pension liability		<u><u>84.4%</u></u>
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Covered employee payroll	\$	<u><u>2,874,888</u></u>
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Net pension liability as a percentage of covered payroll		<u><u>125.8%</u></u>
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Note: The above information is not available for years prior to the implementation of GASB 67.

**CITY OF OLIVETTE, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION AND**  
**SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN**

**SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTION**

<u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Employer</u> <u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions As</u> <u>A Percentage</u> <u>Of Covered</u> <u>Employee Payroll</u>
2005	\$ 438,970	\$ 556,644	\$ (117,674)	\$ 2,858,007	19.48 %
2006	343,514	479,730	(136,216)	2,708,300	17.71
2007	113,708	248,086	(134,378)	2,890,508	8.58
2008	118,505	496,280	(377,775)	2,928,155	16.95
2009	1,283,973	452,710	831,263	2,847,284	15.90
2010	990,350	678,723	311,627	2,741,672	24.76
2011	869,154	550,099	319,055	2,655,603	20.71
2012	954,121	529,586	424,535	2,553,305	20.74
2013	862,559	462,479	400,080	2,780,303	16.63
2014	635,670	540,000	95,670	2,874,888	18.78

**SCHEDULE OF ANNUAL DOLLAR-WEIGHTED RATE OF RETURN**

The following is the annual dollar-weighted rate of return net of expenses:

<u>Year Ended</u> <u>December 31,</u>	
2005	6.72 %
2006	11.86
2007	9.48
2008	(34.23)
2009	11.50
2010	14.51
2011	1.29
2012	13.60
2013	16.42
2014	7.71

**CITY OF OLIVETTE, MISSOURI**  
REQUIRED SUPPLEMENTAL INFORMATION - CONTINUED

**Notes to Schedule**

Valuation Date: January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Aggregate Cost Method
Asset valuation method	Market value
Inflation	2.75%
Salary increases	4.5%, which includes 1.75% merit component
Investment return	7.25%
Retirement age	28 years of age and 5 years of credited service
Mortality	Pre-Retirement RP2000 Mortality Male Table, set back 4 years for females
	Post-Retirement RP2000 Mortality Male Table, set back 4 years for females

**CITY OF OLIVETTE, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payrol (2)-(1)/5
3/1/2011	\$ -	\$ 697,388	\$ 697,388	0.0 %	\$3,052,640	22.8 %
7/1/2012	-	715,939	715,939	0.0	2,655,603	27.0
7/1/2014	-	421,500	421,500	0.0	2,780,303	15.2

The historical trend information about the Plan is presented to help the user assess the Plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other entities.

**CITY OF OLIVETTE, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 5,391,000	\$ 5,391,000	\$ 5,446,438	\$ 55,438
Licenses and permits	485,000	485,000	396,444	(88,556)
Fines and court costs	298,500	298,500	339,011	40,511
Intergovernmental	296,000	296,000	322,307	26,307
Investment income	-	-	1,757	1,757
Charges for service	687,000	687,000	584,197	(102,803)
Miscellaneous	78,000	78,000	116,935	38,935
<b>TOTAL REVENUES</b>	<u>7,235,500</u>	<u>7,235,500</u>	<u>7,207,089</u>	<u>(28,411)</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	1,048,017	1,048,017	987,307	60,710
Public safety	4,715,622	4,715,622	4,584,350	131,272
Public works	925,874	925,874	872,398	53,476
Parks and recreation	534,978	534,978	435,691	99,287
Public health	55,595	55,595	55,937	(342)
Capital outlay	19,900	19,900	25,796	(5,896)
<b>TOTAL EXPENDITURES</b>	<u>7,299,986</u>	<u>7,299,986</u>	<u>6,961,479</u>	<u>338,507</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(64,486)	(64,486)	245,610	310,096
<b>OTHER FINANCING SOURCES</b>				
Transfer in (out)	66,000	66,000	66,758	758
<b>NET CHANGE IN FUND BALANCE</b>	<u>1,514</u>	<u>1,514</u>	<u>312,368</u>	<u>\$ 310,854</u>
<b>FUND BALANCES -</b>				
<b>BEGINNING OF YEAR</b>	<u>3,975,715</u>	<u>3,975,715</u>	<u>3,974,068</u>	
<b>FUND BALANCES -</b>				
<b>END OF YEAR</b>	<u>\$ 3,977,229</u>	<u>\$ 3,977,229</u>	4,286,436	

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but  
not received are not reported for GAAP purposes until received.

49,550

GAAP fund balance end of year

\$ 4,335,986

***CITY OF OLIVETTE, MISSOURI***  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

**1. BUDGETARY INFORMATION**

The City prepares its budget on a basis consistent with generally accepted accounting principles. The budgetary process is detailed in footnote 2 of the notes to the financial statements.

**SUPPLEMENTARY INFORMATION**

**CITY OF OLIVETTE, MISSOURI**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	Special Revenue Funds					Capital Projects Fund		Total
	Grants Fund	Fire Operations Fund	Local Parks/ Storm Water Fund	Sewer Lateral Fund	Pension Fund	North Price NID Fund	Equipment Replacement Fund	
<b>ASSETS AND OTHER DEBITS</b>								
Cash and investments	\$ -	\$ 35,400	\$ 899,941	\$ 602,952	\$ 19,446	\$ -	\$ 343,710	\$ 1,901,449
Other taxes receivable	-	45,186	90,372	-	-	-	-	135,558
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 80,586</b>	<b>\$ 990,313</b>	<b>\$ 602,952</b>	<b>\$ 19,446</b>	<b>\$ -</b>	<b>\$ 343,710</b>	<b>\$ 2,037,007</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 12,530	\$ -	\$ 6,000	\$ 15,514	\$ -	\$ 34,044
Due to other funds	-	209,518	-	-	-	2,942	-	212,460
Accrued wages payable	-	10,534	8,518	-	-	-	-	19,052
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>220,052</b>	<b>21,048</b>	<b>-</b>	<b>6,000</b>	<b>18,456</b>	<b>-</b>	<b>265,556</b>
<b>FUND BALANCES:</b>								
Fund balances:								
Restricted:								
Local parks/storm water projects	-	-	969,265	-	-	-	-	969,265
Sewer lateral repairs	-	-	-	602,952	-	-	-	602,952
Pension	-	-	-	-	13,446	-	-	13,446
Assigned:								
Equipment replacement	-	-	-	-	-	-	343,710	343,710
Unassigned	-	(139,466)	-	-	-	(18,456)	-	(157,922)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>(139,466)</b>	<b>969,265</b>	<b>602,952</b>	<b>13,446</b>	<b>(18,456)</b>	<b>343,710</b>	<b>1,771,451</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 80,586</b>	<b>\$ 990,313</b>	<b>\$ 602,952</b>	<b>\$ 19,446</b>	<b>\$ -</b>	<b>\$ 343,710</b>	<b>\$ 2,037,007</b>

**CITY OF OLIVETTE, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					Capital Projects Funds		Total
	Grants Fund	Fire Operations Fund	Local Parks/ Storm Water Fund	Sewer Lateral Fund	Pension Fund	North Price NID Fund	Equipment Replacement Fund	
<b>REVENUES</b>								
Taxes	\$ -	\$ 274,797	\$ 549,592	\$ 135,815	\$ 550,800	\$ -	\$ -	\$ 1,511,004
Intergovernmental	193,704	-	-	-	-	-	-	193,704
Investment income	-	-	-	361	-	-	-	361
Miscellaneous	-	-	-	13	-	-	-	13
<b>TOTAL REVENUES</b>	<u>193,704</u>	<u>274,797</u>	<u>549,592</u>	<u>136,189</u>	<u>550,800</u>	<u>-</u>	<u>-</u>	<u>1,705,082</u>
<b>EXPENDITURES</b>								
Current:								
Administrative	-	-	-	1,358	569,046	-	-	570,404
Public safety	143,609	200,039	-	-	-	-	-	343,648
Parks and recreation	23,241	-	351,679	-	-	-	-	374,920
Capital outlay	40,301	-	63,826	115,789	-	72,779	-	292,695
Debt service:								
Principal, interest and fiscal charges	-	31,667	-	-	-	-	-	31,667
<b>TOTAL EXPENDITURES</b>	<u>207,151</u>	<u>231,706</u>	<u>415,505</u>	<u>117,147</u>	<u>569,046</u>	<u>72,779</u>	<u>-</u>	<u>1,613,334</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,447)</u>	<u>43,091</u>	<u>134,087</u>	<u>19,042</u>	<u>(18,246)</u>	<u>(72,779)</u>	<u>-</u>	<u>91,748</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from the issuance of debt	-	-	-	-	-	92,113	-	92,113
Transfer out	13,447	-	(36,159)	(31,000)	-	(37,790)	-	(91,502)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>13,447</u>	<u>-</u>	<u>(36,159)</u>	<u>(31,000)</u>	<u>-</u>	<u>54,323</u>	<u>-</u>	<u>611</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>43,091</u>	<u>97,928</u>	<u>(11,958)</u>	<u>(18,246)</u>	<u>(18,456)</u>	<u>-</u>	<u>92,359</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>-</u>	<u>(182,557)</u>	<u>871,337</u>	<u>614,910</u>	<u>31,692</u>	<u>-</u>	<u>343,710</u>	<u>1,679,092</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ (139,466)</u>	<u>\$ 969,265</u>	<u>\$ 602,952</u>	<u>\$ 13,446</u>	<u>\$ (18,456)</u>	<u>\$ 343,710</u>	<u>\$ 1,771,451</u>