

2011 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2011 • City of O'Fallon



City of O'Fallon, Missouri
Comprehensive Annual Financial Report



Fiscal Year Ended
December 31, 2011

Prepared By: Department of Finance

Table of Contents

	Page
Part I - Introduction	
Letter of Transmittal.....	i-v
Mayor and List of Principle Officials.....	vi
Local Government Organization Chart.....	vii
Certificate of Achievement for Excellence in Financial Reporting.....	viii
 Part II - Financials	
Independent Auditor's Report.....	1-2
Management Discussion and Analysis.....	3-16
Basic Financial Statements	
Statement of Net Assets.....	17
Statement of Activities.....	18
Balance Sheet - Government Funds.....	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Assets - Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds.....	24
Statement of Cash Flows - Proprietary Funds.....	25
Statement of Fiduciary Net Assets - Fiduciary Funds.....	26
Notes to Basic Financial Statements.....	27-60
Required Supplementary Information	
Budgetary Comparison Information - Budget Basis - General Fund.....	61
Budgetary Comparison Information - Budget Basis - Street & Road Improvement Fund.....	62
Budgetary Comparison Information - Budget Basis - Recreation Fund.....	63
Budgetary Comparison Information - Budget Basis - Storm Water Fund.....	64
Notes to Budgetary Comparison Information.....	65
Other Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds.....	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	68

Table of Contents

	Page
Part II - Financials (continued)	
Other Supplementary Information (continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds.....	69-72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis - Debt Service Fund.....	73
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	74
Part III - Statistics	
Statistical Section Title Page.....	75
Net Assets by Component.....	76
Changes in Net Assets.....	77
Fund Balances, Governmental Funds.....	78
Changes in Fund Balances, Governmental Funds.....	79
Program Revenues by Function/Program.....	80
Tax Revenues by Source, Governmental Funds.....	81
Assessed & Estimated Actual Value of Taxable Property.....	82
Direct and Overlapping Property Tax Rates.....	83
Sales Tax by Year.....	84
Principal Property Tax Payers.....	85
Property Tax Levies & Collection.....	86
Ratios of Outstanding Debt by Type.....	87
Ratios of General Bonded Debt Outstanding.....	88
Direct & Overlapping Governmental Activities Debt.....	89
Legal Debt Margin.....	90
Pledged Revenue Coverage.....	91
Demographic & Economic Statistics.....	92
Principal Employers.....	93
Full Time Equivalent City Government Employees by Function/Program.....	94
Operating Indicators by Function/Program.....	95
Capital Asset Statistics by Function/Program.....	96



Introduction

2011 Comprehensive Annual Financial Report

City of O'Fallon, Missouri



100 NORTH MAIN STREET
O'FALLON, MISSOURI 63366
636.240.2000
www.ofallon.mo.us

June 30, 2012

Honorable Mayor, City Councilmen, City Administrator, and Citizens of O'Fallon:

Dear Ladies and Gentlemen:

The comprehensive annual financial report of the City of O'Fallon, Missouri for the fiscal year ended December 31, 2011 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of O'Fallon's financial statements have been audited by Hochschild, Bloom & Company, LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of O'Fallon for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of O'Fallon's financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City of O'Fallon's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

O'Fallon was incorporated in 1912. On April 7, 2009, the City adopted a home-rule charter under Missouri Revised Statutes utilizing the Mayor – City Council – City Administrator form of government. The Council is comprised of two councilmen duly elected from each of the City's five wards, and a Mayor who is elected at large. The Mayor serves a four-year term and the Council serves three-year terms. The City Administrator is appointed by the Mayor and approved by the City Council to serve as the chief executive officer of the City.

The City Council sets the policy for the City, and the City Administrator is responsible for administering this policy in the day-to-day activities of City operations.

The City of O'Fallon encompasses 29.67 square miles. The City of O'Fallon is located in St. Charles County, Missouri, about 30 minutes west of the St. Louis City limits on Interstate 70. The City is bisected in a north-south direction by Missouri State Highways M and K and in an east-west direction by Interstates 70 and 40/61. The population of the City for 2011, as provided by the City's Economic Development Division, is 79,329 persons.

The financial statements include all funds, agencies, boards, commissions, and authorities for which the City is financially accountable in accordance with the provisions of GASB Statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

The City of O'Fallon is a full-service city and provides general administrative services, police protection, highways and streets, water and sewer, community development, parks and recreation, and environmental services.

City management is responsible for establishing and maintaining an internal control framework designed to ensure the assets of the City are protected from loss, theft, or misuse and to ensure that accurate accounting data are recorded to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Economic Condition

The economic condition and outlook for the City is positive. The economic base is diverse and consists of a mix of residential, manufacturing, financial services, governmental services, education and healthcare. Essentially a "bedroom community" in the early 1980's to the St. Louis Metropolitan area, the City's economic growth now supports over 1,500 businesses. Our major employers consist of Citigroup, 3,800 employees; Fort Zumwalt School District, 2,700 employees; and MasterCard Intl. with 1,845 employees.

After the end of the Great Recession in June 2009, the United States has entered into a period called the Great Stagnation which includes sluggish growth with a drop in median household income and property values. The City has been impacted with a decline in assessed valuation and higher than average unemployment rates. City Council chose to maintain the City's property tax rate for 2011 resulting in a 4% decline in tax revenue. This decline has been offset in the general fund through an audit of motor vehicle bureau records which resulted in additional revenue of approximately \$400,000 in which a portion will be paid to the City in installments over a period of 3 years. For 2011, the retail sales in O'Fallon increased by 2% over 2010 and are expected to increase another 1% for 2012. The outlook on the City's long-term economic base is stable.

The City is currently working with Wentzville School District for construction of a high school within the City that is expected to break ground in 2012. The facility will be approximately 263,500 square foot and is expected to have 1600 students at full enrollment.

Long-term Financial Planning

The City Charter requires the submission of a Capital Improvement Program (CIP) to be included with the City's budget. The program consists of a) a clear general summary; b) a list of all capital improvements which are proposed to be undertaken during the five (5) fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements; c) cost estimates, method of financing and recommended time schedules for each such improvement; and d) the estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

During 2011, City Council adopted a Strategic Plan prioritizing the City's goals. The goals listed are as follows: 1) focus on infrastructure, 2) quality of life, community image, 3) economic development, revenue growth to support services and 4) improved communications, responsiveness and openness.

The City continues to seek funding for the development of O'Day Park as a Metropolitan Park which encompasses 59 acres south of Hwy 40/61. The project could include an outdoor classroom, trails, youth activity center and a skate park. The costs for this park are still being developed. It is likely that there will be additional costs incurred to staff, operate and maintain the new facilities.

In addition to the park funding, the City is researching the feasibility and funding resources available to construct a new police facility which would include the City's municipal court function.

Relevant Financial Policies

The Finance Department strives to keep abreast of current trends and procedures for cash management and forecasting to ensure the most efficient and profitable use of the City's cash resources. While efforts are made to maximize the return on the City's investment dollar, the primary concern is to always assure the return on principal. To maximize investment earnings, the City consolidates cash balances of all funds except for certain restricted funds. Idle cash during the year was invested in overnight repurchase agreements and certificates of deposit.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the City Council. Activities of the General, Special Revenue, Debt Service, and Capital Projects Funds are included in the annually appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Effective budgetary control is also aided in the General Fund by establishing control at the individual department levels. In addition, the City Council adopts an annual budget for the enterprise funds as a management control device to facilitate the monitoring of expenditures. Unencumbered appropriations lapse at year-end.

The City utilizes the capital improvement program to adequately maintain and enhance the public's capital assets over their useful life. In order to adequately maintain assets that are used routinely and have a shorter useful life, they are identified as part of the City's annual replacement program. Examples of these assets include computers, vehicles and body armor for the police officers. A percentage of these assets are replaced each year to prevent the cost being too great in any given year.

Major Initiatives

The City continues to promote economic development through a campaign called 'Keep it in the O!' As it suggests, the slogan is reminding people to keep our tax dollars within our own community.

The City has also implemented and is seeking new methods of communicating information to residents. During 2011, the City implemented an online program which allows our residents to ask questions regarding City operations, register a problem or complaint, look up meeting agendas, pay O'Fallon utility bills online and other miscellaneous tasks. Through this system, the resident will stay updated for changes in status to their request.

The City will continue to seek alternative funding sources, such as grants, and analyzing City operations for areas of efficiency and cost effectiveness.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of O'Fallon, Missouri for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and shall submit to the GFOA to determine the eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2011. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the assistance and dedication of the Finance Department's staff. I would like to express my appreciation to the City Administrator and the entire Management Team for their cooperation in providing information to make this report possible.

The assistance and recommendations in the preparation of this report from the City's independent certified public accountants, Hochschild, Bloom & Company LLP, is greatly appreciated. Sincere gratitude is also extended to the Mayor and each member of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Vicki M. Boschert".

Vicki M. Boschert, CPA
Director of Finance

City of O’Fallon City Officials

Mayor

William Hennessy (2013*)

City Council

Ward 1

Bill Gardner (2014*)

Rick Lucas (2013*)

Ward 3

John Haman (2014*)

Richard “Rick” Batelle (2013*)

Ward 5

Mark Perkins (2014*)

Mike Pheney (2013*)

Ward 2

Rose Mack (2014*)

Jim Pepper (2013*)

Ward 4

Bob Howell (2014*)

Jeff Schwentker,

Pres Pro Tem (2013*)

City Administrator

Keith J. Riesberg

City Attorney

Kevin O’Keefe

City Judge

Larry Nesslage

Managing Director of Finance

Vicki M. Boschert, CPA

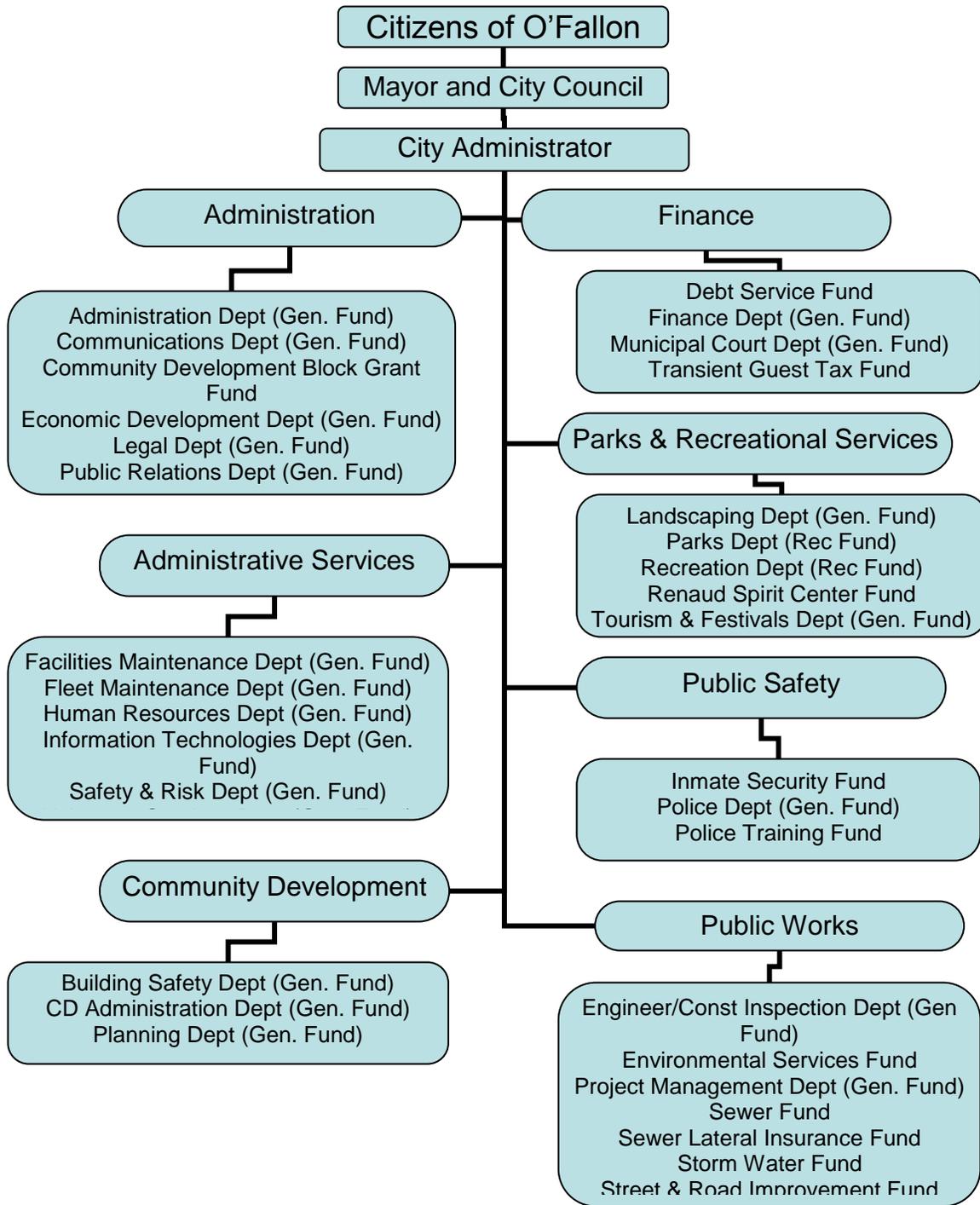
Assistant City Administrator..... Lenore Toser-Aldaz
City Clerk..... Pam Clement
Public Works Managing Director Steve Bender
Planning & Development Director David Woods
Public Safety Managing Director (Chief of Police) Roy J. Joachimstaler
Administrative Services Group Managing Director John Griesenauer
Parks and Recreation Managing Director Cindy Springer
Information Technologies Director Brian Bazzell
Economic Development Director Open
Public Relations Director Tom Drabelle

- Denotes term expiration, all terms expire in April.

City of O'Fallon, Missouri

Organizational Chart

2011 CAFR



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of O'Fallon
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director



Financials

2011 Comprehensive Annual Financial Report

City of O'Fallon, Missouri



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITORS' REPORT

June 14, 2012

Honorable Mayor and Members of the City Council
CITY OF O'FALLON, MISSOURI

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF O'FALLON, MISSOURI** (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

□ 16100 Chesterfield Parkway West, Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055

□ 1000 Washington Square, P.O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

www.hbclp.com

Membership in: **IGAF POLARIS**
A Global Association of Independent Firms

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2012 on our consideration the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, 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 supplemental information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements as a whole. The introductory section, other supplemental information as listed in the table contents, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS



*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

City of O’Fallon, Missouri

Management’s Discussion and Analysis

Fiscal Year Ended December 31, 2011

Introduction

As management of the City of O’Fallon, Missouri (the City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 2011. We encourage readers to use this document in conjunction with the transmittal letter in the Introductory Section of this report and with the City’s financial statements that follow this section.

Beginning in 2003, the City implemented new reporting standards established by the Governmental Accounting Standards Board. These new standards significantly changed the content and structure of the financial statements.

Financial Highlights

- On a government-wide basis, the assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$160,030,617 (net assets). Of this amount, \$24,579,032 is considered unrestricted. The unrestricted net assets of the City’s governmental activities are \$10,059,082 and may be used to meet the City’s ongoing obligations. The unrestricted net assets of the City’s business-type activities are \$14,519,950 and may be used to meet the ongoing obligations of the City’s water, sewer, environmental services, Renaud Spirit Center, and public venue activities.
- The net assets of the City (assets less liabilities) at December 31, 2011 increased \$9,671,536 from \$150,359,081 to \$160,030,617 or 6% from the prior year.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$31,005,011. Approximately 48% of this total amount, \$14,972,408, is *available for spending* at the City’s discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,972,408, or 57% of total General Fund expenditures.
- The City’s total long-term debt decreased by a net amount of \$21,819,430, or 15%, during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, community development, parks and recreation, and municipal court. The business-type activities of the City include water and sewer services, environmental services, Renaud Spirit Center, and public venue, the City's stadium operation.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Street & Road Improvement Fund, Recreation Fund, Storm Water Fund, and Debt Service Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains five Enterprise Funds, a type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses Enterprise Funds to account for its water and sewer services, environmental services, Renaud Spirit Center, and public venue, the City's stadium operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer services, environmental services, Renaud Spirit Center, and public venue, the City's stadium operation, all of which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one Agency Fund, a fiduciary fund type, to account for the Waterbury Storm CID under a custodial agreement. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary comparisons for the General, Street & Road Improvement, Recreation and Storm Water Funds.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2011

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$160,030,617 at the close of the most recent fiscal year.

The City’s net assets invested in capital assets (land, construction in progress, buildings, equipment, improvements, and infrastructure) less all outstanding debt that was issued totals \$103,156,386. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

(See next page for chart)

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

City of O'Fallon's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 38,465,770	\$ 53,102,374	\$ 25,411,011	\$ 28,539,512	\$ 63,876,781	\$ 81,641,886
Long-term receivables	9,051,518	9,054,560	-	-	9,051,518	9,054,560
Capital assets	127,641,089	123,532,834	91,828,006	92,537,537	219,469,095	216,070,371
Total Assets	175,158,377	185,689,768	117,239,017	121,077,049	292,397,394	306,766,817
Liabilities						
Long-term liabilities outstanding	65,926,711	83,551,072	57,540,472	61,735,541	123,467,183	145,286,613
Other liabilities	6,150,056	6,854,091	2,749,538	4,267,032	8,899,594	11,121,123
Total Liabilities	72,076,767	90,405,163	60,290,010	66,002,573	132,366,777	156,407,736
Net Assets						
Invested in capital assets, net of related debt	68,770,758	60,791,444	34,385,628	30,911,877	103,156,386	91,703,321
Restricted	24,251,770	17,287,632	8,043,429	13,162,981	32,295,199	30,450,613
Unrestricted	10,059,082	17,205,529	14,519,950	10,999,618	24,579,032	28,205,147
Total Net Assets	\$ 103,081,610	\$ 95,284,605	\$ 56,949,007	\$ 55,074,476	\$ 160,030,617	\$ 150,359,081

An additional portion of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$24,579,032 is explained further below.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the City as a whole. The reporting model includes the reporting of the City's infrastructure as a capital asset, including assets acquired retroactive to 1980.

Changes in net assets. The City's total net assets increased by \$9,671,536. This increase in net assets is a result of continued economic growth. The City's population increased by an estimated 1,531 residents. There were 274 residential construction permits issued along with 157 commercial construction units. Key elements to the changes in net assets follow:

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

City of O'Fallon's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 4,303,465	\$ 4,220,518	\$ 19,489,229	\$ 19,970,992	\$ 23,792,694	\$ 24,191,510
Operating grants and contributions	1,237,034	951,205	-	25,036	1,237,034	976,241
Capital grants and contributions	6,377,277	6,877,840	411,556	999,712	6,788,833	7,877,552
General revenues:						
Property taxes	7,775,961	8,236,247	-	-	7,775,961	8,236,247
Sales taxes	22,277,141	20,931,831	-	-	22,277,141	20,931,831
Franchise and public	8,151,613	7,123,949	-	-	8,151,613	7,123,949
Other	969,490	1,350,597	391,876	215,563	1,361,366	1,566,160
Total Revenues	51,091,981	49,692,187	20,292,661	21,211,303	71,384,642	70,903,490
Expenses						
General government	12,176,877	12,050,421	-	-	12,176,877	12,050,421
Public safety	11,842,453	11,670,576	-	-	11,842,453	11,670,576
Highways and streets	8,791,469	7,520,942	-	-	8,791,469	7,520,942
Community development	2,500,168	2,934,448	-	-	2,500,168	2,934,448
Parks and recreation	4,858,132	4,783,669	-	-	4,858,132	4,783,669
Municipal court	391,789	387,866	-	-	391,789	387,866
Interest on long-term debt	3,237,204	3,266,353.00	-	-	3,237,204	3,266,353
Water	-	-	4,280,128	3,862,013	4,280,128	3,862,013
Sewer	-	-	6,843,295	6,510,469	6,843,295	6,510,469
Environmental services	-	-	4,173,979	3,918,999	4,173,979	3,918,999
Renaud Spirit Center	-	-	2,082,716	2,198,121	2,082,716	2,198,121
Public venue	-	-	534,896	567,706	534,896	567,706
Total Expenses	43,798,092	42,614,275	17,915,014	17,057,308	61,713,106	59,671,583
Increase in Net Assets						
Before Transfers	7,293,889	7,077,912	2,377,647	4,153,995	9,671,536	11,231,907
Transfers	503,116	(342,127)	(503,116)	342,127	-	-
Increase in Net Assets	7,797,005	6,735,785	1,874,531	4,496,122	9,671,536	11,231,907
Net Assets - Beginning of Year	95,284,605	88,548,820	55,074,476	50,578,354	150,359,081	139,127,174
Net Assets - End of Year	\$103,081,610	\$ 95,284,605	\$ 56,949,007	\$ 55,074,476	\$ 160,030,617	\$ 150,359,081

City of O'Fallon, Missouri

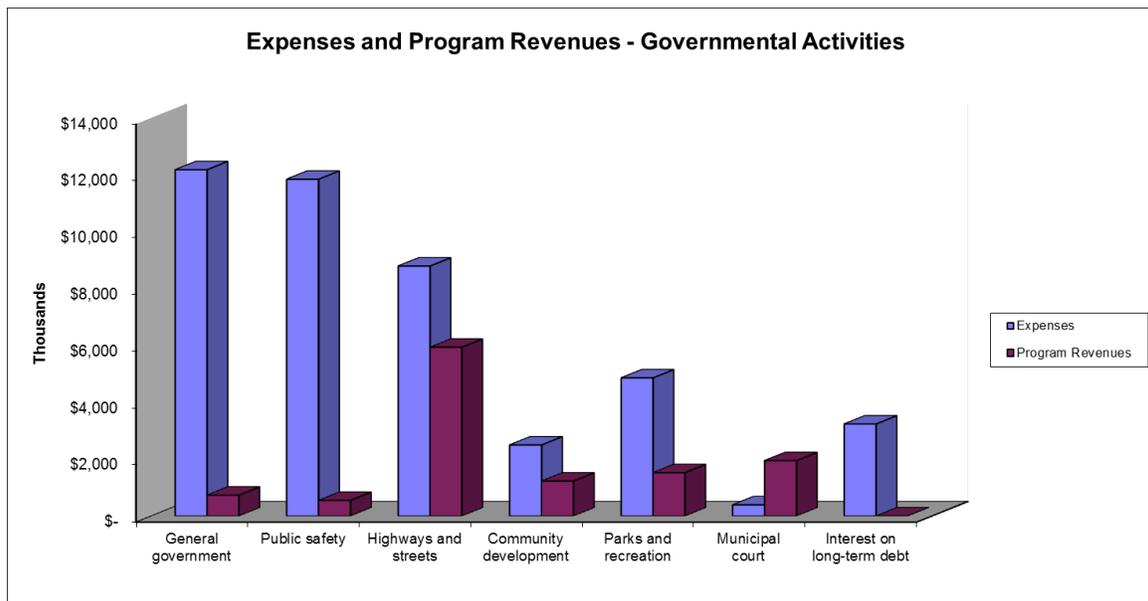
Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

Governmental activities. Governmental activities increased the City's net assets by \$7,797,005, thereby accounting for 80% of the total growth in the net assets of the City.

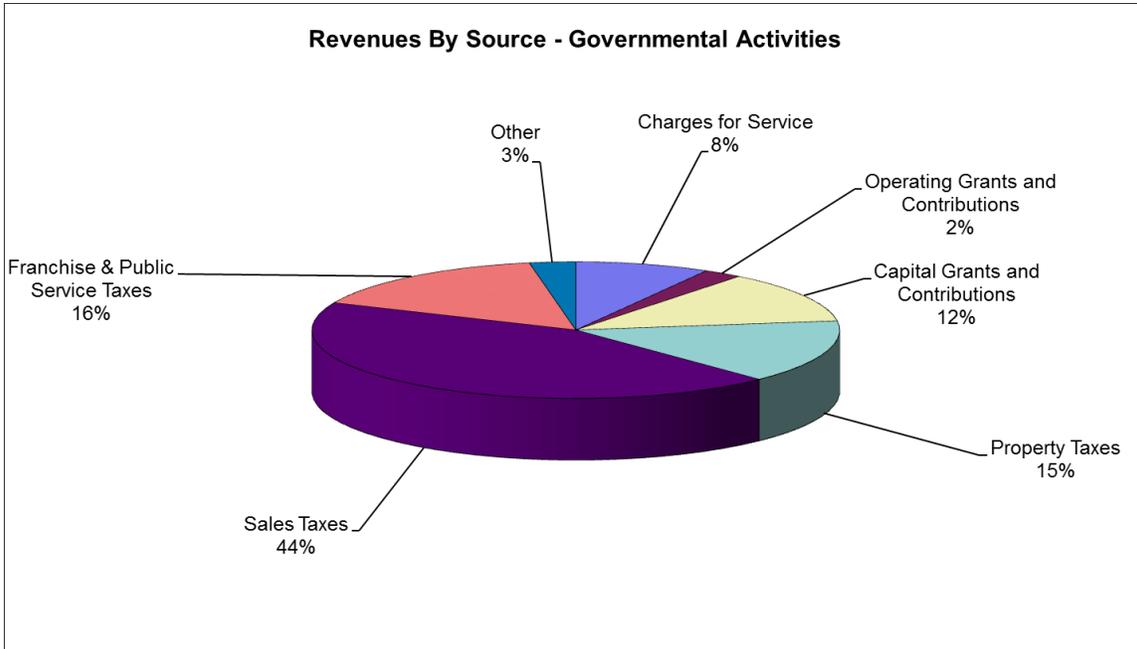
- There was an increase in sales tax revenue of \$1,345,310 due to an increase in sales in 2011.
- There was an increase in gross receipts tax of \$1,027,664, which includes a settlement from T-Mobile in the amount of \$571,220.
- The City has received monies from the County Transportation Fund to reimburse itself for costs relating to Guthrie Road, Laura Hill/Feise, the Hwy 79 Outer Road, West Terra phases 1, 2 and 3, the I-70/Hwy K study, Crusher Road Extension, Elaine Dr. widening, and the Hoff Road study. During fiscal year 2011 this amounted to \$1,510,302 and was reported as capital grants and contributions. Other items recorded to this category are the state motor fuel tax revenues and County Road and Bridge Funds.

Following is a chart comparing program revenues and expenses for the individual governmental activities for the current year. As the chart reflects, highways and streets, community development, and municipal court relied on correlating program revenues to support the function or at least a material percent of the function. Property and sales taxes assisted in supporting general government, public safety, parks and recreation, and interest on long-term debt.



The next chart reflects the percent of the total for each source of revenue supporting governmental activities.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2011



Business-type activities. Business-type activities increased the City’s net assets by \$1,874,531 accounting for 20% of the total growth in the City’s net assets.

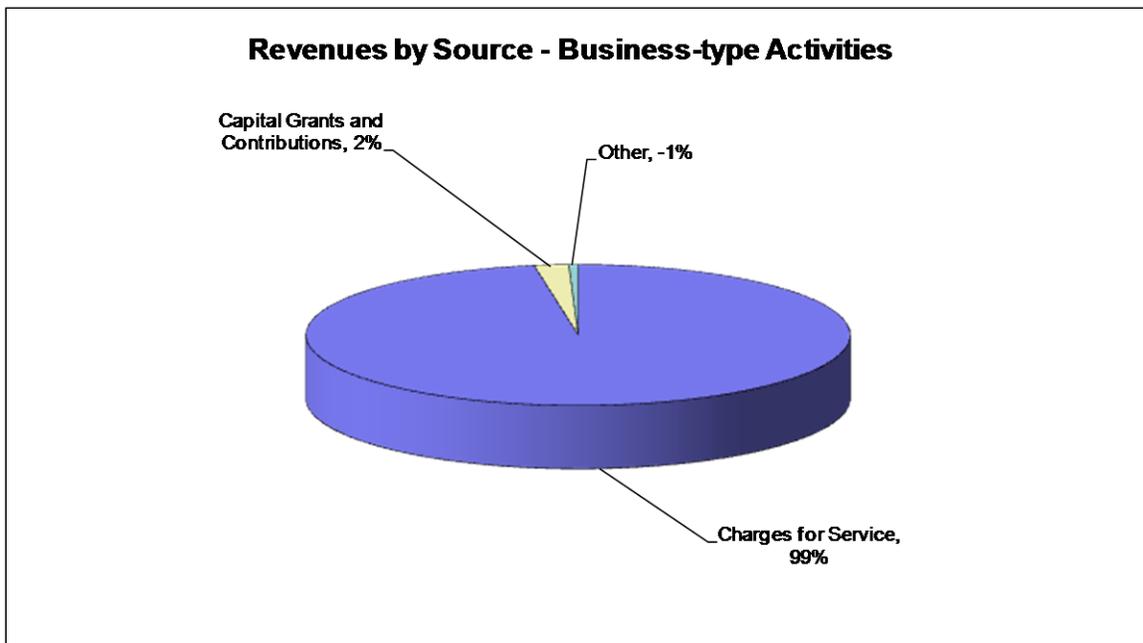
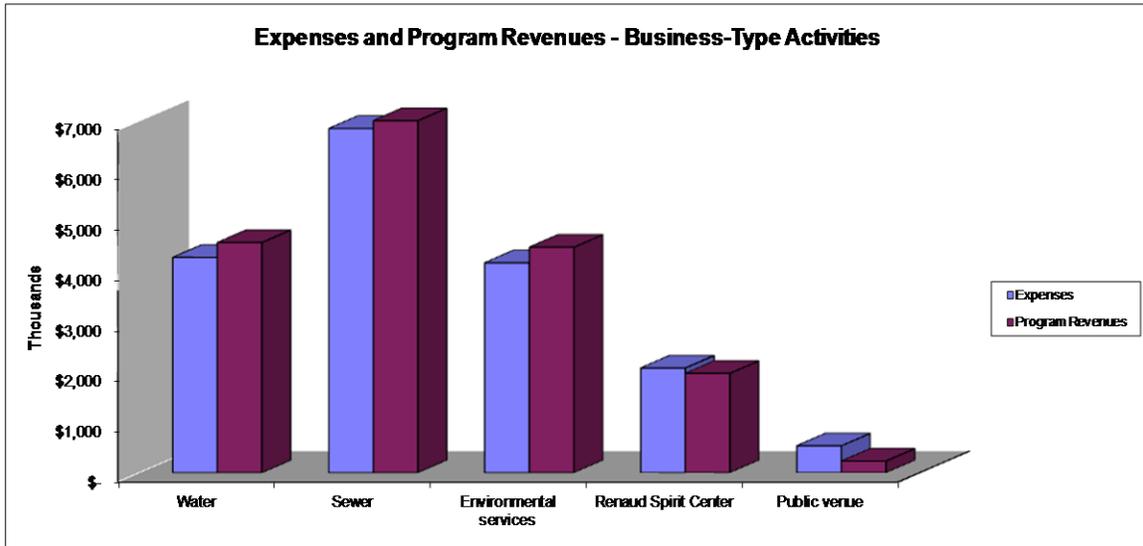
Following are charts comparing program revenues and expenses by individual business-type activity and the percent of the total for each source of revenue supporting business-type activities for the current year.

Although these business-type activities recover more costs through program revenues than governmental activities, the water, sewer and environmental services activities generated sufficient revenue to cover current expenses. In other words, the services for these activities are substantially being supported by user fees which are based upon each household’s usage.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011



City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

Financial Analysis of the City's Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,005,011, a decrease of \$13,848,955 in comparison with the prior year. Approximately one-half of the ending fund balance of the governmental funds is unassigned and available for appropriation for the general purposes of the funds. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed for encumbrances, debt service, and prepaid assets.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14,972,408 while total fund balance was \$16,285,326. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total General Fund expenditures, while total fund balance represents 62% of that same amount.

The fund balance of the City's General Fund increased by \$1,915,563 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales tax revenues increased by \$626,446.
- ◆ Gross receipts taxes on utilities increased by \$998,103
- ◆ Property taxes decreased by \$337,085 due to declining property values.

Street & Road Improvement Fund. The Street & Road Improvement Fund has a total fund balance of \$3,827,118, all of which is restricted for street improvements. Restricted fund balance represents 30% of total Street & Road Improvement Fund expenditures. Street improvement projects included improvements to Guthrie Road, Laura Hill/Feise, the Hwy 79 Outer Road, West Terra phases 1, 2 and 3, the I-70/Hwy K study, Crusher Road Extension, Elaine Dr. widening, and the Hoff Road study.

The fund balance of the City's Street & Road Improvement fund decreased by \$1,850,065 during the current fiscal year. Important factors to note are as follows:

- ◆ Intergovernmental revenue increased by \$1,038,253 to cover the cost of certain road projects.
- ◆ Taxes increased by \$410,810.
- ◆ Spending increased by \$2,187,927 for highway projects.

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2011

- ◆ Operating costs increased by \$896,725. There was an increase in overtime and supplies for snow plowing purposes due to the amount of snow and ice in early 2011.

Recreation Fund. The Recreation Fund has a total fund balance of \$2,405,647, all of which is restricted for the City's parks and recreation program. Restricted fund balance represents 43% of total Recreation Fund expenditures.

The fund balance of the City's Recreation fund decreased by \$316,552 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales taxes decreased by \$201,890. This sales tax is shared with the Storm Water fund, which received a larger portion of the sales taxes in 2011.
- ◆ Parks and Recreation capital expenditures increased by \$1,911,618 for the construction of the new playground area at Westhoff Park, new concessions stand and maintenance building at Sports Park.

Storm Water Fund. The Storm Water Fund was created in 2009 and has a total fund balance of \$2,218,429, all of which is restricted for the City's storm water program. Restricted fund balance represents 110% of total Storm Water Fund expenditures.

The fund balance of the City's Storm Water Fund decreased by \$540,472 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales taxes increased by \$509,758. This sales tax is shared with the Recreation fund, which received a smaller portion of the sales taxes in 2011.
- ◆ Spending increased by \$388,763 as new projects began.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$5,400,782, all of which is restricted for the payment of debt service. Restricted fund balance represents 35% of total Debt Service Fund expenditures.

The fund balance of the City's Debt Service Fund decreased by \$13,326,402 during the current fiscal year. Important factors to note are as follows:

- ◆ The 2007 General obligation crossover refunding bonds were called in March 2011. The funds in escrow for the crossover equaled \$11,949,361.
- ◆ Property taxes decreased by \$335,625 due to declining property values.

Nonmajor Governmental Funds. The fund balance of the City's nonmajor funds increased by \$268,973 during the current fiscal year. Important factors to note are as follows:

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

- ◆ There was an operating transfer from the Transient Guest Tax Fund to the Public Venue Fund in the amount of \$352,500.
- ◆ The Waterbury Storm Water CID fund was closed out to the General fund in the amount of \$217,916.

Budgetary Highlights - General Fund. Differences between the original budget and the final amended budget for expenditures resulted in a 8% increase.

During the year, actual expenditures were less than budgetary estimates, resulting in an actual increase in fund balance of \$1,487,406. The City's fund balance on a budget basis at the end of the current year was \$15,733,896.

Financial Analysis of the City's Proprietary Funds

Water Fund. Unrestricted net assets of the Water Fund at the end of the year amounted to \$4,463,966. The change in unrestricted net assets for the current year was a increase of \$86,196.

Sewer Fund. Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$7,915,809. The change in unrestricted net assets for the current year was an increase of \$2,930,706.

Environmental Services Fund. Unrestricted net assets of the Environmental Services Fund at the end of the year amounted to \$1,527,217. The change in unrestricted net assets for the current year was an increase of \$319,147.

Renaud Spirit Center Fund. Unrestricted net assets of the Renaud Spirit Center Fund at the end of the year amounted to \$407,166. The change in unrestricted net assets for the current year was a increase of \$201,206.

Public Venue Fund. Unrestricted net assets of the Public Venue Fund at the end of the year amounted to \$205,792. The change in unrestricted net assets for the current year was a decrease of \$16,923.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$219,469,095 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 2% (a 3% increase for governmental activities and a 1% decrease for business-type activities).

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2011

City of O'Fallon's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 14,034,595	\$ 13,731,233	\$ 1,299,747	\$ 1,299,747	\$ 15,334,342	\$ 15,030,980
Construction in progress	5,696,621	2,723,108	887,253	8,146,717	6,583,874	10,869,825
Buildings	10,675,784	9,594,285	40,014,954	41,857,048	50,690,738	51,451,333
Improvements	4,441,798	4,353,288	-	-	4,441,798	4,353,288
Equipment	3,901,739	2,415,396	27,680,457	18,635,926	31,582,196	21,051,322
Infrastructure	88,890,552	90,715,524	21,945,595	22,598,099	110,836,147	113,313,623
Total	\$ 127,641,089	\$ 123,532,834	\$ 91,828,006	\$ 92,537,537	\$ 219,469,095	\$ 216,070,371

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$122,798,869. Of this amount \$27,690,000 comprised debt backed by the full faith and credit of the City. The remainder of the debt includes \$705,000 in revenue bonds, \$60,910,000 in certificates of participation, \$4,504,063 in TIF obligations, \$21,860,000 in Special Obligation bonds, \$6,777,306 in capital lease obligations and \$352,500 due to other governmental entities. The TIF obligations are secured solely by payments in lieu of taxes collected by the TIF District Special Revenue Fund.

City of O'Fallon's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 27,690,000	\$ 41,770,000	\$ -	\$ -	\$ 27,690,000	\$ 41,770,000
Revenue bonds	-	-	705,000	1,025,000	705,000	1,025,000
Certificates of participation	12,688,100	21,634,500	48,221,900	52,945,500	60,910,000	74,580,000
TIF obligations	4,504,063	4,216,052	-	-	4,504,063	4,216,052
Special Obligation bonds	19,385,000	14,205,000	2,475,000	1,105,000	21,860,000	15,310,000
Capital lease obligations	92,266	-	6,685,040	7,156,826	6,777,306	7,156,826
Due to Other Govt Entities	-	-	352,500	512,500	352,500	512,500
Total	\$ 64,359,429	\$ 81,825,552	\$ 58,439,440	\$ 62,744,826	\$ 122,798,869	\$ 144,570,378

The City's total debt decreased by \$21,771,509 (15%) during the current fiscal year.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2011

State Statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$152,626,187, which is significantly in excess of the City’s outstanding general obligation debt of \$27,690,000.

During 2003, the City received a rating upgrade to an “Aa3”, or Excellent, by Moody’s for its general obligation debt.

Additional information on the City’s long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year’s Budgets

During the preparation of the budget for the ensuing fiscal year, the City took into consideration the continued residential and retail growth and current economic conditions. Following are the assumptions made in preparing the City’s budget for the 2012 fiscal year:

- ◆ Property tax values will increase by 1%
- ◆ The Cost of Living Adjustment will approximate 0%
- ◆ Interest rates on investments will be less than 1%

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of O’Fallon, 100 North Main Street, O’Fallon, MO 63366 or by logging on to the City’s website at www.ofallon.mo.us.



BASIC FINANCIAL STATEMENTS

City of O'Fallon, Missouri
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 21,006,729	\$ 12,970,577	\$ 33,977,306
Receivables (net):			
Taxes	9,967,912	-	9,967,912
Services	-	3,071,169	3,071,169
Municipal court	846,404	-	846,404
Intergovernmental	1,267,411	-	1,267,411
Other	246,541	-	246,541
Prepaid assets	453,192	235,276	688,468
Inventories	5,755	-	5,755
Cash and investments - restricted	4,064,753	8,297,186	12,361,939
Long-term receivables	9,051,518	-	9,051,518
Capital assets:			
Nondepreciable	19,731,216	2,187,000	21,918,216
Depreciable, net	107,909,873	89,641,006	197,550,879
Deferred charges	607,073	836,803	1,443,876
Total Assets	175,158,377	117,239,017	292,397,394
Liabilities			
Accounts payable	4,805,214	1,493,929	6,299,143
Accrued interest	857,794	545,186	1,402,980
Other accrued liabilities	117,282	-	117,282
Unearned revenues	369,766	253,381	623,147
Deposits and escrow funds	-	457,042	457,042
Long-term liabilities:			
Due within one year	5,503,034	4,682,034	10,185,068
Due in more than one year	58,507,014	52,858,438	111,365,452
Due in more than one year - OPEB obligation	1,916,663	-	1,916,663
Total Liabilities	72,076,767	60,290,010	132,366,777
Net Assets			
Invested in capital assets, net of related debt	68,770,758	34,385,628	103,156,386
Restricted for:			
Grants	253,754	-	253,754
Street & Road Improvement	10,492,230	-	10,492,230
Sewer Lateral	383,839	-	383,839
Public Safety	95,076	-	95,076
Parks and Recreation	2,772,615	-	2,772,615
Debt Service	9,205,859	8,043,429	17,249,288
Waterbury CID	216,183	-	216,183
Storm Water	832,214	-	832,214
Unrestricted	10,059,082	14,519,950	24,579,032
Total Net Assets	\$ 103,081,610	\$ 56,949,007	\$ 160,030,617

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Activities
For The Year Ended December 31, 2011

Functions	Expenses	Program Revenues			Net Revenue (Expense) And Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 12,176,877	\$ 119,393	\$ 17,412	\$ 595,218	\$ (11,444,854)	\$ -	\$ (11,444,854)
Public safety	11,842,453	161,928	354,461	32,000	(11,294,064)	-	(11,294,064)
Highways and streets	8,791,469	-	434,687	5,500,059	(2,856,723)	-	(2,856,723)
Community development	2,500,168	804,926	424,415	-	(1,270,827)	-	(1,270,827)
Parks and recreation	4,858,132	1,270,473	6,059	250,000	(3,331,600)	-	(3,331,600)
Municipal court	391,789	1,946,745	-	-	1,554,956	-	1,554,956
Interest on long-term debt	3,237,204	-	-	-	(3,237,204)	-	(3,237,204)
Total Governmental Activities	43,798,092	4,303,465	1,237,034	6,377,277	(31,880,316)	-	(31,880,316)
Business-Type Activities							
Water	4,280,128	4,335,461	-	240,870	-	296,203	296,203
Sewer	6,843,295	8,473,688	-	159,328	-	1,789,721	1,789,721
Environmental services	4,173,979	4,483,106	-	-	-	309,127	309,127
Renaud Spirit Center	2,082,716	1,965,010	-	11,358	-	(106,348)	(106,348)
Public venue	534,896	231,964	-	-	-	(302,932)	(302,932)
Total Business-Type Activities	17,915,014	19,489,229	-	411,556	-	1,985,771	1,985,771
Total Government	\$ 61,713,106	\$ 23,792,694	\$ 1,237,034	\$ 6,788,833	(31,880,316)	1,985,771	(29,894,545)
General Revenues							
Property taxes levied for:							
General purposes					5,613,957	-	5,613,957
Sewer Lateral					154,367	-	154,367
Debt service					2,007,637	-	2,007,637
Sales tax levied for:							
General purposes					10,404,519	-	10,404,519
Transportation purposes					6,793,156	-	6,793,156
Recreation					3,626,267	-	3,626,267
Storm Water					1,453,199	-	1,453,199
Franchise and public service taxes					8,151,613	-	8,151,613
Grants and contributions not restricted to specific programs					-	153,775	153,775
Investment earnings					245,969	197,324	443,293
Gain on sale of capital assets					-	40,777	40,777
Other revenues					723,521	-	723,521
Transfers					503,116	(503,116)	-
Total General Revenues and Transfers					39,677,321	(111,240)	39,566,081
Changes in Net Assets					7,797,005	1,874,531	9,671,536
Net Assets - Beginning of Year					95,284,605	55,074,476	150,359,081
Net Assets - End of Year					\$ 103,081,610	\$ 56,949,007	\$ 160,030,617

*See the accompanying notes to the financial statements.

**Balance Sheet
Governmental Funds
December 31, 2011**

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Street & Road Improvement	Recreation	Storm Water	Debt Service	Other Governmental Funds		
Assets								
Cash and investments:								
Held by trustee	\$ -	\$ 2,170,223	\$ 31,414	\$ -	\$ -	\$ -	\$ -	\$ 2,201,637
Restricted	476,901	-	-	1,386,215	-	-	-	1,863,116
Unrestricted	12,930,318	563,235	1,948,830	783,492	4,092,783	688,071	-	21,006,729
Supplies on hand	5,755	-	-	-	-	-	-	5,755
Receivables:								
Property taxes	4,196,318	-	-	-	1,525,724	7,983	-	5,730,025
Other taxes	2,268,152	1,144,338	487,552	200,984	-	195,715	-	4,296,741
Municipal court	846,404	-	-	-	-	-	-	846,404
Intergovernmental	50,877	1,216,534	-	-	-	-	-	1,267,411
Other	142,029	500	88,512	-	-	15,500	-	246,541
Prepaid assets	352,192	52,201	45,329	3,456	-	14	-	453,192
Total Assets	\$ 21,268,946	\$ 5,147,031	\$ 2,601,637	\$ 2,374,147	\$ 5,618,507	\$ 907,283	\$ -	\$ 37,917,551
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 2,526,647	\$ 974,498	\$ 77,926	\$ 139,376	\$ 500	\$ 21,361	\$ -	\$ 3,740,308
Accrued wages and leave payable	865,492	88,175	91,307	16,342	-	3,590	-	1,064,906
Municipal court appearance bonds payable	117,282	-	-	-	-	-	-	117,282
Deferred revenue:								
Property taxes	546,848	-	-	-	217,225	9,801	-	773,874
Municipal court receivable	846,404	-	-	-	-	-	-	846,404
Program	80,947	257,240	26,757	-	-	4,822	-	369,766
Total Liabilities	4,983,620	1,319,913	195,990	155,718	217,725	39,574	-	6,912,540
Fund Balances								
Nonspendable - supplies & prepaids								
Supplies	5,755	-	-	-	-	-	-	5,755
Prepaid assets	352,192	52,201	45,329	3,456	-	14	-	453,192
Restricted - externally imposed or law								
Debt Covenants - Bond cash accounts	-	2,170,223	31,414	1,386,215	4,092,783	-	-	7,680,635
Grant Savings Account	202,664	-	-	-	-	-	-	202,664
Police Grants	50,877	-	-	-	-	-	-	50,877
CDBG Grant	-	-	-	-	-	199	-	199
Street & Road Improvement	-	1,604,694	-	-	-	-	-	1,604,694
Sewer Lateral	-	-	-	-	-	382,021	-	382,021
Public Safety	-	-	-	-	-	95,076	-	95,076
Parks and Recreation	-	-	2,328,904	-	-	390,399	-	2,719,303
Debt Service	-	-	-	-	1,307,999	-	-	1,307,999
Storm Water	-	-	-	828,758	-	-	-	828,758
Committed - Council committed or contracts								
Purchase Orders over \$50,000 (resolution)	502,589	-	-	-	-	-	-	502,589
Council's reserve on FB for capital	150,000	-	-	-	-	-	-	150,000
Assigned - intent for specific purpose								
Encumbrances, less contracts by resolution	48,841	-	-	-	-	-	-	48,841
Unassigned	14,972,408	-	-	-	-	-	-	14,972,408
Total Fund Balances	16,285,326	3,827,118	2,405,647	2,218,429	5,400,782	867,709	-	31,005,011
Total Liabilities and Fund Balances	\$ 21,268,946	\$ 5,147,031	\$ 2,601,637	\$ 2,374,147	\$ 5,618,507	\$ 907,283	\$ -	\$ 37,917,551

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
December 31, 2011

Total fund balance - governmental funds \$ 31,005,011

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

Long-term receivables applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as receivables within the governmental fund financial statements. 9,051,518

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$193,607,145 and the accumulated depreciation is \$65,966,056. 127,641,089

Property taxes assessed by the City and court receivables not collected as of year-end are deferred within the governmental fund financial statements. However, revenue for this amount is recognized in the government-wide statements. 1,561,424

Net OPEB obligation liability was recorded in compliance with GASB 45. (1,916,663)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the governmental fund financial statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net assets. Discounts, premiums, and bond issuance costs are reported in the governmental fund financial statements when the debt was issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.

Balances as of December 31, 2011 are:

Accrued compensated absences and vacation	(635,654)
Accrued interest on outstanding debts	(857,794)
Debt and notes payable	(64,359,429)
Unamortized debt costs	607,073
Unamortized debt premium	(406,587)
Unamortized deferred refunding	1,391,622
	1,391,622

Total Net Assets Of Governmental Activities **\$ 103,081,610**

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended December 31, 2011

	<u>Major Funds</u>					<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General</u>	<u>Street & Road Improvement</u>	<u>Recreation</u>	<u>Storm Water</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
Revenues							
Taxes	\$ 23,590,752	\$ 6,793,156	\$ 3,626,267	\$ 1,453,199	\$ 2,028,157	\$ 707,096	\$ 38,198,627
Intergovernmental	654,068	4,488,056	256,059	-	-	185,622	5,583,805
Licenses and permits	754,903	-	-	-	-	-	754,903
Charges for services	289,703	-	1,169,323	-	-	-	1,459,026
Fines and forfeitures	1,979,677	-	-	-	-	51,564	2,031,241
Investment earnings	65,569	85,910	1,835	(235)	253,440	12	406,531
Miscellaneous	536,096	17,168	160,547	5,204	-	4,506	723,521
Total Revenues	27,870,768	11,384,290	5,214,031	1,458,168	2,281,597	948,800	49,157,654
Expenditures							
Current:							
General government	7,784,961	-	-	460,598	2,278	126,851	8,374,688
Public safety	11,380,371	-	-	-	-	56,717	11,437,088
Highways and streets	-	5,093,002	-	-	-	-	5,093,002
Community development	2,285,689	-	-	-	-	173,795	2,459,484
Parks and recreation	952,548	-	3,394,607	-	-	115,255	4,462,410
Municipal court	390,772	-	-	-	-	-	390,772
Capital outlay	2,565,732	4,673,406	2,124,153	1,226,022	-	6,789	10,596,102
Debt service:							
Principal retirement	640,000	1,870,000	26,400	245,000	14,080,000	-	16,861,400
Interest	135,492	1,082,989	18,073	67,020	1,525,721	-	2,829,295
Issuance costs	55,028	42,522	-	-	-	-	97,550
Total Expenditures	26,190,593	12,761,919	5,563,233	1,998,640	15,607,999	479,407	62,601,791
Revenues Over (Under) Expenditures	1,680,175	(1,377,629)	(349,202)	(540,472)	(13,326,402)	469,393	(13,444,137)
Other Financing Sources (Uses)							
Proceeds from bond issuance	3,500,000	2,660,000	-	-	-	-	6,160,000
Proceeds from bond premium	32,357	25,003	-	-	-	-	57,360
Payment to escrow agent	(4,379,097)	(2,931,457)	-	-	-	-	(7,310,554)
Proceeds from capital lease	87,303	15,611	7,805	-	-	-	110,719
Payment from Waterbury CID	20,063	-	-	-	-	-	20,063
Transfers in	924,324	-	65,836	-	-	217,916	1,208,076
Transfers out	-	(242,500)	(44,124)	-	-	(418,336)	(704,960)
Sale of capital assets	50,438	907	3,133	-	-	-	54,478
Total Other Financing Sources (Uses)	235,388	(472,436)	32,650	-	-	(200,420)	(404,818)
Net Changes in Fund Balances	1,915,563	(1,850,065)	(316,552)	(540,472)	(13,326,402)	268,973	(13,848,955)
Fund Balances							
Beginning of year	14,369,763	5,677,183	2,722,199	2,758,901	18,727,184	598,736	44,853,966
End of Year	\$ 16,285,326	\$ 3,827,118	\$ 2,405,647	\$ 2,218,429	\$ 5,400,782	\$ 867,709	\$ 31,005,011

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the
Statement of Activities
For The Year Ended December 31, 2011

Net change in fund balances - total governmental funds \$ (13,848,955)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for general and \$25,000 for infrastructure are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not recorded in the governmental funds but are recognized as revenue in the statement of activities. This is the amount by which capital outlays and donated capital assets exceeded depreciation in the current period.

Capital outlays	8,312,425	
Donated capital assets	2,013,486	
Depreciation expense	<u>(6,116,298)</u>	4,209,613

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net assets. (101,358)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

TIF notes issued - accrued interest	(288,011)	
Bonds issued	(6,160,000)	
Proceeds from capital lease payable	(110,719)	
Repayment to escrow agent	7,310,554	
Repayment of capital lease payable	18,453	
Repayment of debt principal	<u>16,861,400</u>	17,631,677

Under the modified accrual basis of accounting used in the governmental funds, the effect of issuance costs, discounts, and premiums is reported when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net effect of these differences are as follows:

Accrued interest on bonds	(75,328)	
Compensated absences	84,958	
Deferred issuance costs	97,550	
Premium on debt issuance	(57,360)	
Amortization expense	<u>(205,130)</u>	(155,310)

Long-term receivable for advanced funding for the Waterbury CID project. (3,042)

Property tax revenues and court receivable received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. 64,380

Change in Net Assets of Governmental Activities \$ 7,797,005

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Assets						
Current assets:						
Cash and cash equivalents:						
Held by trustee	\$ 1,854,126	\$ 5,444,622	\$ 323,891	\$ -	\$ 463,047	\$ 8,085,686
Restricted	-	211,500	-	-	-	211,500
Unrestricted	4,649,571	6,819,630	821,084	553,146	127,146	12,970,577
Receivables:						
Charges for services:						
Billed	266,161	821,405	419,392	-	-	1,506,958
Unbilled	246,681	612,696	404,505	-	-	1,263,882
Other	34,300	204,325	-	-	61,704	300,329
Prepaid assets	85,648	65,730	60,836	17,721	5,341	235,276
Total Current Assets	7,136,487	14,179,908	2,029,708	570,867	657,238	24,574,208
Noncurrent assets:						
Capital assets	40,157,218	75,430,508	7,880,165	10,715,713	6,030,861	140,214,465
Less: Accumulated depreciation	11,134,418	26,942,392	4,553,898	2,075,601	3,680,150	48,386,459
Capital assets - net	29,022,800	48,488,116	3,326,267	8,640,112	2,350,711	91,828,006
Deferred charges	205,911	521,691	57,856	-	51,345	836,803
Total Noncurrent Assets	29,228,711	49,009,807	3,384,123	8,640,112	2,402,056	92,664,809
Total Assets	36,365,198	63,189,715	5,413,831	9,210,979	3,059,294	117,239,017
Liabilities						
Current liabilities:						
Accounts payable	660,066	551,766	188,090	90,202	3,805	1,493,929
Interest payable	152,951	340,282	16,014	-	35,939	545,186
Deposits payable	148,780	54,505	253,757	-	-	457,042
Accrued compensated absences	28,209	28,565	32,352	8,968	-	98,094
Deferred revenue: connection charges	34,300	154,550	-	-	-	188,850
Deferred revenue: program revenue	-	-	-	64,531	-	64,531
Current portion of due to other governmental entities	-	170,000	-	-	-	170,000
Current portion of revenue bonds payable	-	340,000	-	-	-	340,000
Current portion of certificates of participation payable	706,341	1,623,659	95,000	-	350,300	2,775,300
Current portion of special obligation payable	-	126,189	453,811	-	-	580,000
Current portion of capital leases payable	305,616	-	410,822	2,202	-	718,640
Total Current Liabilities	2,036,263	3,389,516	1,449,846	165,903	390,044	7,431,572
Noncurrent liabilities:						
Due to other governmental entities	-	182,500	-	-	-	182,500
Revenue bonds payable, less current maturities and bond discount	-	365,000	-	-	-	365,000
Certificates of participation payable, less current maturities and bond discount	16,918,481	25,170,349	267,965	-	2,207,387	44,564,182
Special Obligation payable, less current maturities and bond discount	-	1,251,124	529,232	-	-	1,780,356
Capital leases payable, less current portion	5,202,829	-	758,434	5,137	-	5,966,400
Total Noncurrent Liabilities	22,121,310	26,968,973	1,555,631	5,137	2,207,387	52,858,438
Total Liabilities	24,157,573	30,358,489	3,005,477	171,040	2,597,431	60,290,010
Net Assets						
Invested in capital assets, net of related debt	5,889,533	19,259,295	811,003	8,632,773	(206,976)	34,385,628
Restricted for:						
Debt service	1,854,126	5,656,122	70,134	-	463,047	8,043,429
Unrestricted	4,463,966	7,915,809	1,527,217	407,166	205,792	14,519,950
Total Net Assets	\$ 12,207,625	\$ 32,831,226	\$ 2,408,354	\$ 9,039,939	\$ 461,863	\$ 56,949,007

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For The Year Ended December 31, 2011

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Operating Revenues						
Refuse and recycling service charges	\$ -	\$ -	\$ 4,467,561	\$ -	\$ -	\$ 4,467,561
Recreation program sales	-	-	-	1,950,979	-	1,950,979
Water sales	4,007,115	-	-	-	-	4,007,115
Connection charges	239,086	252,973	-	-	-	492,059
Sewer service charges	-	8,128,252	-	-	-	8,128,252
Lease payments	86,382	84,875	-	500	150,000	321,757
Miscellaneous	2,878	7,588	15,545	13,531	81,964	121,506
Total Operating Revenues	4,335,461	8,473,688	4,483,106	1,965,010	231,964	19,489,229
Operating Expenses						
Contractual services	245,405	361,320	20,850	30,161	31,110	688,846
General government	1,265,206	1,657,143	2,003,223	1,573,395	10,458	6,509,425
Utilities	474,864	876,501	891,311	182,745	5,480	2,430,900
Repairs and maintenance	153,182	249,883	176,504	22,818	9,320	611,707
Small equipment	268,384	86,895	86,401	240	-	441,920
Depreciation and amortization	1,014,350	2,280,405	933,878	273,358	356,236	4,858,227
Miscellaneous	3,590	12,566	2,230	-	748	19,135
Total Operating Expenses	3,424,982	5,524,713	4,114,397	2,082,716	413,352	15,560,160
Operating Income (Loss)	910,479	2,948,975	368,709	(117,706)	(181,388)	3,929,069
Nonoperating Revenues (Expenses)						
Investment earnings	71,449	120,455	(2)	(54)	5,476	197,324
Intergovernmental	-	153,775	-	11,358	-	165,133
Interest expense	(855,146)	(1,316,998)	(59,582)	-	(121,544)	(2,353,270)
Gain/(loss) on capital asset disposal	40,522	(1,584)	-	255	-	39,193
Total Nonoperating Revenues (Expenses)	(743,175)	(1,044,352)	(59,584)	11,559	(116,068)	(1,951,620)
Income (Loss) Before Transfers and Contributions	167,304	1,904,623	309,125	(106,147)	(297,456)	1,977,449
Transfers in	-	-	-	44,124	352,500	396,624
Transfers out	(414,000)	(485,740)	-	-	-	(899,740)
Capital contributions	240,870	159,328	-	-	-	400,198
Change in Net Assets	(5,826)	1,578,211	309,125	(62,023)	55,044	1,874,531
Net Assets - Beginning of Year	12,213,451	31,253,015	2,099,229	9,101,962	406,819	55,074,476
Net Assets - End of Year	\$ 12,207,625	\$ 32,831,226	\$ 2,408,354	\$ 9,039,939	\$ 461,863	\$56,949,007

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2011

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 4,163,727	\$ 8,051,549	\$ 4,831,726	\$ 1,931,205	\$ 180,000	\$ 19,158,207
(Payment to) refunds from suppliers	(2,587,169)	(2,213,159)	(1,351,836)	(744,663)	(56,127)	(6,952,954)
Payment to employees	(1,095,390)	(1,281,462)	(1,852,689)	(1,091,296)	-	(5,320,837)
Other receipts	2,878	7,588	15,545	13,531	81,964	121,506
Net Cash Provided By Operating Activities	484,046	4,564,516	1,642,746	108,777	205,837	7,005,922
Cash Flows Provided By (Used In) Noncapital Financing Activities:						
Transfers out	(414,000)	(485,740)	-	-	-	(899,740)
Transfers in	-	-	-	44,124	352,500	396,624
Net Cash Provided By (Used In) Noncapital Financing Activities	(414,000)	(485,740)	-	44,124	352,500	(503,116)
Cash Flows From Capital And Related Financing Activities:						
Payments for debt financing	-	(176,524)	(141,308)	-	-	(317,832)
Principal paid on debt	(980,737)	(2,004,750)	(820,115)	(1,467)	(333,600)	(4,140,669)
Interest paid on debt	(860,230)	(1,355,270)	(66,628)	-	(125,335)	(2,407,463)
Deferred revenue	-	(10,000)	-	415	-	(9,585)
Due to other governmental entities	-	(160,000)	-	-	-	(160,000)
Intergovernmental revenue	-	-	-	11,358	-	11,358
Proceeds from sale of capital assets	40,522	1,500	-	255	-	42,277
Acquisition and construction of capital assets	(1,696,711)	(1,351,466)	(100,256)	(8,662)	(81,966)	(3,239,061)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(3,497,156)	(5,056,510)	(1,128,307)	1,899	(540,901)	(10,220,975)
Cash Flows Provided By (Used In) Investing Activities:						
Investment earnings	71,449	120,455	(2)	(54)	5,476	197,324
Net Increase (Decrease) in Cash and Cash Equivalents	(3,355,661)	(857,279)	514,437	154,746	22,912	(3,520,845)
Cash and Cash Equivalents - Beginning of Year	9,859,358	13,333,031	630,538	398,400	567,281	24,788,608
Cash and Cash Equivalents - End of Year	\$ 6,503,697	\$ 12,475,752	\$ 1,144,975	\$ 553,146	\$ 590,193	\$ 21,267,763
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities						
Operating income (loss)	\$ 910,479	\$ 2,948,975	\$ 368,709	\$ (117,706)	\$ (181,388)	\$ 3,929,069
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	1,014,350	2,280,405	933,878	273,358	356,236	4,858,227
Change in assets and liabilities:						
(Increase) decrease in services receivable	(134,366)	(326,419)	82,346	-	-	(378,439)
(Increase) decrease in miscellaneous receivables	-	-	44,914	34,261	30,000	109,175
(Increase) decrease in prepaid assets	(41,292)	(2,324)	(2,499)	(90)	(401)	(46,606)
Increase (decrease) in accounts payable	(1,242,035)	(333,217)	(36,271)	(26,826)	1,390	(1,636,959)
Increase (decrease) in customer deposits	(13,220)	(2,760)	253,757	(54,535)	-	183,242
Increase (decrease) in accrued compensated absences	(9,870)	(144)	(2,088)	315	-	(11,787)
Total Adjustments	(426,433)	1,615,541	1,274,037	226,483	387,225	3,076,854
Net Cash Provided By Operating Activities	\$ 484,046	\$ 4,564,516	\$ 1,642,746	\$ 108,777	\$ 205,837	\$ 7,005,922
Noncash Investing, Capital, and Financing Activities:						
Debt Financing						
Par value of debt issued	\$ -	\$ 1,449,242	\$ 315,759	\$ -	\$ -	\$ 1,765,000
Premium recorded	-	13,237	2,942	-	-	16,178
Cost of issuance	-	(22,512)	(5,002)	-	-	(27,514)
Defeased debt	-	(1,616,491)	(455,006)	-	-	(2,071,496)
Net Cash Used	\$ -	\$ (176,524)	\$ (141,308)	\$ -	\$ -	\$ (317,832)

The Water and Sewer Funds received \$240,870 and \$159,328, respectively, in contributed water lines and sewer lines from developers.

The Environmental Services and Renaud Spirit Center Funds purchased equipment totaling \$261,477 and \$8,806, respectively, with a capital lease.

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2011

	<u>Agency Funds</u>
Assets	
Cash	\$ 22,907
Accounts receivable	4,380
<hr/>	
Total Assets	\$ 27,286
<hr/>	
Liabilities	
Accounts Payable	\$ 21,897
Due to Waterbury Storm CID	5,390
<hr/>	
Total Liabilities	\$ 27,286
<hr/>	

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

1. Summary of Significant Accounting Policies

The City of O'Fallon, Missouri (the City) was incorporated September 12, 1912. The City operates under a Mayor/City Council/City Administrator form of government and provides the following services as authorized by its bylaws: public safety (police), highways and streets, culture and recreation, public improvements, water and sanitary sewer, community development, and general administrative services.

The basic financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund transfers is eliminated except for transfers between governmental and proprietary funds. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes, unrestricted interest earnings, and other items not properly included among program revenues are reported instead as general revenues.

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds." The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets.

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2011

The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position, rather than upon net income. The following are the City's major governmental funds:

General

The General Fund is used to account for resources traditionally associated with government activities which are not required legally or by sound financial management to be accounted for in another fund.

Street & Road Improvement

The Street & Road Improvement Fund is used to account for transportation sales tax revenues and other financing sources restricted and or intended for the construction, reconstruction, repair, and maintenance of streets, roads, and bridges. This fund was formerly known as the Transportation Sales Tax Fund.

Recreation

The Recreation Fund is used to account for the parks and recreation activities offered by the City. This fund was created in October 2008 when the new Parks Storm Water sales tax began.

Storm Water

The Storm Water Fund is used to account for the storm water activities managed by the City. This fund was created in October 2008 when the new Parks Storm Water sales tax began.

Debt Service

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The other governmental funds of the City are considered nonmajor. They are Special Revenue Funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has five Enterprise Funds which are all considered major funds as follows:

Water

The Water Fund is used to account for the activity of the City's water operations.

Sewer

The Sewer Fund is used to account for the activity of the City's sewer operations.

Environmental Services

The Environmental Services Fund is used to account for the activity of the City's waste management operations.

Renaud Spirit Center

The Renaud Spirit Center Fund is used to account for the activity of the Renaud Spirit Center Recreation Center.

Public Venue

The Public Venue Fund is used to account for the activity of the City's stadium operations.

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements. The City elected not to follow FASB standards issued after such date.

Additionally, the City reports the following fund type:

Agency Fund

The Agency Fund is used to account for the Waterbury Storm CID under a custodial agreement. This is a fiduciary fund type which is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Measurement Focus and Basis of Accounting

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

Governmental funds financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current financial resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are reported. Governmental funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All trust fiduciary funds have the same economic resources measurement focus and accrual basis of accounting as do propriety funds. Agency fiduciary funds, however, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. The term "available" is defined as collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For the City, available means expected to be received within 60 days of fiscal year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Expenditures for principal and interest on long-term debt are not recognized until due.

Nonexchange transactions are grouped into the following four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipts taxes) in the period when the underlying exchange

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The City recognizes assets from imposed nonexchange revenue transactions (such as real estate and personal property transactions) in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include permits, court fines, and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Allowance

Receivables are shown net of an allowance for uncollectible of \$214,266 for property taxes, court fines and property lease fees.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. The cost of governmental fund-type prepaids is recorded as an expenditure when consumed rather than when purchased.

City of O’Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Inventories

Inventories are valued at cost, which approximate market, using the first-in, first-out (FIFO) method. The cost of governmental fund-type inventories is recorded as an expenditure when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and certain infrastructure assets (e.g., roads, bridges, storm sewers, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more for general capital assets and \$25,000 or more for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 – 45 years
Structures and improvements	30 – 45 years
Water and sewer lines	30 – 50 years
Streets, bridges, and sidewalks	30 – 50 years
Furniture and other equipment	5 years
Vehicles	5 years
Computer equipment	3 – 5 years
Software	3 – 5 years
Land improvement	30 – 45 years

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported adjusted by the applicable bond premium or discount and bond issuance costs.

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2011

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Debt Refunding

For current and advance refundings resulting in defeasance of debt reported by government-wide and business-type activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or new debt, whichever is shorter, using the straight-line method since the results of the straight-line method are not materially different from the use of the effective interest method. The deferred refunding amounts are classified as a component of bonds payable in the government-wide and proprietary fund financial statements.

Compensated Absences

City employees earn vacation during the current year which must be taken in the subsequent year. Accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. Sick leave benefits do not vest and are recorded as expenditures when paid.

Capital Contributions

Capital contributions in the Enterprise Funds represent government grants, contributions, and other aid to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement.

Interfund Activity

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expensed are recorded as other financing sources (uses) in the governmental funds financial statements.

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2011

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Net Assets

In the government-wide and proprietary fund financial statements, net assets are displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Governmental Fund Balance

The City has enacted the following policy in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The City's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The City also seeks to maintain the highest possible credit ratings which are dependent, in part, on the City's maintenance of a healthy fund balance.

DEFINITIONS

Fund balance -- The excess of assets over liabilities in a governmental fund.

- 1. Nonspendable fund balance** -- Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

2. **Restricted fund balance** -- Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
3. **Committed fund balance** -- Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
4. **Assigned fund balance** -- Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
5. **Unassigned fund balance** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

The fund balance of the City's General Fund has been accumulated to meet this purpose, to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

The target is to maintain an unrestricted fund balance of not less than 40% of annual operating expenditures for the fiscal year.

The City's basic goal is to maintain annual expenditure increases at a growth rate, and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The decision to retain an unrestricted fund balance of not less than 40% of operating expenditures stems from the following:

- This amount provides adequate funding to cover approximately four (4) to five (5) months of operating expenses.
- This amount provides the liquidity necessary to accommodate the City's uneven cash flow, which is inherent in its periodic tax collection schedule.
- This amount provides the liquidity to respond to contingent liabilities.
- This amount provides for continued creditworthiness which is important for maintaining the City's credit rating.
- This amount provides for protection against exposure risks of significant one-time capital outlay such as a disaster or immediate capital needs.

Unassigned fund balance shall be any remaining amounts.

The City will spend the most restricted dollars before less restricted in the following order:

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

- a. Nonspendable (if funds become spendable)
- b. Restricted
- c. Committed
- d. Assigned
- e. Unassigned

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental types. Encumbrances outstanding at year-end amounted to \$551,430, \$1,299,438, \$109,076, and \$829,071 for the general, transportation sales tax, recreation and stormwater funds, respectively.

Statement of Cash Flows

The proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Estimates and Assumptions

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at year-end and revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Investments primarily consist of short-term U.S. Government Treasury and Agency securities that are carried at cost because they have a remaining maturity at the time of purchase of one year or less. Certain investments of the bond reserve funds in the Enterprise Funds are carried at cost, which approximates fair value, in accordance with GASB 31, *Accounting for Certain Investments and for External Investment Pools*. Fair value is based on quoted market prices.

State of Missouri statutes authorize the City to invest in repurchase agreements, obligations of the U.S. Treasury and U.S. Government Agencies, the State of Missouri, and certain local governments within Missouri.

Deposits in financial institutions must be collateralized by securities pledged to the City by these same financial institutions.

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2011

Custodial Credit Risk for deposits 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. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The City maintains a cash and investment pool available to all City funds. For financial reporting purposes, investments are allocated in proportion to each fund's cash balance to the total cash balance. The bank balance was entirely insured or collateralized by securities held by the City's agent in the City's name.

As of December 31, 2011, the City had the following investments:

Investments	Market Value	No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than Ten Years	Credit Risk
State and local government bonds	\$ 2,885,129	\$ -	\$ 2,885,129	\$ -	\$ -	\$ -	NA
Federal Home Loan Bank	848,652	-	848,652	-	-	-	AAA
Guaranteed investment contracts	3,930,940	-	-	-	-	3,930,940	AAA
Guaranteed investment contracts	565,165	-	-	565,165	-	-	AA
Certificates of deposit	2,943,150	-	2,943,150	-	-	-	Not rated
Money market	290,365	290,365	-	-	-	-	Not rated
Repurchase agreement	35,768,451	-	35,768,451	-	-	-	AAA
Total Investments	\$ 47,231,852	\$ 290,365	\$ 42,445,382	\$ 565,165	\$ -	\$ 3,930,940	

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimized credit risk by diversifying the portfolio to reduce potential losses on individual securities. The City's investment policy, excluding certain retirement and debt funds, restricts the maximum percentage of the total portfolio and maximum length of maturity to minimize risk.

	<i>Maximum % of Total Portfolio</i>	<i>Maximum Length of Maturity</i>
U.S. Treasury Bill, Notes, and Bonds	90%	5 years
Repurchase Agreements (overnight)	90%	1 day
U.S. Government Instrumentalities	75%	5 years
U.S. Government Agencies	75%	5 years
Certificates of Deposits	90%	5 years

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

on the open market prior to maturity and investing primarily in shorter term securities. Furthermore, the City cannot make investments for the purpose of trading or speculation, such as anticipating an appreciation of capital value through changes in market interest rates, per the City's investment policy.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio, per the City's investment policy.

3. Property Tax

The City's property tax is levied annually in August based on the assessed valuation of property located in the City as of the previous January 1. Assessed valuations are established by the St. Charles County Assessor. The City tax rate was levied at \$.4838 per \$100 of assessed valuation of which \$.3562 was for general revenue purposes and \$.1276 for the payment of principal and interest on general obligation bonds. Taxes are billed November 1, are due and collectible on or before December 31, and are delinquent and represent a lien on said property on January 1 of the following year. Taxes are billed, collected, and remitted to the City by the St. Charles County Collector.

4. Long-Term Receivable

The City entered into a Cost Participation Agreement on November 7, 2001 with the Missouri Department of Transportation (MODOT) to reimburse the City for right-of-way costs associated with the Route N Outer Road (Page Avenue Outer Road) and the "First Supplemental Agreement" dated July 3, 2003. The City desires to accelerate the funding for the right-of-way necessary to construct this project for reimbursement to occur at July 1, 2015 or MODOT's award of the Phase III Page Avenue project. The City was responsible for \$9,625,335 of the \$10,684,055 estimated for this project and will be reimbursed 100% of the amount deposited by the City for the right-of-way purchase and expended by the Commission.

The City entered into an agreement with the Waterbury Storm Water CID in 2010 to forward fund a storm water project for the District. The City will be reimbursed the project costs plus interest through a 1% sales tax added to retail sales located within the District. It is expected that the monies will be repaid within 10 years. As of 12/31/2010, the City had funded \$219,225 in expenses for the project.

Long-term receivables at December 31, 2011 consisted of MODOT and Waterbury CID in the amount of \$9,051,518.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

5. Capital Assets

Capital asset activity for the year ended December 31, 2011:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 13,731,233	\$ 303,362	\$ -	\$ 14,034,595
Construction in progress	2,723,108	4,782,182	1,808,669	5,696,621
Total Capital Assets Not Being Depreciated	16,454,341	5,085,544	1,808,669	19,731,216
Capital assets being depreciated:				
Buildings	15,464,287	1,514,333	-	16,978,620
Improvements	6,569,627	678,972	88,874	7,159,725
Equipment	7,824,858	2,235,148	497,976	9,562,030
Infrastructure	137,554,971	2,620,583	-	140,175,554
Total Capital Assets Being Depreciated	167,413,743	7,049,036	586,850	173,875,929
Accumulated depreciation:				
Buildings	5,870,002	432,834	-	6,302,836
Improvements	2,216,339	527,262	25,674	2,717,927
Equipment	5,409,462	710,647	459,818	5,660,291
Infrastructure	46,839,447	4,445,555	-	51,285,002
Total Accumulated Depreciation	60,335,250	6,116,298	485,492	65,966,056
Total Capital Assets Being Depreciated, Net	107,078,493	932,738	101,358	107,909,873
Governmental Activi- ties Capital Assets, Net	\$ 123,532,834	\$ 6,018,282	\$ 1,910,027	\$ 127,641,089

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2011

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Business-Type Activities				
Capital assets, not being depreciated:				
Land:				
Water	\$ 797,500	\$ -	\$ -	\$ 797,500
Sewer	502,247	-	-	502,247
Total Land	1,299,747	-	-	1,299,747
Construction in progress:				
Water	5,529,242	1,571,020	6,591,960	508,302
Sewer	2,617,475	1,165,750	3,404,274	378,951
Total Construction in Progress	8,146,717	2,736,770	9,996,234	887,253
Total Capital Assets Not Being Depreciated	9,446,464	2,736,770	9,996,234	2,187,000
Capital assets being depreciated:				
Buildings:				
Water	13,939,281	-	-	13,939,281
Sewer	30,071,940	-	-	30,071,940
Environmental services	1,183,650	-	-	1,183,650
Renaud Spirit Center	10,480,147	-	-	10,480,147
Public venue	5,528,886	-	-	5,528,886
Total Buildings	61,203,904	-	-	61,203,904
Equipment:				
Water	8,833,318	6,717,651	20,000	15,530,969
Sewer	14,363,840	3,589,990	29,981	17,923,849
Environmental services	6,454,050	361,733	119,268	6,696,515
Renaud Spirit Center	226,443	17,468	8,345	235,566
Public venue	420,009	81,966	-	501,975
Total Equipment	30,297,660	10,768,808	177,594	40,888,874
Infrastructure:				
Water	9,140,296	240,870	-	9,381,166
Sewer	26,394,193	159,328	-	26,553,521
Total Infrastructure	35,534,489	400,198	-	35,934,687
Total Capital Assets Being Depreciated	127,036,053	11,169,006	177,594	138,027,465
Less: Accumulated depreciation for:				
Buildings:				
Water	3,287,215	449,941	-	3,737,156
Sewer	11,135,840	829,912	-	11,965,752
Environmental services	206,482	32,192	-	238,674
Renaud Spirit Center	1,628,003	262,003	-	1,890,006
Public venue	3,089,316	268,046	-	3,357,362
Total Buildings	19,346,856	1,842,094	-	21,188,950
Equipment:				
Water	4,182,276	251,534	20,000	4,413,810
Sewer	3,407,205	590,692	26,897	3,971,000
Environmental services	3,591,781	842,711	119,268	4,315,224
Renaud Spirit Center	182,585	11,355	8,345	185,595
Public Venue	297,887	24,901	-	322,788
Total Equipment	11,661,734	1,721,193	174,510	13,208,417
Infrastructure:				
Water	2,696,782	286,670	-	2,983,452
Sewer	10,239,608	766,032	-	11,005,640
Total Infrastructure	12,936,390	1,052,702	-	13,989,092
Total Accumulated Depreciation	43,944,980	4,615,989	174,510	48,386,459
Total Capital Assets Being Depreciated, Net	83,091,073	6,553,017	3,084	89,641,006
Business-Type Activities Capital Assets, Net	\$ 92,537,537	\$ 9,289,787	\$ 9,999,318	\$ 91,828,006

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

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

Governmental Activities

General government	\$ 1,514,212
Public safety	451,956
Highways and streets	3,706,171
Community development	42,959
Parks and recreation	399,699
Municipal court	1,301

Total Depreciation Expense – Governmental Activities	\$ 6,116,298
---	--------------

Business-Type Activities

Water	\$ 988,145
Sewer	2,186,636
Environmental services	874,903
Renaud Spirit Center	273,358
Public venue	292,947

Total Depreciation Expense – Business-Type Activities	\$ 4,615,989
--	--------------

6. Employees' Retirement System

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

Plan Description

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, section RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. All full-time employees of the City are required to participate in LAGERS.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 10.4% of annual covered payroll for general employees and 12.8% of annual covered payroll for police employees. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$2,219,597
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual Pension cost	2,219,597
Actual contributions	2,219,597
Increase (decrease) in NPO	-
NPO, beginning of year	-
NPO, End Of Year	\$ -

The annual required contribution (ARC) was determined as a part of the February 28, 2009 and/or February 28, 2010 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2009 was 28 years for the General division and 28 years for the Police division. The amortization period for February 28, 2010 was 14 years for the General division and 19 years for the Police division.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Historical Trend Information

Historical trend information about the City's participation in LAGERS is presented below to help readers assess the plan's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due.

Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2011	\$2,219,597	100%	\$ -
June 30, 2010	2,043,740	100	-
June 30, 2009	1,774,222	100	-

Required Supplementary Information/Schedule of Funding Progress (unaudited)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Entry Age Actuarial Accrued Liability	(2-1) Unfunded Accrued Liability	(1/2) Funded Ratio	(3) Annual Covered Payroll	((2-1)/3) Unfunded Accrued Liability as a Percentage of Covered Payroll
Feb. 28, 2011	\$23,347,820	\$29,556,718	\$6,208,898	79%	\$20,428,351	30%
Feb. 28, 2010	19,570,452	25,763,913	6,193,461	76	20,519,029	30
Feb. 28, 2009	17,404,542	23,328,355	5,923,813	75	18,140,171	33

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City, Missouri.

7. Postemployment Healthcare Plan

Plan Description. The City's defined benefit postemployment healthcare plan provides medical and dental benefits to eligible retired City employees and their beneficiaries.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Membership of each plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	8
Active plan members	<u>377</u>
Total	<u><u>385</u></u>

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 441,911
Interest on net OPEB obligation	61,414
Adjustment to annual required contribution	<u>(88,789)</u>
Annual OPEB cost (expense)	414,536
Contributions made	<u>33,212</u>
Increase in net OPEB obligation	381,324
Net OPEB obligation - beginning of year	<u>1,535,339</u>
Net OPEB obligation - end of year	<u><u>\$ 1,916,663</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010:

Actuarial Valuation Date	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$ 414,536	8 %	\$ 1,916,663
December 31, 2009	809,733	6	1,535,339
December 31, 2008	823,544	6	774,575

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Funding Status and Funding Progress. The funded status of each plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) - Pro- jected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2010	\$ -	\$ 2,738,645	\$ 2,738,645	- %	\$ 19,778,833	13.8 %
December 31, 2008	-	4,732,568	4,732,568	-	17,066,831	27.7

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments calculated at the valuation date, and an annual healthcare cost trend rate of 5%. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for other risks of

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

loss, general liability, property and casualty, and workers' compensation benefits, except medical.

On January 1, 2001, the City became self-insured with respect to medical insurance. A third-party administers the plan and provides information to the City regarding the claims incurred, reported and nonreported, but unpaid at year-end. The City's estimated liability on December 31, 2011 was \$168,350. The City maintains a stop-loss provision for excess liability claims. All expenditures relating to medical insurance are reported in the respective funds.

Employees retiring from the City after five continuous years of employment are eligible for post-employment medical benefits until they become eligible for federal medical coverage (Medicare). The City currently has five retirees utilizing this benefit. Each retiree is required to pay the third-party administrator cost and the City covers all other eligible medical expenses.

	Medical
Balance on January 1, 2010	\$ 177,624
Add: Prior year claims and changes in estimate	2,931,055
Less: Prior year claim payments	(2,894,311)
Balance on December 31, 2010	214,368
Add: Current year claims and changes in estimate	2,603,560
Less: Current year claim payments	(2,649,578)
Balance on December 31, 2011	\$ 168,350

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

9. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2011:

	Original Amount	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011	Current Portion
Governmental Activities						
2001 Certificates of Participation	\$ 24,715,000	\$ 13,674,500	\$ -	\$ 986,400	\$ 12,688,100	\$ 1,029,700
2001 GO Parks Improvement and Refunding Bonds	13,015,000	12,080,000	-	12,080,000	-	-
2002 GO Street Refunding Bonds	4,620,000	845,000	-	670,000	175,000	175,000
2003 Certificates of Participation	4,165,000	3,005,000	-	3,005,000	-	-
2004 Certificates of Participation	8,505,000	4,955,000	-	4,955,000	-	-
2005 GO Refunding Bonds	16,755,000	14,985,000	-	975,000	14,010,000	1,050,000
2007 GO Refunding Bonds	13,860,000	13,860,000	-	355,000	13,505,000	470,000
2009 Special Obligation Bonds	15,255,000	14,205,000	-	975,000	13,230,000	1,235,000
2011 Special Obligation Bonds	6,160,000	-	6,160,000	5,000	6,155,000	880,000
2011 Capital Lease - copiers	110,719	-	110,719	18,453	92,266	27,680
Tax increment revenue notes:						
Tax-exempt - Series 1992	-	273,135	8,679	-	281,814	-
Taxable - Series 1992	-	3,942,917	279,332	-	4,222,249	-
Accrued compensated absences*	-	720,612	1,070,495	1,155,453	635,654	635,654
OPEB liability*	-	1,916,663	-	-	1,916,663	-
		<u>\$ 84,462,827</u>	<u>\$ 7,629,225</u>	<u>\$ 25,180,306</u>	66,911,746	<u>\$ 5,503,034</u>
Plus: Unamortized premium, net					406,587	
Less: Deferred amount on refunding					(1,391,622)	
Total Governmental Activities					<u>\$ 65,926,711</u>	

*General Fund typically used to liquidate liability

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

	Original Amount	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011	Current Portion
Business-Type Activities						
1991 Water Pollution Control Revenue Refunding Bonds	\$ 4,225,000	\$ 1,025,000	\$ -	\$ 320,000	\$ 705,000	\$ 340,000
2001 Certificates of Participation	31,045,000	24,860,500	-	728,600	24,131,900	760,300
2003A Certificates of Participation	3,910,000	2,040,000	-	2,040,000	-	-
2006A Certificates of Participation	11,420,000	7,910,000	-	835,000	7,075,000	865,000
2006B Certificates of Participation	4,415,000	3,040,000	-	320,000	2,720,000	335,000
2007A Certificates of Participation	700,000	465,000	-	90,000	375,000	95,000
2008 Certificates of Participation	9,220,000	8,475,000	-	340,000	8,135,000	350,000
2009A Certificates of Participation	5,525,000	5,030,000	-	220,000	4,810,000	215,000
2009B Certificates of Participation	1,405,000	1,125,000	-	150,000	975,000	155,000
2009 Special Obligation Bonds	1,290,000	1,105,000	-	180,000	925,000	350,000
2011 Special Obligation Bonds	1,765,000	-	1,765,000	215,000	1,550,000	230,000
Capital lease - 2006 trash trucks	789,982	89,294	-	89,294	-	-
Capital lease - 2008 trash trucks	606,310	327,028	-	122,524	204,504	126,843
Capital lease - 2009 trash trucks	586,485	412,254	-	115,365	296,889	119,670
Capital lease - 2010 trash trucks	579,012	525,507	-	109,823	415,684	113,683
Capital lease - 2010 water meters	5,802,743	5,802,743	-	294,298	5,508,445	305,616
Capital lease - 2011 trash trucks	253,757	-	253,757	8,011	245,746	48,696
Capital lease - 2011 copiers	16,526	-	16,526	2,754	13,772	4,132
Due to other governmental entities						
SRF - 1991, no interest	2,112,500	512,500	-	160,000	352,500	170,000
Accrued compensated absences	-	109,881	192,718	204,505	98,094	98,094
		<u>\$62,854,707</u>	<u>\$ 2,228,001</u>	<u>\$ 6,545,174</u>	58,537,534	<u>\$ 4,682,034</u>
Less: Unamortized discount, net					(212,450)	
Less: Deferred amount on refunding					(784,612)	
Total Business-Type Activities					<u>\$57,540,472</u>	

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Debt Service Requirements to Maturity

The annual principal requirements to maturity of bonded debt outstanding as of December 31, 2011 are as follows:

Year Ending 12/31	Governmental Activities	
	General Obligation and Other Governmental Debt	
	Principal	Interest
2012	4,839,700	2,316,332
2013	5,704,700	2,139,507
2014	5,989,700	1,921,020
2015	6,313,000	1,685,269
2016	6,653,000	1,437,905
2017-2021	29,993,000	3,195,211
2022	270,000	10,395
Total	\$ 59,763,100	\$ 12,705,639

Year Ending 12/31	Business-Type Activities	
	Revenue Bonds and Other Business-Type Debt	
	Principal	Interest
2012	3,695,300	2,247,023
2013	3,435,300	2,108,570
2014	3,070,300	1,993,008
2015	3,177,000	1,876,259
2016	3,312,000	1,746,379
2017-2021	13,477,000	6,657,971
2022-2026	10,315,000	4,118,532
2027-2031	10,920,000	1,435,811
Total	\$ 51,401,900	\$ 22,183,553

General Obligation Bonds

General obligation bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net assets, were issued to finance various capital projects. \$5,400,782 is available in the City's Debt Service Funds to repay general obligation bonds. The remainder of the general obligation bonds is to be repaid from future property tax levies. The bonds bear interest at rates ranging from 1.75% to 5.125% and mature through 2020.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Special Obligation Bonds

The City issued special obligation bonds to finance the storm water project and refund certain certificates of participation. Principal and interest are payable from the parks and storm water sales tax, general sales tax and transportation sales tax for the governmental activities portion and from net revenues derived from the operations of environmental services for the business-type activities portion. The bonds bear interest at rates ranging from 2% to 3.5% and mature through 2022.

Revenue Bonds

All revenue bonds payable are recorded in the appropriate Enterprise Funds since the ordinances authorizing the bond issues require that the bonds be repaid from operations of the respective Enterprise Fund. These bonds are payable solely from, and secured by, a pledge of the net revenues to be derived from the operations of the sewer, water, environmental services, and public venue systems. The bond ordinances require the establishment of certain cash reserve accounts which are described in Note 12. These bonds bear interest at rates ranging from 5.1% to 6.9% and mature through 2013.

In conjunction with the bonds dated December 1, 1991, a reserve account has been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, this loan (reserve account) will be funded in an amount equal to 50% of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve account will be reduced such that the reserve account will equal 50% of the remaining principal of such bonds.

Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. This does not include an additional debt limit of 10% assessed valuation available for street improvements or waterworks and electric plants as provided under the statutes of the State of Missouri. The computation is as follows:

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

<u>Assessed valuation - 2011 tax year</u>	<u>\$</u>	<u>1,526,261,865</u>
<u>Debt limit - 10% of assessed valuation</u>	<u>\$</u>	<u>152,626,187</u>
Amount of debt applicable to debt limit:		
Total general obligation bonded debt		27,690,000
Less: Amount available in Debt Service Fund		5,400,782
<u>Bond indebtedness applicable to debt limit</u>		<u>22,289,218</u>
Legal Debt Margin	\$	130,336,969

Tax Increment Financing (TIF) Notes Payable

The tax increment financing notes payable are payable from payments in lieu of taxes collected by the TIF District Special Revenue Fund. Current year additions to the TIF bonds represent increases to the principal balances in the amount of interest due but unpaid at the annual interest payment date of March 1. In accordance with the terms of the TIF bond documents, unpaid interest shall be added to the principal balance and bear interest at the stated rate. The annual debt service repayments of the TIF bonds are contingent upon the amount of payments in lieu of taxes collected by the Special Revenue Funds. The notes bear interest at rates ranging from 6.25% to 9% and mature March 1, 2013.

Year Ending 12/31	Governmental Activities	
	Tax Increment Financing Notes Payable	
	1992 A	1992 B
2012	17,613	380,002
2013	18,714	414,203
Total	\$ 36,328	\$ 794,205

Certificates of Participation

The City has issued Certificates of Participation as a means of financing certain improvements. Principal and interest are payable from Transportation Sales Tax revenue for the governmental activities portion and from net revenues derived from the operations of the sewer, water, environmental services, and public venue systems for the business-type activities portion. The Certificates evidence proportionate ownership interest in the right to receive rental payments to be paid by the City under various lease/purchase agreements between various financial

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

institutions, as lessor, and the City, as lessee. The related indentures require the establishment of certain cash reserve accounts, which are described in Note 12. These Certificates bear interest at rates ranging from 1.1% to 5.5% and mature through 2031.

Capital Leases

Under the 2008 lease for trash trucks, the aggregate cost of the vehicles is \$606,310 less accumulated depreciation of \$394,102 results in a carrying value of \$212,208. The interest rate on the lease is 3.47%. The following is a schedule of future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2011:

For The Years Ended December 31	Amount
2012	132,260
2013	78,797
Total minimum lease payments	211,057
Less: Amount representing interest	6,553
Present Value of Net Minimum Lease Payments	\$ 204,504

Under the 2009 lease for trash trucks, the aggregate cost of the equipment is \$586,485 less accumulated depreciation of \$283,468 results in a carrying value of \$303,017. The interest rate on the lease is 3.67%. The following is a schedule of the future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2011:

For The Years Ended December 31	Amount
2012	128,567
2013	128,567
2014	53,569
Total minimum lease payments	310,703
Less: Amount representing interest	13,814
Present Value of Net Minimum Lease Payments	\$ 296,889

Under the 2010 lease for trash trucks, the aggregate cost of the equipment is \$612,012 less accumulated depreciation of \$153,003 results in a carrying value of \$459,009. The interest rate on the lease is 3.46%. The following is a schedule

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

of the future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2011:

For The Years Ended December 31	Amount
2012	126,274
2013	126,274
2014	126,274
2015	63,137
Total minimum lease payments	441,959
Less: Amount representing interest	26,275
Present Value of Net Minimum Lease Payments	\$ 415,684

The City is obligated under a lease agreement for a water meter system that is accounted for as a capital lease. Under the 2010 lease, the aggregate cost of the system is \$5,802,743 less accumulated depreciation of \$0 results in a carrying value of \$5,802,743 since the project is in construction in progress. The interest rate on the lease is 3.72%. The following is a schedule of future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2011:

For The Years Ended December 31	Amount
2012	505,350
2013	505,350
2014	505,350
2015	505,350
2016	505,350
2017	505,350
2018	505,350
2019	505,350
2020	505,350
2021	505,350
2022	505,350
2023	505,350
2024	505,350
2025	505,350
Total minimum lease payments	7,074,900
Less: Amount representing interest	1,566,455
Present Value of Net Minimum Lease Payments	\$ 5,508,445

Under the 2011 lease for trash trucks, the aggregate cost of the equipment is \$253,757 less accumulated depreciation of \$0 results in a carrying value of \$253,757. The interest rate on the lease is 2.23%. The following is a schedule of the future minimum lease payments, together with the net present value of the

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

minimum lease payments as of December 31, 2011:

For The Years Ended December 31	Amount
2012	53,680
2013	53,680
2014	53,680
2015	53,680
2016	44,734
Total minimum lease payments	259,455
Less: Amount representing interest	13,710
Present Value of Net Minimum Lease Payments	\$ 245,746

Under the 2011 lease for copiers, the aggregate cost of the equipment is \$127,246 less accumulated depreciation of \$21,208 results in a carrying value of \$106,038. The interest rate on the lease is 0%. The following is a schedule of the future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2011:

For The Years Ended December 31	Amount
2012	31,811
2013	31,811
2014	31,811
2015	10,604
Total minimum lease payments	106,038
Less: Amount representing interest	-
Present Value of Net Minimum Lease Payments	\$ 106,038

Due to Other Governmental Entities

In conjunction with the bonds dated December 1, 1991, a reserve account has been established with a no-interest loan funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, this loan (reserve account) will be funded in an amount equal to 50% of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve account will be reduced such that the reserve account will equal 50% of the remaining principal of such bonds.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

10. Conduit Debt Activity

The City issued Industrial Revenue Bonds during 2002 to provide financial assistance to the private sector entity, CitiMortgage, Inc. Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2002 Series is structured to pay the principal balance at maturity, December 1, 2033. At December 31, 2011, the principal amount payable for CitiMortgage, Inc. Project was approximately \$78,612,000.

The City issued Industrial Revenue Bonds during 2009 to provide financial assistance to the private sector entity, Firemen's Fund Insurance Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2009 Series is structured to pay the principal balance at maturity, December 1, 2019. At December 31, 2011, the principal amount payable for Firemen's Fund Insurance Project was approximately \$20,520,000.

The City issued Industrial Revenue Bonds during 2010 to provide financial assistance to the private sector entity, SAK Construction Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2010A Series is structured to pay the principal balance at maturity, December 1, 2016 and the 2010B Series is structured to pay the principal balance at maturity, December 1, 2025. At December 31, 2010, the principal amount payable for SAK Construction Project was approximately \$4,475,000.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

The City issued Industrial Revenue Bonds during 2010 to provide financial assistance to the private sector entity, Centene Construction Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2010 Series is structured to pay the principal balance at maturity, December 1, 2021. At December 31, 2011, the principal amount payable for Centene Construction Project was approximately \$4,604,500.

11. Debt Defeasance

During 2011, the City issued \$7,925,000 of Special Obligation Bonds to refund a portion of the 2003, 2003A, and 2004 Certificates of Participation. The net proceeds (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result, the old debt is considered to be partially defeased and the liability for these debt issues have been removed from the City's financial statements. The City decreased its aggregated debt service payments by \$302,052 over 12 years which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$377,038. As of December 31, 2011, \$2,830,000 of this defeased debt is outstanding.

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is considered defeased and, therefore, removed as a liability from the City's financial statements. As of December 31, 2011, \$5,390,000 of defeased debt is outstanding for the 2002 COPS.

12. Debt Requirements

Cash and cash equivalents and investments restricted at December 31, 2011 are as follows:

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

	December 31, 2011
Series 1991 State Revolving Fund Replacement Reserve	\$ 211,500
Series 2001 Certificates of Participation Reserve	4,028,036
Series 2003 Certificates of Participation Reserve	1
Series 2003A Certificates of Participation Reserve	1
Series 2006A Certificates of Participation Reserve	1,155,755
Series 2006B Certificates of Participation Reserve	444,694
Series 2007A Certificates of Participation Reserve	70,000
Series 2008 Certificates of Participation Reserve	620,697
Series 2009A Certificates of Participation Reserve	523,979
Series 2009B Certificates of Participation Reserve	140,730
	\$ 7,195,393

Series 1991 State Revolving Fund

The State Revolving Fund Program for the Water Pollution Control Revenue Bonds issued in 1992 requires that separate accounts be maintained for (i) bond proceeds to be used for the costs of the wastewater treatment expansion project, (ii) the debt service reserve deposits which serve as additional security for these bonds, and (iii) \$211,500 to be used for emergency repairs and replacements. At December 31, 2011, the City had met all significant revenue bond requirements.

Series 2001 Certificates of Participation

The Series 2001 Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

Series 2003 Certificates of Participation

The Series 2003 Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

Series 2003A Certificates of Participation

The Series 2003A Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

Series 2006 A & B Certificates of Participation

The Series 2006 A & B Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

Series 2007 A Certificates of Participation

The Series 2007 A Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

Series 2008 Certificates of Participation

The Series 2008 Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

Series 2009 A & B Certificates of Participation

The Series 2009 A & B Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2011, the City had met all significant requirements.

13. Interfund Balances and Transfers

Interfund transfers for the year ended December 31, 2011 are as follows:

	Transfers From	Transfers To	Net Transfers
Major Governmental Funds			
General Fund	\$ -	\$ 924,324	\$ 924,324
Street & Road Improvement Fund	242,500	-	(242,500)
Recreation Fund	44,124	65,836	21,712
Nonmajor Governmental Funds			
Waterbury Storm CID Fund	-	217,916	217,916
Transient Guest Tax Fund	352,500	-	(352,500)
Parks & Recreation Fund	65,836	-	(65,836)
Major Enterprise Funds			
Water Fund	414,000	-	(414,000)
Sewer Fund	485,740	-	(485,740)
Renaud Spirit Center Fund	-	44,124	44,124
Public Venue Fund	-	352,500	352,500
	\$ 1,604,700	\$ 1,604,700	\$ -

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Interfund transfers for \$65,836 were to cover operations for the Recreation fund.

Interfund transfers for \$44,124 were to create a capital replacement fund for the Renaud Spirit Center fund.

Interfund transfers for \$1,142,240 were to cover the purchase of a building for streets, water and sewer to use.

Interfund transfers for \$217,916 were to close out the Waterbury Storm CID fund to the General Fund.

Interfund transfers for \$352,500 were to cover bond payments and operations for the Public Venue Fund.

14. Other Required Fund Disclosures

U.S. generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds.

No funds reported deficit fund balance at December 31, 2011.

15. Commitments and Contingencies

Litigation

The City is a defendant in a number of other lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. In addition, the City is subject to a potential claim regarding real estate. Based on the current status of all these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

Tap-Ons

The City has entered into agreements with property owners upon annexing certain property whereby the City has agreed to provide, at no charge, tap-ons to the water and sewer system. The agreements consist of a limitation on the number of waived water and sewer tap-ons that can be requested for each individual property. Each property is unique and, therefore, the number of waived taps-ons differs for each property. Currently, many of these properties are undeveloped and located outside of the current water and sewer service area of the City of O'Fallon. Upon development the City may be required to pay a third-party provider for this service, which is currently estimated at approximately \$2,500 per tap-on. Based on preliminary estimates of the number of taps, the amount of the potential liability to the City could exceed \$6.1 million.

City of O’Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2011

Federal Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City’s financial position.

Stadium Lease

The City entered into an agreement in February 2007 with PS&J Professional Baseball Club, LLC, which was amended in August 2009. The lease, as amended, provides for rental payments to the City in varying amounts through 2014. The City has an agreement to forego certain rent amounts for the year 2009. The receivable not expected to be collected on this agreement is \$75,000 for 2009. PS&J paid the remaining \$50,000 owed for 2010 rent in 2011. The 2011 rent amount was paid in full.

Future minimum lease payments to be received under the noncancelable lease at December 31, 2011 are as follows:

<u>Year Ending 12/31</u>	<u>Lease Payments</u>
2012	175,000
2013	175,000
2014	175,000
<u>Total</u>	<u>\$ 525,000</u>

16. Federal Forfeiture Activity

For the year ended December 31, 2011, the City had revenues of \$142,870, expenses of \$38,245, and ending balance of \$202,664 as of December 31, 2011.

17. Subsequent Events

In February 2012 the City issued \$23,230,000 in Special Obligation Bonds to refund the 2001 Certificates of Participation.



*REQUIRED SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - General Fund
For The Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 22,777,486	\$ 23,549,248	\$ 23,590,752	\$ 41,504
Intergovernmental	510,628	518,756	654,068	135,312
Licenses and permits	953,630	953,630	754,903	(198,727)
Charges for services	276,770	256,770	289,703	32,933
Fines and forfeitures	1,486,438	1,992,424	1,979,677	(12,747)
Investment earnings	110,542	70,000	65,569	(4,431)
Miscellaneous	262,806	346,728	536,096	189,368
Total Revenues	26,378,300	27,687,556	27,870,768	183,212
Expenditures				
Current:				
General government:				
Administration	1,189,163	2,694,903	2,522,009	172,894
Economic development	258,243	258,243	247,625	10,618
Public relations	621,864	611,464	504,178	107,286
Information systems	790,321	972,021	847,479	124,542
Communications	418,714	418,714	383,302	35,412
Legal	420,000	420,000	336,263	83,737
Volunteer services	165,407	165,407	159,076	6,331
Finance	1,845,412	1,992,932	2,075,854	(82,922)
Human resources	2,733,452	2,733,452	2,114,970	618,482
Fleet maintenance	927,534	1,011,334	1,112,508	(101,174)
Facilities maintenance	704,849	716,874	729,379	(12,505)
Safety and risk	187,869	187,869	127,153	60,716
Public safety	12,068,794	12,250,357	11,745,826	504,531
Community development:				
Administration	215,948	215,948	146,028	69,920
Public works	54,306	54,306	54,086	220
Engineering	698,877	698,877	702,262	(3,385)
Planning	610,089	611,833	568,712	43,121
Building	885,616	885,616	858,825	26,791
Parks and recreation:				
Landscaping	460,936	462,936	453,278	9,658
Tourism and festivals	561,579	561,579	539,165	22,414
Municipal court	403,017	405,017	390,772	14,245
Total Expenditures	26,221,990	28,329,682	26,618,750	1,710,932
Revenues Over (Under) Expenditures	156,310	(642,126)	1,252,018	1,894,144
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	-	3,500,000	3,500,000
Proceeds from bond premium	-	-	32,357	32,357
Payment to escrow agent	-	-	(4,379,097)	(4,379,097)
Proceeds from capital lease	-	-	87,303	87,303
Payment from Waterbury CID fund	20,000	20,000	20,063	63
Transfers In	(45,000)	844,324	924,324	80,000
Sale of capital assets	18,700	18,700	50,438	31,738
Total Other Financing Sources (Uses)	(6,300)	883,024	235,388	(647,636)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	150,010	240,898	1,487,406	1,246,508
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	14,246,490	14,246,490	14,246,490	-
Budget Basis, End of Year	\$ 14,396,500	\$ 14,487,388	15,733,896	\$ 1,246,508
Encumbrances, End of Year			551,430	
GAAP Basis, End of Year			\$ 16,285,326	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Street & Road Improvement Fund
For The Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 6,607,506	\$ 6,935,695	\$ 6,793,156	\$ (142,539)
Intergovernmental	6,566,491	8,844,903	4,488,056	(4,356,847)
Investment earnings	80,000	80,000	85,910	5,910
Miscellaneous	-	-	17,168	17,168
Total Revenues	13,253,997	15,860,598	11,384,290	(4,476,308)
Expenditures				
Current:				
Highways and streets	4,091,926	4,471,926	4,834,966	(363,040)
Capital outlay	6,537,026	7,227,291	3,033,238	4,194,053
Debt service:				
Principal retirement	1,865,000	1,865,000	1,870,000	(5,000)
Interest	1,099,133	1,099,133	1,082,989	16,144
Issuance Costs	-	-	42,522	(42,522)
Total Expenditures	13,593,085	14,663,350	10,863,715	3,799,635
Revenues Over (Under) Expenditures	(339,088)	1,197,248	520,575	(676,673)
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	-	2,660,000	2,660,000
Proceeds from bond premium	-	-	25,003	25,003
Payment to escrow agent	-	-	(2,931,457)	(2,931,457)
Proceeds from capital lease	-	-	15,611	15,611
Transfer in	45,000	45,000	-	(45,000)
Transfer out	-	(242,500)	(242,500)	-
Sale of capital assets	-	-	907	907
Total Other Financing Sources (Uses)	45,000	(197,500)	(472,436)	(274,936)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(294,088)	999,748	48,139	(951,609)
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	2,479,541	2,479,541	2,479,541	-
Budget Basis, End of Year	\$ 2,185,453	\$ 3,479,289	2,527,680	\$ (951,609)
Encumbrances, End of Year			1,299,438	
GAAP Basis, End of Year			\$ 3,827,118	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Recreation Fund
For The Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,355,485	\$ 3,355,485	\$ 3,626,267	\$ 270,782
Intergovernmental	257,250	257,250	256,059	(1,191)
Charges for Services	974,687	1,263,837	1,169,323	(94,514)
Investment earnings	3,000	3,000	1,835	(1,165)
Miscellaneous	42,264	42,264	160,547	118,283
Total Revenues	4,632,686	4,921,836	5,214,031	292,195
Expenditures				
Current:				
Facilities	217,627	217,627	226,861	(9,234)
Recreation	1,618,443	1,635,507	1,479,886	155,621
Parks	1,734,844	1,734,618	1,690,890	43,728
Capital outlay	1,194,686	1,585,636	1,480,801	104,835
Debt service:				
Principal retirement	26,400	26,400	26,400	-
Interest	18,073	18,073	18,073	-
Total Expenditures	4,810,073	5,217,861	4,922,911	294,950
Revenues Over (Under) Expenditures	(177,387)	(296,025)	291,120	587,145
Other Financing Sources (Uses)				
Proceeds from capital lease	-	-	7,805	7,805
Transfer In	65,836	65,836	65,836	-
Transfer Out	(44,124)	(44,124)	(44,124)	-
Sale of capital assets	1,000	1,000	3,133	2,133
Total Other Financing Sources (Uses)	22,712	22,712	32,650	9,938
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(154,675)	(273,313)	323,770	597,083
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	1,972,801	1,972,801	1,972,801	-
Budget Basis, End of Year	\$ 1,818,126	\$ 1,699,488	2,296,571	\$ 597,083
Encumbrances, End of Year			109,076	
GAAP Basis, End of Year			\$ 2,405,647	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Storm Water Fund
For The Year Ended December 31, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,305,475	\$ 1,305,475	\$ 1,453,199	\$ 147,724
Investment earnings	3,500	3,500	(235)	(3,735)
Miscellaneous	50	50	5,204	5,154
Total Revenues	1,309,025	1,309,025	1,458,168	149,143
Expenditures				
Current:				
General Government	466,326	466,326	470,020	(3,694)
Capital Outlay:	1,135,850	1,145,550	831,440	314,110
Debt service:				
Principal retirement	245,000	245,000	245,000	-
Interest	67,020	67,020	67,020	-
Total Expenditures	1,914,196	1,923,896	1,613,480	310,416
Revenues Over (Under) Expenditures	(605,171)	(614,871)	(155,312)	459,559
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	1,544,670	1,544,670	1,544,670	-
Budget Basis, End of Year	\$ 939,499	\$ 929,799	1,389,358	\$ 459,559
Encumbrances, End of Year			829,071	
GAAP Basis, End of Year			\$ 2,218,429	

City of O'Fallon, Missouri
Notes to Budgetary Comparison Information
December 31, 2011

Budgetary Process

The City Council follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Prior to December 31, the City Council appropriates, by ordinance, the annual operating budget for the fiscal year beginning the following January 1 for the General, Special Revenue, Debt Service, and Capital Project Funds. The City Council also adopts, as a management control device only, a budget for the Enterprise Funds.

The City's budgetary process is based upon accounting for certain transactions on a basis other than U.S. generally accepted accounting principles (GAAP). The main difference between the budget and GAAP basis of accounting is that encumbrances are recorded as expenditures for budget purposes. To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the budgetary comparison information and the other supplementary information – combining and individual fund financial statements – budget and actual – in accordance with the budget basis of accounting.

2. The legal level of budgetary control lies at the fund level for all of the governmental funds. The City Administrator is authorized to transfer part, or all, of any unexpected budget balance among any departments within these funds. The City Administrator is not authorized to approve expenditures in excess of the adopted budget.
3. The City Council may, by ordinance, make supplemental appropriations for revenues in excess of original budget estimates or reduce appropriations should revenues be insufficient to meet the amount appropriated. State statutes prohibit deficit budgeting by requiring that estimated expenditures for the period do not exceed estimated revenues for the period plus unencumbered budget basis fund balances at the beginning of the period.

For the year ended December 31, 2011, Sewer Lateral Fund expenditures exceeded appropriations by \$15,725. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future years' revenues.

This page left blank intentionally



*OTHER SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Special Revenue Funds									
	Waterbury Storm Water CID	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation			Total
Assets										
Cash and investments:										
Unrestricted	\$ -	\$ 21,824	\$ 232,641	\$ 353,760	\$ 5,477	\$ 74,093	\$ 276			\$ 688,071
Receivables:										
Property taxes	-	-	-	-	-	-	7,983			7,983
Other taxes	-	-	156,577	39,138	-	-	-			195,715
Other	-	-	-	-	15,500	-	-			15,500
Prepaid assets	-	-	-	-	14	-	-			14
Total Assets	\$ -	\$ 21,824	\$ 389,218	\$ 392,898	\$ 20,991	\$ 74,093	\$ 8,259			\$ 907,283
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 1	\$ 3,529	\$ 2,775	\$ 14,216	\$ 840	\$ -			\$ 21,361
Accrued wages and leave payable	-	-	1,850	-	1,740	-	-			3,590
Deferred Revenue: Taxes	-	-	1,818	-	-	-	7,983			9,801
Deferred Revenue: Program Income	-	-	-	-	4,822	-	-			4,822
Total Liabilities	-	1	7,197	2,775	20,778	840	7,983			39,574
Fund Balances										
Nonspendable										
Prepaid assets	-	-	-	-	14	-	-			14
Restricted - externally imposed or law										
CDBG Grant	-	-	-	-	199	-	-			199
Sewer Lateral	-	-	382,021	-	-	-	-			382,021
Public Safety	-	21,823	-	-	-	73,253	-			95,076
Parks and Recreation	-	-	-	390,123	-	-	276			390,399
Total Fund Balances	-	21,823	382,021	390,123	213	73,253	276			867,709
Total Liabilities and Fund Balances	\$ -	\$ 21,824	\$ 389,218	\$ 392,898	\$ 20,991	\$ 74,093	\$ 8,259			\$ 907,283

City of O'Fallon, Missouri
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year ended December 31, 2011

	Special Revenue Funds							
	Waterbury Storm Water CID	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation	Total
Revenues								
Taxes	\$ -	\$ -	\$ 159,171	\$ 547,558	\$ -	\$ -	\$ 367	\$ 707,096
Intergovernmental	-	10,160	-	-	175,462	-	-	185,622
Fines and forfeitures	-	25,610	-	-	-	25,954	-	51,564
Investment earnings	1	(1)	(27)	(58)	-	(7)	104	12
Miscellaneous	-	19	4,475	-	-	12	-	4,506
Total Revenues	1	35,788	163,619	547,500	175,462	25,959	471	948,800
Expenditures								
Current:								
General government	-	-	126,851	-	-	-	-	126,851
Community development	-	-	-	-	173,795	-	-	173,795
Parks and recreation	-	-	-	115,255	-	-	-	115,255
Public safety	-	46,616	-	-	-	10,101	-	56,717
Capital outlay	135	-	-	-	-	6,654	-	6,789
Total Expenditures	135	46,616	126,851	115,255	173,795	16,755	-	479,407
Revenues Over (Under) Expenditures	(134)	(10,828)	36,768	432,245	1,667	9,204	471	469,393
Other Financing Sources (Uses)								
Transfers In	217,916	-	-	-	-	-	-	217,916
Transfers out	-	-	-	(352,500)	-	-	(65,836)	(418,336)
Total Other Financing Sources (Uses)	217,916	-	-	(352,500)	-	-	(65,836)	(200,420)
Net Changes in Fund Balances	217,782	(10,828)	36,768	79,745	1,667	9,204	(65,365)	268,973
Fund Balances								
Beginning of year	(217,782)	32,651	345,253	310,378	(1,454)	64,049	65,641	598,736
End of Year	\$ -	\$ 21,823	\$ 382,021	\$ 390,123	\$ 213	\$ 73,253	\$ 276	\$ 867,709

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 1 of 4
For The Year Ended December 31, 2011

	Waterbury Storm Water CID			Police Training Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Intergovernmental	\$ 20,000	\$ -	\$ (20,000)	\$ 12,000	\$ 10,160	\$ (1,840)
Fines and forfeitures	-	-	-	20,000	25,610	5,610
Investment earnings	-	1	1	100	(1)	(101)
Miscellaneous	-	-	-	-	19	19
Total Revenues	20,000	1	(19,999)	32,100	35,788	3,688
Expenditures						
Current:						
Public safety	-	-	-	51,840	46,616	5,224
Capital outlay	134	135	(1)	-	-	-
Total Expenditures	134	135	(1)	51,840	46,616	5,224
Revenues Over (Under) Expenditures	19,866	(134)	(20,000)	(19,740)	(10,828)	8,912
Other Financing Sources (Uses)						
Transfers In	197,916	217,916	(20,000)	-	-	-
Net Changes in Fund Balances	217,782	217,782	-	(19,740)	(10,828)	8,912
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	(217,782)	(217,782)	-	32,651	32,651	-
Budget Basis, End of Year	-	-	-	12,911	21,823	8,912
Encumbrances, End of Year		-			-	
GAAP Basis, End of Year		\$ -			\$ 21,823	

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 2 of 4
For The Year Ended December 31, 2011

	Sewer Lateral Insurance			Transient Guest Tax Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Taxes	\$ 117,113	\$ 159,171	\$ 42,058	\$ 470,000	\$ 547,558	\$ 77,558
Investment earnings	500	(27)	(527)	1,110	(58)	(1,168)
Miscellaneous	3,500	4,475	975	-	-	-
Total Revenues	121,113	163,619	42,506	471,110	547,500	76,390
Expenditures						
Current:						
General Government	111,126	126,851	(15,725)	-	-	-
Parks and Recreation	-	-	-	110,500	85,204	25,296
Total Expenditures	111,126	126,851	(15,725)	110,500	85,204	25,296
Revenues Over (Under) Expenditures	9,987	36,768	26,781	360,610	462,296	101,686
Other Financing Sources (Uses)						
Transfers out	-	-	-	(352,500)	(352,500)	-
Net Changes in Fund Balances	9,987	36,768	26,781	8,110	109,796	101,686
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	345,253	345,253	-	280,327	280,327	-
Budget Basis, End of Year	355,240	382,021	26,781	288,437	390,123	101,686
Encumbrances, End of Year		-			-	
GAAP Basis, End of Year		\$ 382,021			\$ 390,123	

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 3 of 4
For The Year Ended December 31, 2011

	Community Development Block Grant Fund			Biometric Verification Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Intergovernmental	\$ 273,066	\$ 175,462	\$ (97,604)	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	20,000	25,954	5,954
Investment earnings	-	-	-	100	(7)	(107)
Miscellaneous	-	-	-	-	12	12
Total Revenues	273,066	175,462	(97,604)	20,100	25,959	5,859
Expenditures						
Current:						
Community Development	273,066	173,795	99,271	-	-	-
Public Safety	-	-	-	17,500	10,101	7,399
Capital outlay	-	-	-	24,000	6,654	17,346
Total Expenditures	273,066	173,795	99,271	41,500	16,755	24,745
Net Changes in Fund Balances	-	1,667	1,667	(21,400)	9,204	30,604
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	(1,454)	(1,454)	-	64,049	64,049	-
Budget Basis, End of Year	(1,454)	213	1,667	42,649	73,253	30,604
Encumbrances, End of Year		-			-	
GAAP Basis, End of Year		\$ 213			\$ 73,253	

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 4 of 4
For The Year Ended December 31, 2011

	Parks & Recreation Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 200	\$ 367	\$ 167
Investment earnings	100	104	4
Total Revenues	300	471	171
Expenditures			
Current:			
Parks and recreation	-	-	-
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	300	471	171
Other Financing Sources (Uses)			
Transfers out	(65,836)	(65,836)	-
Net Changes in Fund Balances	(65,536)	(65,365)	171
Fund Balances			
Budget basis:			
Unreserved:			
Beginning of year	65,641	65,641	-
Budget Basis, End of Year	105	276	171
Encumbrances, End of Year		-	
GAAP Basis, End of Year		\$ 276	

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Budget Basis - Debt Service Fund
For The Year Ended December 31, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,294,805	\$ 2,294,805	\$ 2,028,157	\$ (266,648)
Investment earnings	306,408	306,408	253,440	(52,968)
Total Revenues	2,601,213	2,601,213	2,281,597	(319,616)
Expenditures				
Current:				
General government	10,700	10,700	2,278	8,422
Debt service:				
Principal repayment	14,080,000	14,080,000	14,080,000	-
Interest	1,822,669	1,822,669	1,525,721	296,948
Total Expenditures	15,913,369	15,913,369	15,607,999	305,370
Net Change in Fund Balances	(13,312,156)	(13,312,156)	(13,326,402)	(14,246)
Fund Balances				
Budget basis				
Reserved:				
Beginning of year	18,727,184	18,727,184	18,727,184	-
Budget Basis, End of Year	\$ 5,415,028	\$ 5,415,028	5,400,782	\$ (14,246)
Encumbrances, End of Year			-	
GAAP Basis, End of Year			\$ 5,400,782	

City of O'Fallon, Missouri
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Year Ended December 31, 2011

	Balance				Balance
	December 31, 2010	Additions	Deletions		December 31, 2011
<u>Waterbury Storm CID</u>					
Assets					
Cash	\$ 2,435	\$ 20,471	\$ -	\$	22,906
Accounts receivable	5,296	-	916	\$	4,380
Total Assets	\$ 7,731	\$ 20,471	\$ 916	\$	27,286
Liabilities					
Accounts Payable	\$ 1,443	\$ 20,453	\$ -	\$	21,896
Due to Waterbury Storm CID	6,288	-	898	\$	5,390
Total Liabilities	\$ 7,731	\$ 20,453	\$ 898	\$	27,286



Statistics

2011 Comprehensive Annual Financial Report

City of O'Fallon, Missouri

Statistical Section

This part of the City of O'Fallon's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	76-81
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax and sales tax.	82-86
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	87-91
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	92-93
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	94-96

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of O'Fallon, Missouri
Net Assets by Component
Last Nine Fiscal Years*
Accrual Basis of Accounting

	Fiscal Year								
	2003**	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, net of related debt	\$ -	\$ -	\$ 10,493,277	\$ 9,917,334	\$ 22,625,334	\$ 44,824,290	\$ 53,073,876	\$ 60,791,444	\$ 68,770,758
Restricted	9,916,869	10,019,969	22,975,022	24,308,555	23,261,289	24,035,056	22,235,210	17,287,632	24,251,770
Unrestricted	(24,084,902)	5,089,023	6,308,265	9,041,538	10,849,176	9,062,558	13,239,734	17,205,529	10,059,082
Total Governmental Activities Net Assets	\$ (14,168,033)	\$ 15,108,992	\$ 39,776,564	\$ 43,267,427	\$ 56,735,799	\$ 77,921,904	\$ 88,548,820	\$ 95,284,605	\$ 103,081,610
Business-Type Activities									
Invested in Capital Assets, net of related debt	\$ 16,337,820	\$ 11,718,743	\$ 15,627,050	\$ 26,920,352	\$ 29,043,702	\$ 22,861,070	\$ 24,039,067	\$ 30,911,877	\$ 34,385,628
Restricted	9,732,489	4,723,678	9,620,432	5,955,370	5,903,450	14,861,994	15,860,188	13,162,981	8,043,429
Unrestricted	(1,365,506)	10,571,560	4,588,774	9,809,921	9,565,481	8,078,920	10,679,099	10,999,618	14,519,950
Total Business-Type Activities Net Assets	\$ 24,704,803	\$ 27,013,981	\$ 29,836,256	\$ 42,685,643	\$ 44,512,633	\$ 45,801,984	\$ 50,578,354	\$ 55,074,476	\$ 56,949,007
Primary Government									
Invested in Capital Assets, net of related debt	\$ 16,337,820	\$ 11,718,743	\$ 26,120,327	\$ 36,837,686	\$ 63,639,658	\$ 63,266,167	\$ 77,112,943	\$ 91,703,321	\$ 103,156,386
Restricted	19,649,358	14,743,647	32,595,454	30,263,925	29,164,739	38,897,050	38,095,398	30,450,613	32,295,199
Unrestricted	(25,450,408)	15,660,583	10,897,039	18,851,459	20,414,657	17,141,478	23,918,833	28,205,147	24,579,032
Total Primary Government Net Assets	\$ 10,536,770	\$ 42,122,973	\$ 69,612,820	\$ 85,953,070	\$ 113,219,054	\$ 119,304,695	\$ 139,127,174	\$ 150,359,081	\$ 160,030,617

* not required to retroactively report information prior to GASB 34 implementation (to have ten years of information)

**infrastructure was not retroactively reported until 2004

City of O'Fallon, Missouri
Changes in Net Assets
Last Nine Fiscal Years*
Accrual Basis of Accounting

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Expenses										
Governmental Activities										
General government	\$ 8,744,170	\$ 7,961,544	\$ 13,620,802	\$ 9,213,858	\$ 10,851,428	\$ 11,830,133	\$ 9,824,376	\$ 12,050,421	\$ 12,176,877	
Public safety	7,772,952	9,129,922	9,336,614	9,863,027	10,507,629	11,026,658	11,371,519	11,670,576	11,842,453	
Highways and streets	15,901,329	4,977,965	4,029,559	5,288,765	6,232,449	8,297,404	7,440,583	7,520,942	8,791,469	
Community development	2,451,939	2,545,389	2,255,948	2,542,462	2,710,472	2,919,583	2,862,339	2,934,448	2,500,168	
Parks and recreation	3,950,949	4,851,622	5,812,659	4,428,452	4,545,407	5,120,974	4,792,267	4,783,669	4,858,132	
Municipal court	187,241	216,232	301,599	360,033	408,997	465,704	439,415	387,866	391,789	
Interest on long-term debt	4,716,746	3,511,891	4,396,551	4,943,260	5,281,797	4,464,381	3,939,462	3,266,353	3,237,204	
Total Governmental Activities Expenses	43,725,326	33,194,565	39,753,732	36,639,857	40,538,179	44,124,837	40,669,961	42,614,275	43,798,092	
Business-Type Activities										
Water	5,833,135	5,957,824	4,071,761	4,157,069	4,448,417	4,419,802	3,941,437	3,862,013	4,280,128	
Sewer	2,919,296	3,805,690	6,003,669	6,106,315	6,020,412	6,093,316	5,643,528	6,510,469	6,843,295	
Environmental services	2,814,898	3,620,169	3,650,420	3,612,537	4,067,771	3,712,504	3,637,368	3,918,999	4,173,979	
Renaud Spirit Center	-	-	-	1,701,769	1,824,010	1,989,884	2,086,691	2,198,121	2,082,716	
Public venue	734,179	590,211	581,120	769,865	645,915	549,671	578,160	567,706	534,896	
Total Business-Type Activities Expenses	12,301,508	13,973,894	14,306,970	16,347,555	17,006,525	16,765,177	15,887,184	17,057,308	17,915,014	
Total Primary Government Expenses	\$ 56,026,834	\$ 47,168,459	\$ 54,060,702	\$ 52,987,412	\$ 57,544,704	\$ 60,890,014	\$ 56,557,145	\$ 59,671,583	\$ 61,713,106	
Program Revenues										
Governmental Activities										
Charges for service										
General government	\$ 97,763	\$ 59,624	\$ 68,994	\$ 251,727	\$ 110,142	\$ 143,443	\$ 108,103	\$ 116,483	\$ 119,393	
Public safety	33,896	36,068	46,559	17,746	-	-	94,229	160,487	161,928	
Community development	1,187,174	1,428,169	1,852,104	1,989,860	1,628,280	1,185,227	1,018,439	1,152,925	804,926	
Parks and recreation	969,950	1,297,287	2,126,525	870,151	1,087,896	988,441	1,053,468	1,144,262	1,270,473	
Municipal court	1,280,088	1,687,466	1,749,704	1,985,589	1,703,148	1,801,769	1,776,014	1,646,361	1,946,745	
Operating grants and contributions	13,118,889	291,147	541,792	526,136	448,926	449,984	489,331	951,205	1,237,034	
Capital grants and contributions	9,204,791	7,647,446	4,259,147	8,526,693	11,099,080	11,458,446	12,762,204	6,877,840	6,377,277	
Total Governmental Activities Program Revenues	25,892,551	12,447,207	10,644,825	14,167,902	16,077,472	16,027,310	17,301,788	12,049,563	11,917,776	
Business-Type Activities										
Charges for service										
Water	\$ 4,215,695	\$ 6,478,143	\$ 4,236,275	\$ 4,969,603	\$ 4,431,010	\$ 3,744,110	\$ 3,781,577	\$ 4,569,665	\$ 4,335,461	
Sewer	3,098,417	3,719,443	5,425,013	6,131,070	5,566,978	6,194,023	8,512,336	9,020,008	8,473,688	
Environmental Services	2,891,435	3,432,478	3,681,486	3,695,392	4,230,046	4,256,852	4,253,279	4,342,768	4,483,106	
Renaud Spirit Center	240,729	53,870	241,199	1,469,372	1,599,356	1,738,826	1,788,979	1,889,540	1,965,010	
Public Venue	-	-	-	171,910	172,653	206,657	108,169	149,011	231,964	
Operating grants and contributions	-	-	-	-	24,231	2,815	3,510	25,036	-	
Capital grants and contributions	1,197,701	1,867,258	2,523,236	788,351	1,417,793	518,081	1,515,172	999,712	411,556	
Total Business-Type Activities Program Revenues	11,643,977	15,551,192	16,107,209	17,225,698	17,442,067	16,661,364	19,963,022	20,995,740	19,900,785	
Total Primary Governmental Program Revenues	\$ 37,536,528	\$ 27,998,399	\$ 26,752,034	\$ 31,393,600	\$ 33,519,539	\$ 32,688,674	\$ 37,264,810	\$ 33,045,303	\$ 31,818,561	
Net (Expense)/Revenue										
Governmental Activities	\$ (17,832,775)	\$ (20,747,358)	\$ (29,108,907)	\$ (22,471,955)	\$ (24,460,707)	\$ (28,097,527)	\$ (23,368,173)	\$ (30,564,712)	\$ (31,880,316)	
Business-Type Activities	(657,531)	1,577,298	1,800,239	878,143	435,542	(103,813)	4,075,838	3,938,432	1,985,771	
Total Primary Government Net Expense	\$ (18,490,306)	\$ (19,170,060)	\$ (27,308,668)	\$ (21,593,812)	\$ (24,025,165)	\$ (28,201,340)	\$ (19,292,335)	\$ (26,626,280)	\$ (29,894,545)	
General Revenues and Other										
Changes in Net Assets										
Governmental Activities										
Taxes:										
Property tax	\$ 9,077,791	\$ 9,254,281	\$ 10,950,579	\$ 11,327,636	\$ 11,968,958	\$ 10,096,818	\$ 10,459,668	\$ 8,236,247	\$ 7,775,961	
Sales tax	13,799,335	15,304,539	17,963,371	17,758,834	17,830,992	17,444,847	20,157,649	20,931,831	22,277,141	
Franchise and public service taxes	3,802,342	4,072,856	4,386,468	4,934,511	5,568,575	8,494,004	6,737,104	7,123,949	8,151,613	
Investment earnings	609,326	360,386	620,248	1,726,723	2,304,865	1,275,818	925,437	707,151	245,969	
Other revenues	61,674	1,080,093	437,253	314,766	918,247	809,464	549,498	643,446	723,521	
Transfers	(88,000)	(110,000)	(127,500)	(11,162,503)	(662,558)	(300,000)	(540,425)	(342,127)	503,116	
Total Governmental Activities	27,262,468	29,962,155	34,230,419	24,899,967	37,929,079	37,820,951	38,288,931	37,300,497	39,677,321	
Business-Type Activities										
Grants and contributions not restricted										
to specific programs	-	-	-	-	-	-	-	-	153,775	
Investment earnings	568,256	355,829	453,707	710,441	728,890	438,303	256,853	184,853	197,324	
Other revenues	134,099	266,051	-	-	-	146,920	28,605	30,710	40,777	
Transfers	88,000	110,000	127,500	11,162,503	662,558	300,000	540,425	342,127	(503,116)	
Total Business-Type Activities	790,355	731,880	581,207	11,872,944	1,391,448	885,223	825,883	557,690	(111,240)	
Total Primary Government	\$ 28,052,823	\$ 30,694,035	\$ 34,811,626	\$ 36,772,911	\$ 39,320,527	\$ 38,706,174	\$ 39,114,814	\$ 37,858,187	\$ 39,566,081	
Change in Net Assets										
Governmental Activities	\$ 9,429,693	\$ 9,214,797	\$ 5,121,512	\$ 2,428,012	\$ 13,468,372	\$ 9,723,424	\$ 14,920,758	\$ 6,735,785	\$ 7,797,005	
Business-Type Activities	132,824	2,309,178	2,381,446	12,751,087	1,826,990	781,410	4,901,721	4,496,122	1,874,531	
Total Primary Government	\$ 9,562,517	\$ 11,523,975	\$ 7,502,958	\$ 15,179,099	\$ 15,295,362	\$ 10,504,834	\$ 19,822,479	\$ 11,231,907	\$ 9,671,536	

* not required to retroactively report information prior to GASB 34 implementation (to have ten years of information)

City of O'Fallon, Missouri
Fund Balances, Governmental Funds
Last Nine Fiscal Years*
Modified Accrual Basis of Accounting

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011**	
General Fund										
Reserved	\$ 646,482	\$ 1,448,122	\$ 1,365,299	\$ 1,346,920	\$ 489,821	\$ 1,895,034	\$ 1,335,393	\$ 1,326,495		n/a
Unreserved	6,633,387	6,176,786	8,554,403	9,448,353	11,492,137	12,059,421	11,767,912	13,043,268		n/a
Nonspendable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	357,947
Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	253,541
Committed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	652,589
Assigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48,841
Unassigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,972,408
Total General Fund	\$ 7,279,869	\$ 7,624,908	\$ 9,919,702	\$ 10,795,273	\$ 11,981,958	\$ 13,954,455	\$ 13,103,305	\$ 14,369,763	\$ 16,285,326	
All Other Governmental Funds										
Reserved	\$ 16,940,742	\$ 9,232,733	\$ 27,073,141	\$ 28,743,725	\$ 42,744,904	\$ 27,600,337	\$ 25,767,191	\$ 26,559,869		n/a
Unreserved, reported in:										
Special Revenue Fund	166,408	231,412	404,949	1,791,794	1,265,918	1,047,440	5,018,873	3,924,334		n/a
Capital Projects Fund	289,213	361,893	(8,277)	205,899	254,175	12,331	-	-		n/a
Nonspendable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	101,000
Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,618,685
Total All Other Governmental Funds	\$ 17,396,363	\$ 9,826,038	\$ 27,469,813	\$ 30,741,418	\$ 44,264,997	\$ 28,660,108	\$ 30,786,064	\$ 30,484,203	\$ 14,719,685	

* not required to retroactively report information prior to GASB 34 implementation (to have ten years of information)

**GASB 54 was adopted in 2011, which changed the fund balance categories

City of O'Fallon, Missouri
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years*
Modified Accrual Basis of Accounting

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Taxes	\$ 26,303,330	\$ 28,672,937	\$ 32,812,937	\$ 33,988,342	\$ 35,084,561	\$ 36,406,531	\$ 37,198,460	\$ 36,507,153	\$ 38,198,627
Intergovernmental	13,118,889	7,938,593	3,695,935	2,881,466	4,870,460	10,428,104	6,923,299	4,311,569	5,583,805
Licenses and permits	1,211,392	1,448,706	1,502,535	1,802,744	1,374,395	945,880	915,809	981,681	754,903
Charges for services	1,030,746	1,350,380	2,551,302	1,256,239	1,390,394	1,371,231	1,294,775	1,452,355	1,459,026
Fines and forfeitures	1,431,493	1,709,528	1,789,553	1,879,336	1,824,454	1,866,841	1,763,427	1,637,917	2,031,241
Investment earnings	609,326	360,386	620,248	1,503,333	2,084,960	1,534,839	925,437	730,863	406,531
Miscellaneous	875,540	1,170,443	1,124,122	371,969	901,674	783,088	507,390	623,104	723,521
Total Revenues	44,580,716	42,650,973	44,096,632	43,683,429	47,530,898	53,336,514	49,528,597	46,244,642	49,157,654
Expenditures									
General government	7,810,362	7,932,399	8,775,969	7,531,351	7,793,739	8,441,667	8,312,320	8,700,735	8,374,688
Public safety	7,641,546	8,882,058	9,064,121	9,585,496	10,310,364	10,764,057	11,178,931	11,214,135	11,437,088
Highways and streets	21,653,774	11,857,977	2,173,501	3,487,472	4,054,439	4,353,931	4,229,866	4,196,277	5,093,002
Community development	2,442,470	2,540,890	2,239,466	2,529,738	2,690,006	2,881,744	2,807,987	2,866,484	2,459,484
Parks and recreation	3,558,226	4,378,594	5,126,467	4,052,115	4,187,359	4,790,156	4,417,328	4,396,378	4,462,410
Municipal court	186,000	212,035	300,362	357,558	397,422	448,024	418,697	376,941	390,772
Capital outlay	6,442,468	5,144,396	4,991,143	3,368,714	8,306,488	9,875,027	8,659,069	4,274,057	10,596,102
Debt service:									
Principal retirement	5,384,800	4,748,100	3,913,100	3,538,100	3,798,100	20,971,400	4,231,400	6,656,400	16,861,400
Interest	4,343,860	4,121,976	4,021,255	4,445,565	4,674,364	4,353,083	3,787,741	3,284,837	2,829,295
Bond issue costs	-	134,695	81,969	-	197,537	-	166,239	-	97,550
Total Expenditures	59,463,506	49,953,120	40,687,353	38,896,109	46,409,818	66,879,089	48,209,578	45,966,244	62,601,791
Revenues Over (Under)									
Expenditures	(14,882,790)	(7,302,147)	3,409,279	4,787,320	1,121,080	(13,542,575)	1,319,019	278,398	(13,444,137)
Other Financing Sources (Uses)									
Transfers in	617,251	1,296,596	661,922	1,862,071	697,950	1,032,345	18,435	554,000	1,208,076
Transfers out	(705,252)	(1,406,596)	(789,422)	(2,532,884)	(1,360,508)	(1,332,345)	(558,860)	(896,127)	(704,960)
Payment from Waterbury CID	-	-	-	-	-	-	-	-	20,063
Sale of capital assets	-	-	-	13,298	200,407	62,183	46,765	28,326	54,478
General obligation bond proceeds	1,140,000	8,505,000	17,231,177	-	13,997,902	-	-	-	-
Certificates of participation proceeds	4,165,000	-	-	-	-	-	-	-	-
Special Obligation bond proceeds	-	-	-	-	-	-	15,255,000	-	6,160,000
Premium	-	-	-	-	-	-	88,184	-	57,360
Payment to Escrow Agent	-	(8,318,139)	-	-	-	-	(13,893,737)	-	(7,310,554)
Capital lease proceeds	-	-	-	-	53,433	148,000	-	-	110,719
Total Other Financing Sources (Uses)	5,216,999	76,861	17,103,677	(657,515)	13,589,184	(89,817)	955,787	(313,801)	(404,818)
Net Change In Fund Balances	\$ (9,665,791)	\$ (7,225,286)	\$ 20,512,956	\$ 4,129,805	\$ 14,710,264	\$ (13,632,392)	\$ 2,274,806	\$ (35,403)	\$ (13,848,955)
Debt Service as a percentage of noncapital expenditures	20.4%	23.1%	20.1%	22.2%	21.3%	42.6%	20.2%	23.4%	36.3%

* not required to retroactively report information prior to GASB 34 implementation (to have ten years of information)

City of O'Fallon, Missouri
Program Revenues by Function/Program
Last Nine Fiscal Years*
Accrual Basis of Accounting

Function/Program	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
General government	\$ 253,403	\$ 263,469	\$ 539,426	\$ 595,212	\$ 345,396	\$ 145,311	\$ 110,042	\$ 2,256,323	\$ 732,023
Public safety	465,896	44,807	220,899	200,397	121,744	224,184	363,171	542,538	548,389
Highways and streets	19,085,098	7,647,446	4,156,167	8,526,693	11,189,758	11,458,446	12,767,985	4,838,419	5,934,746
Community development	3,827,196	1,506,732	1,852,104	1,989,860	1,628,280	1,409,159	1,197,358	1,601,005	1,229,341
Parks and recreation	980,870	1,297,287	2,126,525	870,151	1,089,146	988,441	1,087,218	1,164,917	1,526,532
Municipal court	1,280,088	1,687,466	1,749,704	1,985,589	1,703,148	1,801,769	1,776,014	1,646,361	1,946,745
Subtotal Governmental Activities	25,892,551	12,447,207	10,644,825	14,167,902	16,077,472	16,027,310	17,301,788	12,049,563	11,917,776
Business-Type Activities									
Water	4,844,345	8,200,454	4,364,845	5,137,084	4,996,811	3,873,788	4,239,393	4,656,743	4,576,331
Sewer	3,704,774	3,864,390	7,816,679	6,751,940	6,409,986	6,457,691	9,569,692	9,698,593	8,633,016
Environmental services	2,891,435	3,432,478	3,681,486	3,695,392	4,254,277	4,384,402	4,256,789	4,576,918	4,483,106
Renaud Spirit Center	-	-	-	1,469,372	1,599,356	1,738,826	1,788,979	1,914,475	1,976,368
Public venue	203,423	53,870	241,199	171,910	181,637	206,657	108,169	149,011	231,964
Subtotal Business-Type Activities	11,643,977	15,551,192	16,104,209	17,225,698	17,442,067	16,661,364	19,963,022	20,995,740	19,900,785
Total Primary Government	\$ 37,536,528	\$ 27,998,399	\$ 26,749,034	\$ 31,393,600	\$ 33,519,539	\$ 32,688,674	\$ 37,264,810	\$ 33,045,303	\$ 31,818,561

* not required to retroactively report information prior to GASB 34 implementation (to have ten years of information)

City of O'Fallon, Missouri
Tax Revenues by Source
Last Nine Fiscal Years*
Modified Accrual Basis of Accounting

Fiscal Year		Property		Sales		Franchise & Public Service		Total
2003	\$	8,701,653	\$	15,692,111	\$	1,909,566	\$	26,303,330
2004		9,295,542		16,953,359		2,424,036		28,672,937
2005		10,466,940		17,703,937		4,642,060		32,812,937
2006		11,294,997		17,758,834		4,934,511		33,988,342
2007		11,684,994		17,830,992		5,568,575		35,084,561
2008		10,467,680		17,444,847		8,494,004		36,406,531
2009		10,303,708		20,157,648		6,737,104		37,198,460
2010		8,451,187		20,932,017		7,123,949		36,507,153
2011		7,769,874		22,277,140		8,151,613		38,198,627
Change								
2003-2011		-11%		42%		327%		45%

* not required to retroactively report information prior to GASB 34 implementation (to have ten years of information)

City of O'Fallon, Missouri
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Railroad & Utility	Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value
2002	682,033,670	168,854,801	13,906,434	864,794,905	\$ 0.8800	3,783,119,241
2003	817,299,210	176,971,575	14,442,713	1,008,713,498	\$ 0.8400	4,466,006,100
2004	877,185,760	187,611,084	15,694,166	1,080,491,010	\$ 0.8200	4,848,417,694
2005	1,072,976,100	213,663,158	16,918,147	1,303,557,405	\$ 0.7850	5,799,946,064
2006	1,154,004,950	225,405,005	17,935,445	1,397,345,400	\$ 0.7850	6,221,991,637
2007	1,305,217,140	242,914,750	18,043,555	1,566,175,445	\$ 0.7433	7,004,432,643
2008	1,359,283,677	242,763,885	18,180,116	1,620,227,678	\$ 0.6164	7,254,416,771
2009	1,283,827,630	229,404,127	19,254,377	1,532,486,134	\$ 0.6164	6,842,731,437
2010	1,307,567,116	227,626,579	19,650,903	1,554,844,598	\$ 0.4838	6,959,053,642
2011	1,262,616,275	241,631,480	22,014,110	1,526,261,865	\$ 0.4838	6,805,064,154

Source: St. Charles County Assessor

Reassessments are currently performed every odd-numbered year. Residential property assessed valuation equals 19% of appraised value, agricultural equals 12%, and commercial and industrial equals 32%. Personal property is valued as one-third of the properties' market value.

City of O'Fallon, Missouri
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Rate per \$1,000 of Assessed Value

Taxing Authority	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
City of O'Fallon (1)	\$ 0.4838	\$ 0.4838	\$ 0.6164	\$ 0.6164	\$ 0.7433	\$ 0.7850	\$ 0.7850	\$ 0.8200	\$ 0.84	\$ 0.88
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.03	0.03
St. Charles County	0.0016	0.0016	0.0016	0.0020	0.0020	0.0025	0.0030	0.0040	0.01	0.01
St. Charles County Road and Bridge	0.2025	0.2025	0.2025	0.2025	0.2025	0.2148	0.2150	0.2250	0.23	0.24
Fort Zumwalt School District (2)	4.7611	4.5968	4.5967	4.3811	4.3789	4.5629	4.5520	4.9538	4.25	4.25
St. Charles County Library District	0.2181	0.2065	0.2064	0.1946	0.1946	0.2064	0.2060	0.2221	0.22	0.24
O'Fallon Fire Protection District	0.6148	0.5936	0.5936	0.5517	0.5517	0.5814	0.5810	0.6341	0.63	0.69
St. Charles County Handicapped	0.1398	0.1324	0.1323	0.1247	0.1247	0.1323	0.1320	0.1422	0.14	0.15
St. Charles County Ambulance	0.1421	0.1439	0.1441	0.1366	0.1334	0.1441	0.1440	0.1535	0.16	0.16
St. Charles County Alarm and Dispatch	0.0390	0.0390	0.0390	0.0390	0.0390	0.0413	0.0410	0.0444	0.04	0.05
St. Charles County Community College	0.2196	0.2196	0.2196	0.2094	0.2094	0.2196	0.2200	0.2318	0.23	0.25
Total	\$ 6.8524	\$ 6.6497	\$ 6.7822	\$ 6.4880	\$ 6.6095	\$ 6.9203	\$ 6.9090	\$ 7.4609	\$ 6.78	\$ 6.95

(1) City tax rate includes general operating, parks, and debt service levy.

(2) The City lies within three public school districts. Fort Zumwalt School District is reported for information purposes since it claims the largest portion of the City.

Source: St. Charles County Assessor

**City of O'Fallon, Missouri
Sales Tax by Year
Last Ten Fiscal Years**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General 1% city sales tax	\$ 10,404,517	\$ 9,778,073	\$ 9,408,810	\$ 9,866,460	\$ 10,650,960	\$ 10,632,966	\$ 10,558,348	\$ 10,225,136	\$ 9,190,704	\$ 8,671,605
Transportation 0.5% city sales tax	4,875,321	4,611,645	4,432,646	4,664,704	5,069,621	5,074,929	5,042,330	4,648,562	4,420,137	4,175,271
State motor fuel tax	1,917,835	1,770,701	1,738,195	1,790,382	1,927,548	1,910,637	1,928,624	1,914,287	1,892,776	1,830,637
Parks tax 0.5%	4,871,673	4,601,966	4,403,674	944,452	n/a	n/a	n/a	n/a	n/a	n/a
Regional parks sales tax	207,794	169,446	174,323	178,849	182,863	140,302	174,635	165,374	188,494	158,500
Total	\$ 22,277,140	\$ 20,931,831	\$ 20,157,648	\$ 17,444,847	\$ 17,830,992	\$ 17,758,834	\$ 17,703,937	\$ 16,953,359	\$ 15,692,111	\$ 14,836,013

City direct sales tax rate is 2.0% = 1% for general, 0.5% for transportation and 0.5% for parks

Regional parks sales tax began in 2001

Parks sales tax began in October 2008

**City of O'Fallon, Missouri
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Three T Partnership/Trulaske/Six T Partnership	\$ 17,292,216	1	1.13 %	\$ 9,569,412	2	1.11 %
DNS Electronics	13,702,463	2	0.90	10,772,894	1	1.25
Garden Villas of O'Fallon/Delmar Gardens	9,685,809	3	0.63	-	-	-
THF O'Fallon Development	6,623,440	4	0.43	-	-	-
Mastercard Intl Tax	6,584,367	5	0.43	4,895,100	4	0.57
Citi Mortgage	6,391,866	6	0.42	-	-	-
DP II LLC (Caplaco Five, Inc)	5,906,280	7	0.39	8,684,550	3	1.00
MEPT West 70 Commerce Center LLC	5,301,520	8	0.35	-	-	-
American Power Conversion Corp	4,974,909	9	0.33	-	-	-
Darlington Enclave at Winghaven UI LLC	4,657,240	10	0.31	3,896,900	6	0.45
Aldi, Inc	-	-	-	3,955,950	5	0.46
Pheasant Point LLC	-	-	-	3,762,230	7	0.44
SFI, LLC	-	-	-	3,651,853	8	0.42
Home Depot USA, Inc.	-	-	-	3,353,646	9	0.39
Laclede Gas Company	-	-	-	3,343,319	10	0.39
	\$ 81,120,110		5.32 %	\$ 55,885,854		6.46 %

Source: St. Charles County Assessor

City of O'Fallon, Missouri
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 7,450,381	\$ 6,575,795	88.26 %	\$ 111,470	\$ 6,687,265	89.76 %
2003	8,295,256	7,703,991	92.87	136,868	7,840,859	94.52
2004	8,754,244	8,284,520	94.63	97,400	8,381,920	95.75
2005	10,018,034	9,456,893	94.40	111,648	9,568,541	95.51
2006	10,738,809	10,144,009	94.46	140,957	10,284,966	95.77
2007	11,396,913	10,413,493	91.37	132,067	10,545,560	92.53
2008	9,777,355	9,066,340	92.73	114,157	9,180,497	93.90
2009	9,247,873	8,528,972	92.23	83,792	8,612,764	93.13
2010	7,364,369	6,853,802	93.07	218,369	7,072,171	96.03
2011	7,230,161	4,912,217	67.94	1,656,804	6,569,021	90.86

Source: St. Charles County Assessor

City of O'Fallon, Missouri
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of personal income	Per Capita
	Capital Lease Obligation	Leasehold Revenue Bonds	General Obligation Bonds	Tax Increment Financing Bonds	Special Obligation Bonds	Certificates of Participation	Leasehold Revenue Bonds	Revenue Bonds	Certificates of Participation	Special Obligation Bonds	Capital Lease Obligation			
2002	\$ -	\$ 8,675,000	\$ 42,500,144	\$ 2,355,862	\$ -	\$ 40,855,900	\$ 17,365,000	\$ 6,620,000	\$ 34,379,100	\$ -	\$ -	\$ 152,751,006	12 %	\$ 2,472
2003	-	8,270,000	41,426,374	2,562,707	-	42,301,100	16,655,000	6,285,000	37,413,900	-	-	154,914,081	11	2,353
2004	-	-	40,032,927	2,787,844	-	47,898,000	15,910,000	5,935,000	36,212,000	-	-	148,775,771	10	2,152
2005	133,312	-	55,070,000	3,032,899	-	45,709,900	15,130,000	5,565,000	35,030,100	-	-	159,671,211	8	2,214
2006	-	-	53,745,000	3,244,326	-	43,496,800	-	5,170,000	48,963,200	-	718,604	155,337,930	8	2,086
2007	40,822	-	66,075,000	3,529,660	-	41,228,700	-	4,760,000	46,791,300	-	571,358	162,996,840	8	2,120
2008	121,884	-	47,440,000	3,840,262	-	38,892,300	-	4,320,000	53,697,700	-	977,342	149,289,488	6	1,913
2009	55,058	-	45,630,000	4,178,379	15,255,000	23,380,900	-	1,325,000	55,819,100	1,290,000	1,225,881	148,159,318	6	1,872
2010	-	-	41,770,000	4,216,052	14,205,000	21,634,500	-	1,025,000	52,945,500	1,105,000	7,156,826	144,057,878	6	1,816
2011	92,266	-	27,690,000	4,504,063	19,385,000	12,688,100	-	705,000	48,221,900	2,475,000	6,685,040	122,446,369	5	1,514

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of O'Fallon, Missouri
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2002	\$ 42,500,144	4.91 %	\$ 687.75
2003	41,426,374	4.11	629.26
2004	40,032,927	3.71	579.05
2005	55,070,000	4.22	763.63
2006	53,745,000	3.85	721.58
2007	66,075,000	4.22	859.41
2008	47,440,000	2.93	607.75
2009	45,630,000	2.98	576.44
2010	41,770,000	2.69	526.54
2011	27,690,000	1.81	342.44

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of O'Fallon, Missouri
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
St. Charles County	\$ 5,267,000	20.12 %	\$ 1,059,720
St. Charles County Ambulance	9,845,000	20.12	1,980,814
St. Charles Community College	37,875,000	20.12	7,620,450
Fort Zumwalt School District	135,099,997	77.00	104,026,998
Francis Howell School District	183,798,987	11.00	20,217,889
Wentzville School District	199,833,677	11.00	21,981,704
Subtotal, overlapping debt			156,887,575
City Net Direct Debt			22,289,218
Total Direct And Overlapping Debt			\$ 179,176,793

Sources: Assessed value data used to estimate applicable percentages provided by the St. Charles County Assessor.
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of O'Fallon. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

City of O'Fallon, Missouri
Legal Debt Margin Information, Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 172,958,981	\$ 100,871,350	\$ 109,049,101	\$ 130,355,741	\$ 139,734,540	\$ 156,617,545	\$ 162,022,768	\$ 153,248,613	\$ 155,484,460	\$ 152,626,187
Total net debt applicable to limit	41,022,379	39,693,306	38,056,802	35,494,371	32,795,429	29,966,797	26,803,068	24,007,097	23,042,816	22,289,218
Legal Debt Margin	\$ 131,936,602	\$ 61,178,044	\$ 70,992,299	\$ 94,861,370	\$ 106,939,111	\$ 126,650,748	\$ 135,219,700	\$ 129,241,516	\$ 132,441,644	\$ 130,336,969
Total net debt applicable to the limit as a percentage of debt limit	23.72%	39.35%	34.90%	27.23%	23.47%	19.13%	16.54%	15.67%	14.82%	14.60%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value.
Prior to 2003, 20 percent of total assessed property value was the threshold.

**City of O'Fallon, Missouri
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Water & Sewer Revenue Bonds											
Fiscal Year	Utility Service Charges		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage		
	Principal	Interest									
2002	\$	7,399,778	\$	4,042,707	\$	3,357,071	\$	870,000	\$	1,047,338	1.75
2003		7,353,466		4,876,296		2,477,170		910,000		1,160,872	1.20
2004		10,242,194		5,670,905		4,571,289		950,000		2,966,910	1.17
2005		9,661,288		5,414,579		4,246,709		995,000		2,910,142	1.09
2006		11,100,673		5,546,340		5,554,333		1,570,000		2,066,588	1.53
2007		9,997,988		5,589,350		4,408,638		1,820,000		1,988,784	1.16
2008		10,408,145		5,864,864		4,543,281		1,900,000		1,969,382	1.17
2009		12,539,658		4,356,141		8,183,517		2,620,000		2,343,582	1.65
2010		13,773,023		4,904,113		8,868,909		2,565,000		2,301,824	1.82
2011		13,154,828		5,654,940		7,499,888		2,691,189		2,172,144	1.54

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expense.

City of O'Fallon, Missouri
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Educational Attainment		School Enrollment	Unemployment Rate
					% High School Graduate Or Higher	% Bachelor's Degree Or Higher		
2002	61,796	\$ 1,327,687,060	\$ 21,485	31.1	90.4 %	27.2 %	13,698	4.5 %
2003	65,834	1,414,443,490	21,485	31.1	90.4	27.2	13,698	4.6
2004	69,136	1,485,386,960	21,485	31.1	90.4	27.2	13,698	4.2
2005	72,116	2,049,104,024	28,414	31.1	90.4	27.2	18,496	4.1
2006	74,482	1,868,157,524	25,082	32.7	90.4	27.2	18,703	3.7
2007	76,884	2,069,654,865	26,919	33.0	90.4	27.2	17,638	3.9
2008	78,058	2,545,315,264	32,608	32.2	90.4	27.2	18,776	6.3
2009	79,158	2,613,638,844	33,018	32.3	90.4	27.2	18,742	8.2
2010	79,329	2,426,594,781	30,589	32.3	90.4	27.2	18,840	7.0
2011	80,860	2,597,546,640	32,124	35.1	90.4	27.2	18,719	6.5

Note: Population, Per Capital Personal Income, Median Age, and Unemployment figures are reported from the Economic Development Department, City of O'Fallon, MO.
School enrollment for 2011 is based on Fort Zumwalt School enrollment for the 2010-2011 school year. Enrollment from 2002-2004 is based on the 2000 census.
Educational Attainment is based on the U.S. Census Bureau from 2000.

**City of O'Fallon, Missouri
Principal Employers
Current Year and Nine Years Ago**

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Citigroup	3,800	1	9.04 %	-		-
Fort Zumwalt School District	2,700	2	6.42	2,300	2	5.71 %
MasterCard Intl.	1,960	3	4.66	2,330	1	5.78
True Manufacturing	N/A*	4	N/A*	-		-
MEMC Electronic Materials, Inc	1,091	5	2.59	1,175	3	2.91
Fireman's Fund Insurance Company	625	6	1.49	-		-
City of O'Fallon	595	7	1.42	300	4	0.74
Walmart	436	8	1.04	-		-
BJC Progress West Healthcare Center	367	9	0.87	-		-
Synergetics	355	10	0.84	-		-
True Fitness Technology	-		-	240	5	0.60
EMC Environmental Consulting	-		-	200	6	0.50
Brake Resources, Inc	-		-	175	7	0.43
VSM Abrasives Corporation	-		-	160	8	0.40
Mail-Well Envelope	-		-	135	9	0.33
American Power Conversion	-		-	130	10	0.32
	11,929		28.37 %	7,145		17.72 %

Source: City of O'Fallon, MO Economic Development Department
Labor Force, December 2011 = 42,048

*Business requested actual number not be published. They fall as the 4th largest employer in the City.

City of O'Fallon, Missouri
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Administration Group										
Administration	5.00	7.00	7.00	7.00	7.00	7.00	5.00	5.15	5.00	8.00
Communications	4.00	5.10	5.10	5.50	5.25	5.40	5.50	5.50	5.50	5.50
Economic development	3.00	3.00	3.00	3.00	3.15	3.15	3.15	3.00	3.00	3.00
Public relations	2.35	4.10	4.25	4.25	4.25	3.00	3.00	3.00	3.15	3.20
Administrative Services Group										
Citizens First Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	n/a
Facilities maintenance	6.00	6.00	6.00	6.00	6.00	6.00	5.15	6.10	6.40	6.20
Fleet maintenance	4.00	4.00	4.00	4.00	4.25	4.00	4.00	4.00	4.00	4.00
Human resources	6.50	6.00	5.75	6.00	6.00	5.00	5.00	5.00	5.00	3.00
Information Technologies	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Safety and risk management	n/a	n/a	1.00	1.00	-	1.00	1.00	1.00	1.00	1.00
Volunteer services	1.00	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.00	2.00
Community Development Group										
Administration	3.00	3.00	3.25	3.50	6.00	3.00	3.00	3.00	2.65	2.00
Building	14.00	14.00	14.00	13.00	20.75	14.75	14.75	13.75	13.75	12.75
Code enforcement	3.00	3.00	3.00	n/a						
Construction inspection	n/a	n/a	n/a	n/a	n/a	8.00	8.00	7.00	10.00	9.90
Construction management	6.00	6.00	6.00	1.34	n/a	n/a	n/a	n/a	n/a	n/a
Design	5.00	5.00	n/a							
Engineering	n/a	n/a	n/a	n/a	n/a	5.00	4.00	4.00	n/a	n/a
Highway (moved to S&RI Fund)	26.00	25.00	25.00	n/a						
Planning	8.25	6.00	6.00	6.00	10.00	8.00	8.00	7.00	7.00	7.00
Project management (fka:Public works)	n/a	3.00	6.25	10.00	6.50	5.25	0.75	0.75	0.30	0.50
Finance Group										
Finance	10.25	11.25	11.50	12.00	13.00	12.00	12.00	12.00	12.00	11.90
Municipal court	3.60	3.85	3.85	4.85	4.85	5.25	5.25	5.25	5.25	5.25
Parks and Recreational Group										
Landscaping	3.00	4.00	5.25	4.75	4.00	5.15	6.15	5.15	5.15	6.00
Tourism and festivals	n/a	n/a	n/a	2.45	2.25	4.80	4.50	4.35	3.60	3.60
Public Safety Group										
Police	129.20	131.00	133.00	133.50	133.50	138.25	143.50	145.50	145.50	143.25
Enterprise Funds										
Environmental Services Fund	n/a	17.00	22.00	26.00	26.00	26.80	24.75	26.75	27.25	27.90
Public Venue Fund (Athletics)	12.50	3.00	3.00	3.00	3.00	1.50	n/a	n/a	n/a	n/a
Renaud Spirit Center Fund	n/a	n/a	25.50	36.50	36.00	33.55	33.80	29.50	29.50	29.35
Renaud Spirit Center Fund (Fac Maint)	n/a	5.10	5.10	5.00						
Sewer System Fund	n/a	n/a	n/a	2.33	0.50	-	-	16.00	19.75	19.65
Water System Fund	n/a	n/a	n/a	0.84	0.50	-	-	22.00	18.90	17.05
Special Revenue Funds										
Community Development Block Grant Fund	n/a	n/a	n/a	1.00	0.85	0.85	0.85	0.85	0.85	0.90
Recreation Fund (Parks)	13.50	24.00	24.00	24.00	24.00	24.15	24.85	24.75	24.55	22.05
Recreation Fund (Rec.)	10.75	12.00	11.50	9.92	13.25	31.65	29.50	26.70	25.85	25.35
Recreation Fund (Facilities)	n/a	2.80	2.50	2.80						
Sewer Lateral Fund	n/a	0.10	0.20							
Storm Water Fund	n/a	n/a	n/a	n/a	n/a	n/a	1.00	4.00	4.95	5.10
Street and Rd Impr Fund (Fleet)	n/a	n/a	n/a	n/a	n/a	1.00	1.00	1.00	1.00	1.00
Street and Rd Impr Fund (Landscaping)	n/a	1.50	1.50	1.50						
Street and Rd Impr Fund (Proj Mgmt)	n/a	n/a	n/a	n/a	n/a	n/a	5.25	5.25	4.80	4.60
Street and Rd Impr Fund (Streets)	n/a	n/a	n/a	32.00	32.25	27.75	27.00	27.00	27.00	27.00
Total	285.90	313.80	346.70	371.23	380.85	399.25	396.70	440.70	438.85	430.50

Source: Finance Department

City of O'Fallon, Missouri
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen and Officers	97	102	102	102	102	103	104	108	108	106
Fire										
Number of Stations	5	5	5	5	5	5	5	5	5	5
Number of Firemen and Officers	54	54	54	54	54	54	54	51	51	54
Transit										
Miles of Streets	285	313	285	285	285	285	300	295	298	303
Number of Street Lights	3,990	3,990	3,990	3,990	5,322	5,322	5,063	5,063	4,624	4,626
Municipal Water Department										
Number of Households/Dwellings	9,587	10,369	10,241	11,400	11,400	11,700	11,986	12,086	12,245	12,250
Average Daily Consumption	3.1M gal/day	3.1M gal/day	3.1M gal/day	3.5M gal/day	6 M gal/day	6 M gal/day	5.32 M gal/day	3.32 M gal/day	3.62 M gal/day	3.75 M gal/day
Miles of Water Mains	144	135	149	153	153	161	174	174	175	175
Building										
Residential Building Permits Issued	1,457	1,260	1,108	1,000	794	806	394	369	367	274
Commercial Building Permits Issued	119	158	223	258	256	220	194	143	190	157
Recreation and Culture										
Park Acreage	452	452	460	460	452	460	460	460	460	460
Number of Libraries	2	2	2	2	2	2	3	3	3	3
Number of Volumes	224,120	271,819	271,819	272,000	271,098	271,098	304,570	303,724	303,769	296,338
City of O'Fallon Employees										
Permanent Full-Time	292	305	338	333	334	347	339	374	371	366
Part-Time and Seasonal	28	12	105	79	90	93	208	186	220	229

Source: Various City Departments

City of O'Fallon, Missouri
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles (est until 2004)	20	20	20	21	29	30	31	33	33	33
Communications										
Programs Produced	125	161	214	217	287	225	252	377	334	342
Transit										
Square Yards of Concrete Replaced	19,903	20,898	18,000	6,805	9,128	10,000	16,472	16,472	12,154	24,000
Tons of Asphalt Replaced	1,177	667	1,400	342	3,957	500	975	975	1,076	363
Miles of Street Swept	4,000	2,530	10,100	11,741	11,713	12,000	6,083	6,083	5,102	5,054
Municipal Water Department										
Power Consumption Dollars/Million Gallon Pumped	\$ 190	\$ 211	\$ 204	\$ 222	\$ 228	\$ 229	\$ 250	\$ 270	\$ 287	\$ 305
Salt Consumption/Million Gallon Pumped	0.50	0.28	0.35	0.32	0.64	0.65	0.62	0.61	0.65	0.66
Chlorine Consumption mg/C/Finished Water Pumped	1.8	2.4	2.3	1.6	2.3	2.5	2.6	2.7	2.7	2.9
Wastewater										
Biosolids Treatment Facility (Nature's Bend Fertilizer)	1	1	1	1	1	1	1	1	1	1
Power Consumption Dollars/Million Gallon Treated	\$ 73	\$ 74	\$ 80	\$ 83	\$ 86	\$ 87	\$ 97	\$ 104	\$ 175	\$ 155
Line Cleaning 127 miles/3 years = 42.3	23.0	31.8	41.0	45.3	55.2	56.8	56.5	57.4	68.7	70.3
Recreation and Culture										
Pools	1	1	2	2	2	2	2	2	2	2
Senior Center	1	1	1	1	1	1	1	1	1	1
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Cultural Art Center	1	1	1	1	1	1	1	1	1	1
Recreation Centers	n/a	n/a	1	1	1	1	1	1	1	1
Environmental Services										
Transfer Station	1	1	1	1	1	1	1	1	1	1
Trash/Recycling trucks	14	14	14	14	17	17	18	18	18	19

Source: Various City Departments

