



2012 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2012 • City of O'Fallon



City of O'Fallon, Missouri
Comprehensive Annual Financial Report



Fiscal Year Ended
December 31, 2012

Prepared By: Department of Finance

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Introduction

2012 Comprehensive Annual Financial Report

City of O'Fallon, Missouri



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

May 17, 2013

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, 2012 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, 2012, 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, 2012, 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 29.69 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 2012, as provided by the City's Economic Development Division, is 82,215 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, 4,900 employees; Fort Zumwalt School District, 2,700 employees; and MasterCard Intl. with 2,000 employees.

The City has experienced sluggish growth with a drop in median household income and property values over the past few years; although, the economy is showing signs of improvement. The Federal Reserve Bank of St. Louis released a report in October stating that the year-over-year home prices in Missouri have increased by 2.7%. The City has seen a 13% increase in the number of residential building permits issued for 2012 as compared to 2011 and expects this trend to continue.

The City's sales tax revenues increased by 5.8% in 2012 as compared to 2011. This increase is due to a few new retail establishments along with an increase in discretionary spending due to lower unemployment rates. The current unemployment rate is 5.3% compared to the high of 8.2% which occurred during the peak of the Great Recession in 2009. The City Council chose to maintain the City's general fund property tax rate for 2012, and as a result the property tax revenue remained constant 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 open for the 2013/2014 school year. 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 2012, City Council adopted a Strategic Plan prioritizing the City's goals. The goals listed are as follows: 1) focus on infrastructure, 2) facility improvement plans, 3) equipment replacement fund, 4) economic development, and 5) operational improvements.

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 is currently being designed and could include an outdoor classroom, trails, adventure playground and a lodge. The total cost for construction of this project is being developed and once completed 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. In addition to this campaign, the City's Economic Development Department is preparing a strategic plan which will result in a series of initiatives to promote Economic Development within the community.

In 2012, the City began a program to maintain streets at or above a 75 PCI (pavement condition index). In order to accomplish this, the City plans to replace 2,400 concrete slabs each year through the assistance of a temporary streets crew in addition to contract labor.

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, 2011. 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 2012. 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 Officials

Mayor

William Hennessy (2013*)

City Council

Ward 1

Bill Gardner (2014*)

Rick Lucas (2013*)

Ward 3

John Haman (2014*)

Richard Battelle (2013*)

Ward 5

Mike Pheney (2014*)

Mike Snowden (2013*)

Ward 2

Rose Mack (2014*)

Jim Pepper (2013*)

Ward 4

Bob Howell, President Pro Tem (2014*)

Jeff Schwentker (2013*)

City Administrator

Keith Riesberg

City Attorney

Kevin O'Keefe

City Judge

Larry Nesslage

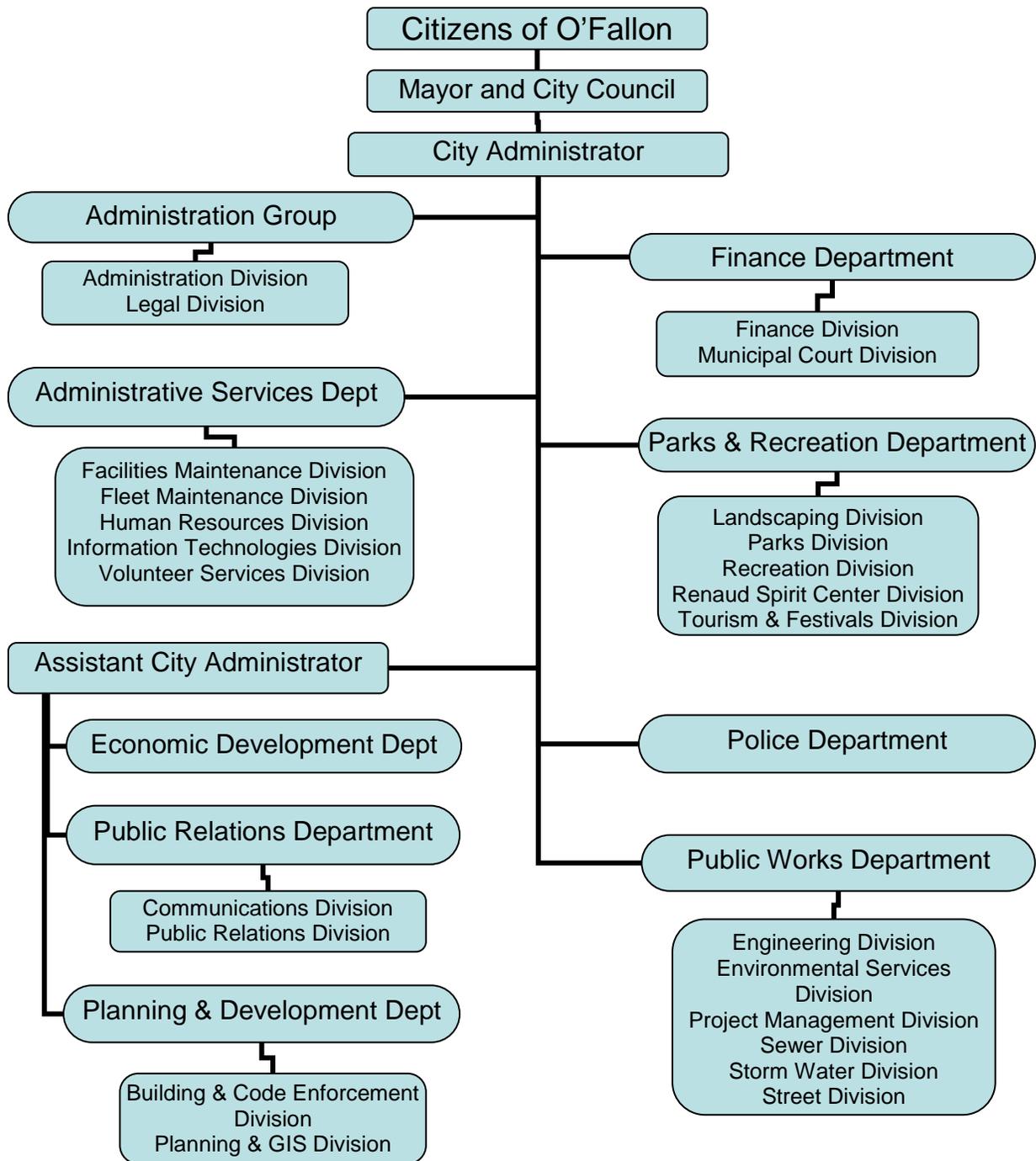
Finance Director

Vicki M. Boschert, CPA

Assistant City Administrator..... Lenore Toser-Aldaz
City Clerk..... Pam Clement
Public Works Director Steve Bender
Planning & Development Director David Woods
Chief of Police Roy J. Joachimstaler
Administrative Services Director..... John Griesenauer
Parks and Recreation Director Cindy Springer
Economic Development Director Mike Hurlbert
Communications Director..... Tom Drabelle

* Denotes term expiration, all terms expire in April.

City of O'Fallon, Missouri Organizational Chart 2012 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, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



Financials

2012 Comprehensive Annual Financial Report

City of O'Fallon, Missouri



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

INDEPENDENT AUDITOR'S REPORT

May 17, 2013

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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Independent Accounting Firms

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplemental Information

Accounting principles generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information and introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic 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.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013 on our consideration of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

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*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

City of O’Fallon, Missouri

Management’s Discussion and Analysis

Fiscal Year Ended December 31, 2012

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 2012. 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 \$167,859,153 (net position). Of this amount, \$24,827,126 is considered unrestricted. The unrestricted net position of the City’s governmental activities is \$11,332,948 and may be used to meet the City’s ongoing obligations. The unrestricted net position of the City’s business-type activities is \$13,494,178 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 position of the City (assets less liabilities) at December 31, 2012 increased \$9,272,412 (as restated) from \$158,586,741 to \$167,859,153 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 \$34,035,942. Approximately 51% of this total amount, \$17,117,352, 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 \$17,117,352, or 68% of total General Fund expenditures.
- The City’s total long-term debt decreased by a net amount of \$5,498,540, or 4%, 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.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2012

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.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2012

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*.

The City maintains eleven 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 six 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.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2012

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.

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 Position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$167,859,153 at the close of the most recent fiscal year.

The City’s net investment in capital assets (land, construction in progress, buildings, equipment, improvements, and infrastructure) totals \$113,264,145. 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, 2012

City of O'Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 40,128,763	\$ 38,465,770	\$ 20,145,175	\$ 25,411,011	\$ 60,273,938	\$ 63,876,781
Long-term receivables	9,043,071	9,051,518	-	-	9,043,071	9,051,518
Capital assets	130,192,911	127,641,089	91,578,747	91,828,006	221,771,658	219,469,095
Total Assets	179,364,745	175,158,377	111,723,922	117,239,017	291,088,667	292,397,394
Deferred Outflow of Resources						
Deferred on refunding	2,068,499	-	648,184	-	2,716,683	-
Liabilities						
Long-term liabilities outstanding	65,756,858	65,926,711	52,211,785	57,540,472	117,968,643	123,467,183
Other liabilities	5,364,705	6,150,056	2,063,457	2,749,538	7,428,162	8,899,594
Total Liabilities	71,121,563	72,076,767	54,275,242	60,290,010	125,396,805	132,366,777
Deferred Inflow of Resources						
Deferred on refunding	-	-	549,392	-	549,392	-
Net Position						
Net Investment in Capital Assets	73,702,113	68,770,758	39,562,032	34,385,628	113,264,145	103,156,386
Restricted	25,276,620	24,251,770	4,491,262	8,043,429	29,767,882	32,295,199
Unrestricted	11,332,948	10,059,082	13,494,178	14,519,950	24,827,126	24,579,032
Total Net Position	\$ 110,311,681	\$ 103,081,610	\$ 57,547,472	\$ 56,949,007	\$ 167,859,153	\$ 160,030,617

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2012

An additional portion of the City’s net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$24,827,126 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 position 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 Position. The City’s total net position increased by \$9,272,412. This increase in net position is a result of continued economic growth. The City’s population increased by an estimated 1,355 residents. There were 310 residential construction permits issued along with 143 commercial construction units. Key elements to the changes in net position follow:

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2012

City of O'Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 4,406,423	\$ 4,303,465	\$ 18,678,696	\$ 19,489,229	\$ 23,085,119	\$ 23,792,694
Operating grants and contributions	768,008	1,237,034	-	-	768,008	1,237,034
Capital grants and contributions	6,610,148	6,377,277	680,264	411,556	7,290,412	6,788,833
General revenues:						
Property taxes	9,374,106	7,775,961	-	-	9,374,106	7,775,961
Sales taxes	24,450,948	22,277,141	-	-	24,450,948	22,277,141
Franchise and public	7,626,786	8,151,613	-	-	7,626,786	8,151,613
Other	881,326	969,490	310,740	391,876	1,192,066	1,361,366
Total Revenues	54,117,745	51,091,981	19,669,700	20,292,661	73,787,445	71,384,642
Expenses						
General government	14,492,684	12,176,877	-	-	14,492,684	12,176,877
Public safety	11,967,365	11,842,453	-	-	11,967,365	11,842,453
Highways and streets	8,779,301	8,791,469	-	-	8,779,301	8,791,469
Community development	2,588,611	2,500,168	-	-	2,588,611	2,500,168
Parks and recreation	5,078,873	4,858,132	-	-	5,078,873	4,858,132
Municipal court	389,551	391,789	-	-	389,551	391,789
Interest on long-term debt	2,690,466	3,237,204	-	-	2,690,466	3,237,204
Water	-	-	4,966,655	4,280,128	4,966,655	4,280,128
Sewer	-	-	6,791,346	6,843,295	6,791,346	6,843,295
Environmental services	-	-	4,019,191	4,173,979	4,019,191	4,173,979
Renaud Spirit Center	-	-	2,229,539	2,082,716	2,229,539	2,082,716
Public venue	-	-	521,451	534,896	521,451	534,896
Total Expenses	45,986,851	43,798,092	18,528,182	17,915,014	64,515,033	61,713,106
Increase in Net Position						
Before Transfers	8,130,894	7,293,889	1,141,518	2,377,647	9,272,412	9,671,536
Transfers	(293,750)	503,116	293,750	(503,116)	-	-
Increase in Net Position	7,837,144	7,797,005	1,435,268	1,874,531	9,272,412	9,671,536
Net Position - Beginning of Year	103,081,610	95,284,605	56,949,007	55,074,476	160,030,617	150,359,081
Prior Period Adjustment	(607,073)	-	(836,803)	-	(1,443,876)	-
Net Position - Beginning of Year as Restated	102,474,537	95,284,605	56,112,204	55,074,476	158,586,741	150,359,081
Net Position - End of Year	\$110,311,681	\$ 103,081,610	\$ 57,547,472	\$ 56,949,007	\$ 167,859,153	\$ 160,030,617

City of O'Fallon, Missouri

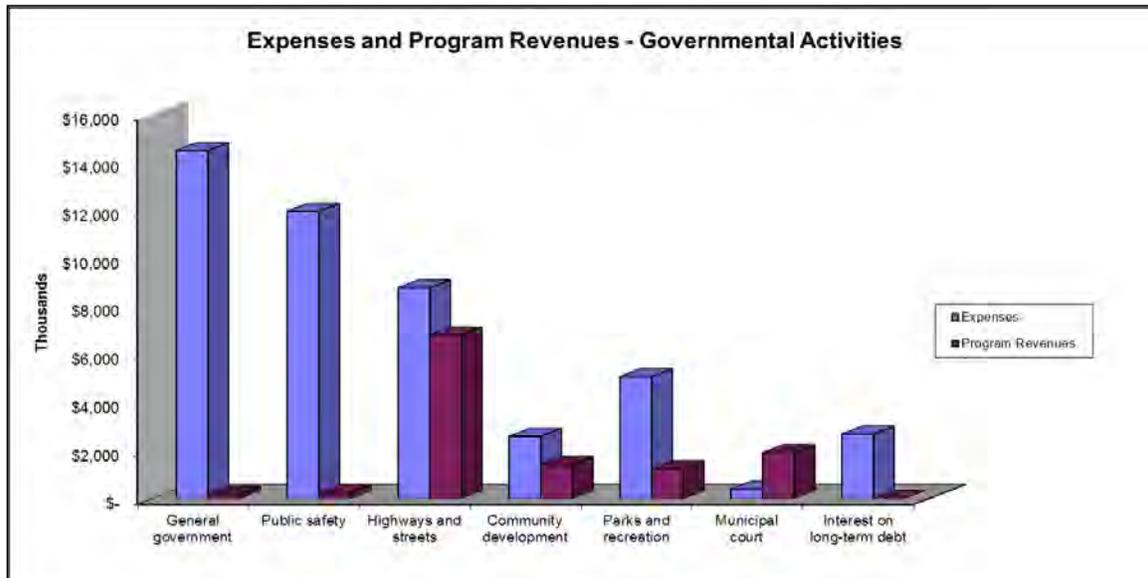
Management's Discussion and Analysis

Fiscal Year Ended December 31, 2012

Governmental activities. Governmental activities increased the City's net position by \$7,837,144, thereby accounting for 85% of the total growth in the net position of the City.

- There was an increase in sales tax revenue of \$2,173,807 due to an increase in sales in 2012.
- There was an increase in property tax revenue of \$1,598,145 due to an increase in the property tax rate in 2012.
- There was a decrease in gross receipts tax of \$524,827 since the City received a settlement from T-Mobile in 2011 for \$571,220.
- The City has received monies from the County Transportation Fund and the Missouri Highway Department of Transportation to reimburse itself for costs relating to Main St. signal upgrades, Laura Hill/Feise, the Hwy 79 Outer Road, West Terra phases 2 and 3, Crusher Road Extension, Elaine Dr. widening, Bryan Rd intersections, Mexico Rd intersection improvements, Veterans Memorial Parkway at Woodlawn, Feise Rd trails/sidewalks, and the Southside loop trail. During fiscal year 2012 this amounted to \$1,142,743 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.

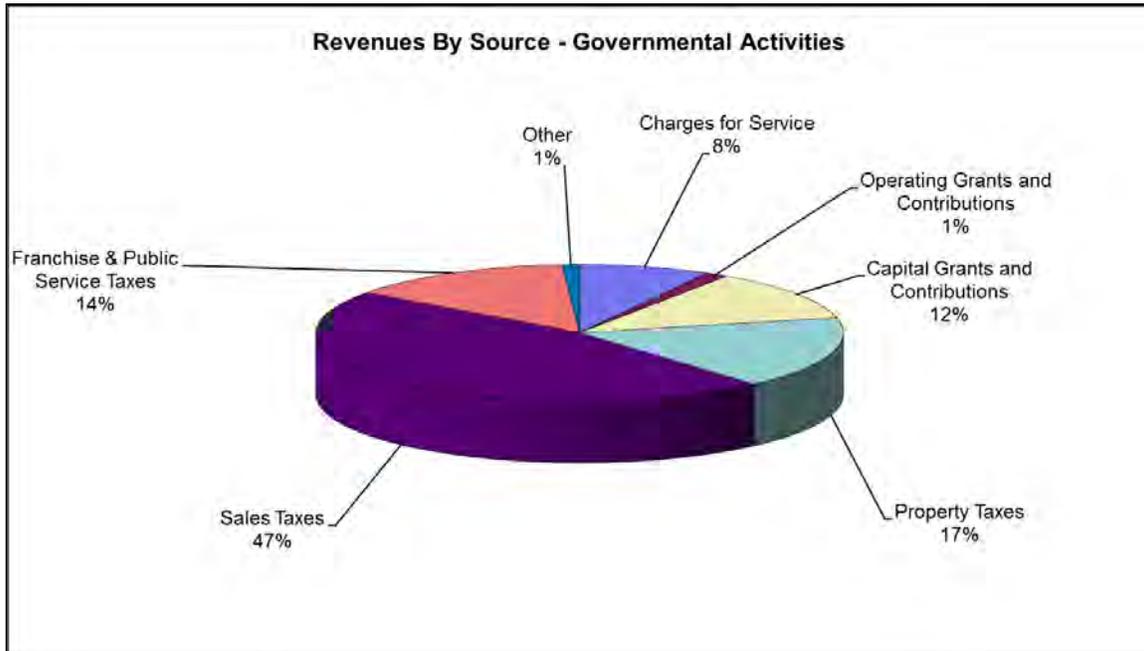


City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2012

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



Business-type activities. Business-type activities increased the City's position by \$1,435,268 accounting for 15% of the total growth in the City's net position.

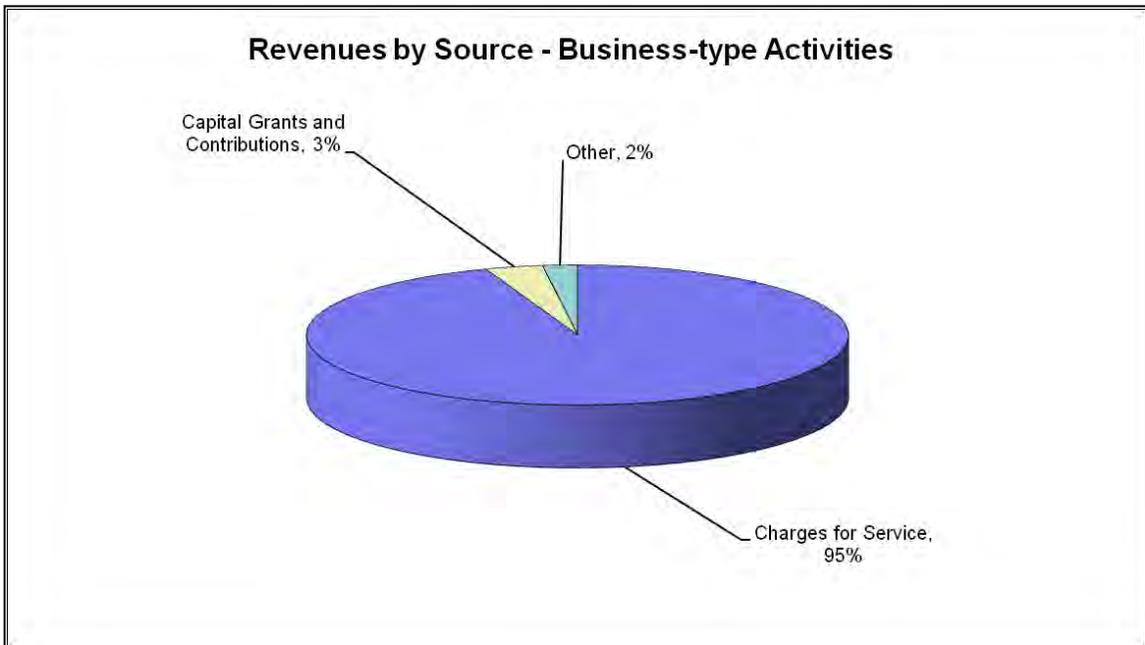
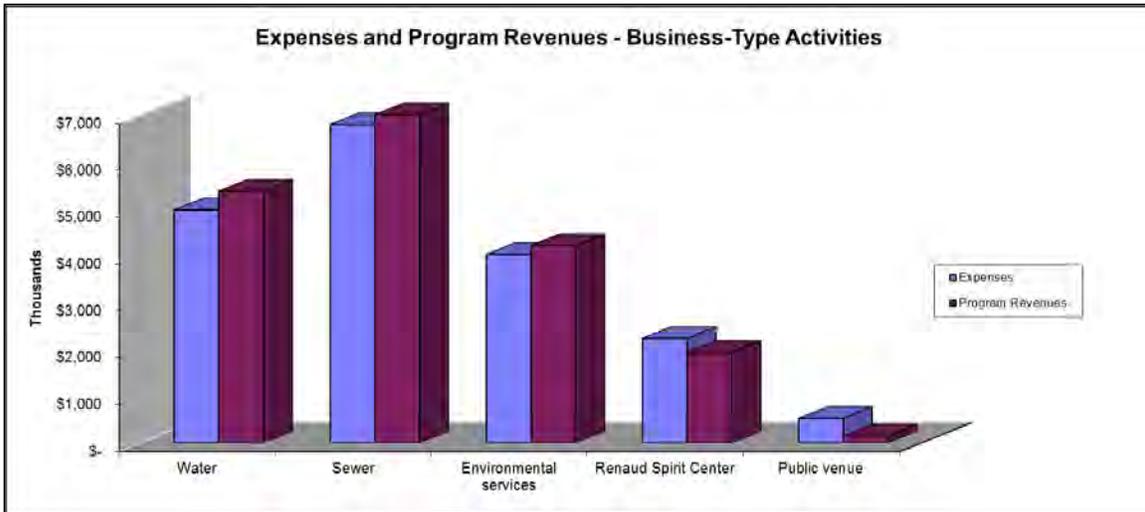
Following are charts comparing program revenues and expenses by individual business-type activity and the percent of the total for each source of revenue supporting business-type activities for the current year.

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, 2012



City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2012

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 \$34,035,942, an increase of \$3,030,931 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 indicates that it is not available for spending because it has already been committed for encumbrances, debt service, grants, 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 \$17,117,352 while total fund balance was \$18,024,003. 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 68% of total General Fund expenditures, while total fund balance represents 72% of that same amount.

The fund balance of the City's General Fund increased by \$1,738,677 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales tax revenues increased by \$608,584.
- ◆ Property taxes increased by \$539,982.

Street & Road Improvement Fund. The Street & Road Improvement Fund has a total fund balance of \$3,973,510, all of which is restricted or nonspendable for street improvements. Restricted fund balance represents 31% of total Street & Road Improvement Fund expenditures. Street improvement projects included improvements to Main St. signal upgrades, Laura Hill/Feise, the Hwy 79 Outer Road, West Terra phases 2 and 3, Crusher Road Extension, Elaine Dr. widening, Bryan Rd intersections, Mexico Rd intersection improvements, Veterans Memorial Parkway at Woodlawn, Feise Rd trails/sidewalks, and the Southside loop trail.

The fund balance of the City's Street & Road Improvement fund increased by \$146,392 during the current fiscal year. Important factors to note are as follows:

- ◆ Intergovernmental revenue decreased by \$1,469,336 to cover the cost of certain road projects.
- ◆ Taxes increased by \$1,235,783.
- ◆ Spending increased by \$24,330 for highway projects.

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2012

- ◆ Operating costs decreased by \$172,777 since there was less snow plowing than anticipated.

Recreation Fund. The Recreation Fund has a total fund balance of \$3,264,084, all of which is restricted or unspendable for the City's parks and recreation program. Restricted fund balance represents 74% of total Recreation Fund expenditures.

The fund balance of the City's Recreation fund increased by \$858,437 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales taxes decreased by \$473,767. This sales tax is shared with the Storm Water fund, which received a smaller portion of the sales taxes in 2012.
- ◆ Parks and Recreation capital expenditures decreased by \$1,313,570 due to the completion of the new playground area at Westhoff Park and maintenance building at Sports Park.

Storm Water Fund. The Storm Water Fund was created in 2009 and has a total fund balance of \$2,017,372, all of which is restricted for the City's storm water program. Restricted fund balance represents 134% of total Storm Water Fund expenditures.

The fund balance of the City's Storm Water Fund decreased by \$201,057 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales taxes decreased by \$144,593. This sales tax is shared with the Recreation fund, which received a larger portion of the sales taxes in 2012.
- ◆ Spending decreased by \$498,998 as projects were completed.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$5,738,518, all of which is restricted or nonspendable for the payment of debt service. Restricted fund balance represents 202% of total Debt Service Fund expenditures.

The fund balance of the City's Debt Service Fund increased by \$337,736 during the current fiscal year. Important factors to note are as follows:

- ◆ Property taxes increased by \$1,156,820 due to an increase in the property tax rate.

Nonmajor Governmental Funds. The fund balance of the City's nonmajor funds increased by \$150,746 during the current fiscal year. Important factors to note are as follows:

- ◆ There was an operating transfer from the Transient Guest Tax Fund to the Public Venue Fund in the amount of \$393,750.
- ◆ Community Development Block Grant revenues increased by \$169,657.

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2012

Budgetary Highlights - General Fund. Differences between the original budget and the final amended budget for expenditures resulted in a 0.04% increase.

During the year, actual expenditures were less than budgetary estimates, resulting in an actual increase in fund balance of \$2,123,514. The City's fund balance on a budget basis at the end of the current year was \$17,857,410.

Financial Analysis of the City's Proprietary Funds

Water Fund. Unrestricted net position of the Water Fund at the end of the year amounted to \$4,209,095. The change in unrestricted net position for the current year was a decrease of \$254,871.

Sewer Fund. Unrestricted net position of the Sewer Fund at the end of the year amounted to \$7,408,975. The change in unrestricted net position for the current year was a decrease of \$506,834.

Environmental Services Fund. Unrestricted net position of the Environmental Services Fund at the end of the year amounted to \$1,330,597. The change in unrestricted net position for the current year was a decrease of \$196,620.

Renaud Spirit Center Fund. Unrestricted net position of the Renaud Spirit Center Fund at the end of the year amounted to \$363,682. The change in unrestricted net position for the current year was a decrease of \$43,484.

Public Venue Fund. Unrestricted net position of the Public Venue Fund at the end of the year amounted to \$181,829. The change in unrestricted net position for the current year was a decrease of \$23,963.

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, 2012, amounts to \$221,771,658 (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 1% (a 2% 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, 2012

City of O'Fallon's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 14,101,564	\$ 14,034,595	\$ 1,365,654	\$ 1,299,747	\$ 15,467,218	\$ 15,334,342
Construction in progress	3,867,369	5,696,621	583,682	887,253	4,451,051	6,583,874
Buildings	10,688,933	10,675,784	38,172,859	40,014,954	48,861,792	50,690,738
Improvements	4,555,138	4,441,798	-	-	4,555,138	4,441,798
Equipment	4,980,975	3,901,739	27,214,484	27,680,457	32,195,459	31,582,196
Infrastructure	91,998,932	88,890,552	24,242,068	21,945,595	116,241,000	110,836,147
Total	\$ 130,192,911	\$ 127,641,089	\$ 91,578,747	\$ 91,828,006	\$ 221,771,658	\$ 219,469,095

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 \$112,931,949. Of this amount \$25,995,000 comprised debt backed by the full faith and credit of the City. The remainder of the debt includes \$365,000 in revenue bonds, \$33,250,000 in certificates of participation, \$4,828,652 in TIF obligations, \$40,235,000 in Special Obligation bonds, \$1,500,000 in SIB Loan, \$6,575,797 in capital lease obligations and \$182,500 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 25,995,000	\$ 27,690,000	\$ -	\$ -	\$ 25,995,000	\$ 27,690,000
Revenue bonds	-	-	365,000	705,000	365,000	705,000
Certificates of participation	6,423,200	12,688,100	26,826,800	48,221,900	33,250,000	60,910,000
TIF obligations	4,828,652	4,504,063	-	-	4,828,652	4,504,063
Special Obligation bonds	22,082,975	19,385,000	18,152,025	2,475,000	40,235,000	21,860,000
SIB Loan	1,500,000	-	-	-	1,500,000	-
Capital lease obligations	64,586	92,266	6,511,211	6,685,040	6,575,797	6,777,306
Due to Other Govt Entities	-	-	182,500	352,500	182,500	352,500
Total	\$ 60,894,413	\$ 64,359,429	\$ 52,037,536	\$ 58,439,440	\$ 112,931,949	\$ 122,798,869

The City's total debt decreased by \$9,866,920 (8%) during the current fiscal year.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2012

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 \$156,031,457, which is significantly in excess of the City’s outstanding general obligation debt of \$25,995,000.

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 2013 fiscal year:

- ◆ Property tax values will increase by 0.5%
- ◆ 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.

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BASIC FINANCIAL STATEMENTS

City of O'Fallon, Missouri
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 27,499,328	\$ 12,430,275	\$ 39,929,603
Receivables (net):			
Taxes	8,640,178	-	8,640,178
Services	-	2,980,225	2,980,225
Municipal court	885,098	-	885,098
Intergovernmental	654,160	-	654,160
Other	179,058	-	179,058
Prepaid assets	468,197	243,413	711,610
Inventories	6,063	-	6,063
Cash and investments - restricted	1,796,681	4,491,262	6,287,943
Long-term receivables	9,043,071	-	9,043,071
Capital assets:			
Nondepreciable	17,968,933	1,949,336	19,918,269
Depreciable, net	112,223,978	89,629,411	201,853,389
Total Assets	179,364,745	111,723,922	291,088,667
Deferred Outflow of Resources			
Deferred amounts from refunding of debt	2,068,499	648,184	2,716,683
Liabilities			
Accounts payable	4,124,216	1,118,017	5,242,233
Accrued interest	810,638	449,527	1,260,165
Other accrued liabilities	105,450	-	105,450
Unearned revenues	324,401	222,493	546,894
Deposits and escrow funds	-	273,420	273,420
Long-term liabilities:			
Due within one year	6,673,757	4,686,815	11,360,572
Due in more than one year	56,556,166	47,524,970	104,081,136
Due in more than one year - OPEB obligation	2,526,935	-	2,526,935
Total Liabilities	71,121,563	54,275,242	125,396,805
Deferred Inflow of Resources			
Deferred amounts from refunding of debt	-	549,392	549,392
Net Position			
Net investment in capital assets	73,702,113	39,562,032	113,264,145
Restricted for:			
Grants	218,792	-	218,792
Street & Road Improvement	11,982,716	-	11,982,716
Sewer Lateral	423,934	-	423,934
Public Safety	81,616	-	81,616
Parks and Recreation	3,778,947	-	3,778,947
Debt Service	7,075,712	4,491,262	11,566,974
Waterbury CID	207,736	-	207,736
Storm Water	1,507,167	-	1,507,167
Unrestricted	11,332,948	13,494,178	24,827,126
Total Net Position	\$ 110,311,681	\$ 57,547,472	\$ 167,859,153

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Activities
For The Year Ended December 31, 2012

Functions	Expenses	Program Revenues			Net Revenue (Expense) And Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 14,492,684	\$ 184,584	\$ 373	\$ 771	\$ (14,306,956)	\$ -	\$ (14,306,956)
Public safety	11,967,365	31,963	212,248	-	(11,723,154)	-	(11,723,154)
Highways and streets	8,779,301	-	254,890	6,550,874	(1,973,537)	-	(1,973,537)
Community development	2,588,611	1,065,345	282,847	58,503	(1,181,916)	-	(1,181,916)
Parks and recreation	5,078,873	1,212,487	17,650	-	(3,848,736)	-	(3,848,736)
Municipal court	389,551	1,912,044	-	-	1,522,493	-	1,522,493
Interest on long-term debt	2,690,466	-	-	-	(2,690,466)	-	(2,690,466)
Total Governmental Activities	45,986,851	4,406,423	768,008	6,610,148	(34,202,272)	-	(34,202,272)
Business-Type Activities							
Water	4,966,655	5,067,517	-	300,312	-	401,174	401,174
Sewer	6,791,346	7,324,794	-	378,249	-	911,697	911,697
Environmental services	4,019,191	4,211,007	-	-	-	191,816	191,816
Renaud Spirit Center	2,229,539	1,928,922	-	1,703	-	(298,914)	(298,914)
Public venue	521,451	146,456	-	-	-	(374,995)	(374,995)
Total Business-Type Activities	18,528,182	18,678,696	-	680,264	-	830,778	830,778
Total Government	\$ 64,515,033	\$ 23,085,119	\$ 768,008	\$ 7,290,412	(34,202,272)	830,778	(33,371,494)
General Revenues							
Property taxes levied for:							
General purposes							
					6,029,850	-	6,029,850
Sewer Lateral							
					130,634	-	130,634
Debt service							
					3,213,622	-	3,213,622
Sales tax levied for:							
General purposes							
					11,013,369	-	11,013,369
Transportation purposes							
					8,028,939	-	8,028,939
Recreation							
					4,100,034	-	4,100,034
Storm Water							
					1,308,606	-	1,308,606
Franchise and public service taxes							
					7,626,786	-	7,626,786
Grants and contributions not restricted to specific programs							
					-	199,068	199,068
Investment earnings							
					53,134	97,189	150,323
Gain on sale of capital assets							
					55,263	14,483	69,746
Other revenues							
					772,929	-	772,929
Transfers							
					(293,750)	293,750	-
Total General Revenues and Transfers							
					42,039,416	604,490	42,643,906
Changes in Net Position							
					7,837,144	1,435,268	9,272,412
Net Position - Beginning of Year							
					103,081,610	56,949,007	160,030,617
Restatement							
					(607,073)	(836,803)	(1,443,876)
Net Position - Beginning of Year as Restated							
					102,474,537	56,112,204	158,586,741
Net Position - End of Year							
					\$ 110,311,681	\$ 57,547,472	\$ 167,859,153

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Balance Sheet
Governmental Funds
December 31, 2012

	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	\$ -	\$ 826,129	\$ 860	\$ -	\$ -	\$ -	\$ -	\$ 826,989
Restricted	459,487	-	-	510,205	-	-	-	969,692
Unrestricted	15,577,497	2,132,189	2,979,949	1,459,547	4,489,081	861,065	-	27,499,328
Inventories	6,063	-	-	-	-	-	-	6,063
Receivables:								
Property taxes	2,729,600	-	-	-	1,495,011	-	-	4,224,611
Other taxes	2,312,839	1,218,894	568,255	191,953	-	167,130	-	4,459,071
Municipal court	885,098	-	-	-	-	-	-	885,098
Intergovernmental	21,532	628,367	4,261	-	-	-	-	654,160
Other	13,498	-	86,577	-	-	78,983	-	179,058
Due from other funds	36,897	-	-	-	-	-	-	36,897
Prepaid assets	365,418	52,819	45,011	3,427	-	1,522	-	468,197
Total Assets	\$ 22,407,929	\$ 4,858,398	\$ 3,684,913	\$ 2,165,132	\$ 5,984,092	\$ 1,108,700	\$ -	\$ 40,209,164
Liabilities								
Accounts payable	\$ 1,938,383	\$ 549,732	\$ 299,648	\$ 133,329	\$ -	\$ 46,160	\$ -	\$ 2,967,252
Accrued wages and leave payable	926,830	109,663	103,142	14,431	-	2,898	-	1,156,964
Municipal court appearance bonds payable	105,450	-	-	-	-	-	-	105,450
Due to Other Funds	-	-	-	-	-	36,897	-	36,897
Total Liabilities	2,970,663	659,395	402,790	147,760	-	85,955	-	4,266,563
Deferred Inflows of Resources								
Unavailable revenue:								
Property taxes	447,296	-	-	-	245,574	4,290	-	697,160
Municipal court	885,098	-	-	-	-	-	-	885,098
Program	80,869	225,493	18,039	-	-	-	-	324,401
Total Deferred Inflows Of Resources	1,413,263	225,493	18,039	-	245,574	4,290	-	1,906,659
Fund Balances								
Nonspendable - supplies & prepaids								
Supplies	6,063	-	-	-	-	-	-	6,063
Prepaid assets	365,418	52,819	45,011	3,427	-	1,522	-	468,197
Restricted - externally imposed or law								
Debt Covenants - Bond cash accounts	-	826,129	860	510,205	4,489,081	-	-	5,826,275
Grant Savings Account	197,046	-	-	-	-	-	-	197,046
Police Grants	21,532	-	-	-	-	-	-	21,532
CDBG Grant	-	-	-	-	-	214	-	214
Street & Road Improvement	-	3,094,562	-	-	-	-	-	3,094,562
Sewer Lateral	-	-	-	-	-	420,880	-	420,880
Public Safety	-	-	-	-	-	81,616	-	81,616
Parks and Recreation	-	-	3,218,213	-	-	514,223	-	3,732,436
Debt Service	-	-	-	-	1,249,437	-	-	1,249,437
Storm Water	-	-	-	1,503,741	-	-	-	1,503,741
Committed - Council committed or contracts								
Purchase Orders over \$75,000 (resolution)	23,920	-	-	-	-	-	-	23,920
Council's reserve on FB for capital	150,000	-	-	-	-	-	-	150,000
Assigned - intent for specific purpose								
Encumbrances, less contracts by resolution	142,672	-	-	-	-	-	-	142,672
Unassigned	17,117,352	-	-	-	-	-	-	17,117,352
Total Fund Balances	18,024,003	3,973,510	3,264,084	2,017,373	5,738,518	1,018,455	-	34,035,942
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 22,407,929	\$ 4,858,398	\$ 3,684,913	\$ 2,165,132	\$ 5,984,092	\$ 1,108,700	\$ -	\$ 40,209,164

*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 Position
December 31, 2012

Total fund balance - governmental funds \$ 34,035,942

Amounts reported for governmental activities in the statement of net position 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. 9,043,071

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$201,778,283 and the accumulated depreciation is \$71,585,372. 130,192,911

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. 1,538,754

Net OPEB obligation liability was recorded in compliance with GASB 45. (2,526,935)

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 position. 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, 2012 are:

Accrued compensated absences and vacation	(686,234)
Claims and judgements	(1,224,300)
Accrued interest on outstanding debts	(810,638)
Debt and notes payable	(60,894,413)
Unamortized debt premium	(424,976)
Unamortized deferred refunding	2,068,499
	<u>2,068,499</u>

Total Net Position Of Governmental Activities **\$ 110,311,681**

*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, 2012

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Street & Road Improvement	Recreation	Storm Water	Debt Service	Other Governmental Funds	
Revenues							
Taxes	\$ 24,144,763	\$ 8,028,939	\$ 4,100,034	\$ 1,308,606	\$ 3,184,977	\$ 745,884	\$ 41,513,203
Intergovernmental	212,622	3,018,720	17,650	-	-	353,601	3,602,593
Licenses and permits	954,876	-	-	-	-	-	954,876
Charges for services	386,966	-	1,131,244	-	-	-	1,518,210
Fines and forfeitures	1,825,694	-	-	-	-	47,656	1,873,350
Investment earnings	6,886	46,019	422	(81)	(81)	(31)	53,134
Miscellaneous	471,577	174,637	120,471	122	-	6,122	772,929
Total Revenues	28,003,384	11,268,315	5,369,821	1,308,647	3,184,896	1,153,232	50,288,295
Expenditures							
Current:							
General government	7,596,062	-	-	470,560	1,360	94,556	8,162,538
Public safety	11,436,095	-	-	-	-	51,903	11,487,998
Highways and streets	-	4,920,225	-	-	-	-	4,920,225
Community development	2,259,510	-	-	-	-	283,615	2,543,125
Parks and recreation	953,195	-	3,577,767	-	-	98,946	4,629,908
Municipal court	388,695	-	-	-	-	-	388,695
Capital outlay	1,756,142	4,697,736	810,583	727,024	-	79,716	8,071,201
Debt service:							
Principal retirement	670,000	2,275,000	32,400	250,000	1,695,000	-	4,922,400
Interest	83,638	833,066	12,112	62,120	1,150,800	-	2,141,736
Issuance costs	-	45,086	1,482	-	-	-	46,568
Total Expenditures	25,143,337	12,771,113	4,434,344	1,509,704	2,847,160	608,736	47,314,394
Revenues Over (Under) Expenditures	2,860,047	(1,502,798)	935,477	(201,057)	337,736	544,496	2,973,901
Other Financing Sources (Uses)							
Proceeds from bond issuance	-	5,762,500	162,875	-	-	-	5,925,375
Proceeds from bond premium	-	48,258	1,362	-	-	-	49,620
Payment to escrow agent	-	(7,005,159)	(192,577)	-	-	-	(7,197,736)
Proceeds from loan	-	1,500,000	-	-	-	-	1,500,000
Payment from Waterbury CID	18,258	-	-	-	-	-	18,258
Transfers in	-	1,330,000	-	-	-	-	1,330,000
Transfers out	(1,180,000)	-	(50,000)	-	-	(393,750)	(1,623,750)
Sale of capital assets	40,372	13,591	1,300	-	-	-	55,263
Total Other Financing Sources (Uses)	(1,121,370)	1,649,190	(77,040)	-	-	(393,750)	57,030
Net Changes in Fund Balances	1,738,677	146,392	858,437	(201,057)	337,736	150,746	3,030,931
Fund Balances							
Beginning of year	16,285,326	3,827,118	2,405,647	2,218,429	5,400,782	867,709	31,005,011
End of Year	\$ 18,024,003	\$ 3,973,510	\$ 3,264,084	\$ 2,017,372	\$ 5,738,518	\$ 1,018,455	\$ 34,035,942

*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, 2012

Net change in fund balances - total governmental funds \$ 3,030,932

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	5,177,996	
Donated capital assets	3,787,045	
Depreciation expense	<u>(6,413,219)</u>	2,551,822

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	(324,589)	
Bonds issued	(5,925,375)	
Proceeds from loan payable	(1,500,000)	
Repayment to escrow agent	7,197,736	
Repayment of capital lease payable	27,680	
Repayment of debt principal	<u>4,922,400</u>	4,397,852

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	54,586	
Compensated absences	(50,580)	
Claims and judgements	(1,224,300)	
Premium on debt issuance	(49,620)	
Amortization expense	<u>(232,159)</u>	(1,502,073)

OPEB expense was recorded in compliance with GASB 45. (610,272)

Long-term receivable for advanced funding for the Waterbury CID project. (8,447)

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. (22,669)

Change in Net Position of Governmental Activities \$ 7,837,145

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2012

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Assets						
Current assets:						
Cash and cash equivalents:						
Held by trustee	\$ 498,762	\$ 2,709,099	\$ 625,749	\$ -	\$ 446,152	\$ 4,279,762
Restricted	-	211,500	-	-	-	211,500
Unrestricted	4,253,133	6,695,975	809,358	524,442	147,367	12,430,275
Receivables:						
Charges for services:						
Billed	404,397	897,335	343,774	-	-	1,645,506
Unbilled	233,612	470,508	397,112	-	-	1,101,232
Other	34,300	137,277	-	206	61,704	233,487
Prepaid assets	85,208	70,009	70,576	11,886	5,734	243,413
Total Current Assets	5,509,412	11,191,703	2,246,569	536,534	660,957	20,145,175
Noncurrent assets:						
Capital assets	41,564,180	78,834,734	7,939,662	10,732,443	6,018,955	145,089,974
Less: Accumulated depreciation	12,724,672	29,181,682	5,297,806	2,349,975	3,957,092	53,511,227
Total Noncurrent Assets	28,839,508	49,653,052	2,641,856	8,382,468	2,061,863	91,578,747
Total Assets	34,348,920	60,844,755	4,888,425	8,919,002	2,722,820	111,723,922
Deferred Outflow of Resources						
Deferred amounts from refunding of debt	42,838	216,511	116,925	-	271,910	648,184
Liabilities						
Current liabilities:						
Accounts payable	430,546	339,983	244,955	101,525	1,008	1,118,017
Accrued Interest	106,654	299,416	11,489	-	31,968	449,527
Deposits payable	204,805	68,615	-	-	-	273,420
Accrued compensated absences	25,250	26,565	33,779	10,684	-	96,278
Unearned revenue: connection charges	34,300	127,550	-	-	-	161,850
Unearned revenue: program revenue	-	-	-	60,643	-	60,643
Current portion of due to other governmental entities	-	182,500	-	-	-	182,500
Current portion of revenue bonds payable	-	365,000	-	-	-	365,000
Current portion of certificates of participation payable	222,060	1,412,940	15,000	-	350,000	2,000,000
Current portion of special obligation payable	632,000	437,863	163,137	-	9,875	1,242,875
Current portion of capital leases payable	318,137	954	478,869	2,202	-	800,162
Total Current Liabilities	1,973,752	3,261,386	947,229	175,054	392,851	6,750,272
Noncurrent liabilities:						
Certificates of participation payable, less current maturities and bond discount	4,488,862	17,882,589	265,000	-	2,109,571	24,746,022
Special Obligation payable, less current maturities and bond discount	10,239,872	6,250,470	530,098	-	47,458	17,067,898
Capital leases payable, less current portion	4,888,111	2,465	817,539	2,935	-	5,711,050
Total Noncurrent Liabilities	19,616,845	24,135,524	1,612,637	2,935	2,157,029	47,524,970
Total Liabilities	21,590,597	27,396,910	2,559,866	177,989	2,549,880	54,275,242
Deferred Inflow of Resources						
Deferred amounts from refunding of debt	359,286	183,164	-	-	6,942	549,392
Net Position						
Net investment in capital assets	7,734,018	23,151,618	489,138	8,377,331	(190,073)	39,562,032
Restricted for:						
Debt service	498,762	2,920,599	625,749	-	446,152	4,491,262
Unrestricted	4,209,095	7,408,975	1,330,597	363,682	181,829	13,494,178
Total Net Position	\$ 12,441,875	\$ 33,481,192	\$ 2,445,484	\$ 8,741,013	\$ 437,908	\$ 57,547,472

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For The Year Ended December 31, 2012

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Operating Revenues						
Refuse and recycling service charges	\$ -	\$ -	\$ 4,206,455	\$ -	\$ -	\$ 4,206,455
Recreation program sales	-	-	-	1,908,232	-	1,908,232
Water sales	4,661,134	-	-	-	-	4,661,134
Connection charges	301,303	180,000	-	-	-	481,303
Sewer service charges	-	7,046,372	-	-	-	7,046,372
Lease payments	88,941	87,422	-	-	116,667	293,030
Miscellaneous	16,139	11,000	4,552	20,690	29,789	82,170
Total Operating Revenues	5,067,517	7,324,794	4,211,007	1,928,922	146,456	18,678,696
Operating Expenses						
Contractual services	254,108	378,391	51,769	37,476	26,798	748,542
General government	1,290,575	1,777,215	1,927,064	1,665,044	12,622	6,672,520
Utilities	661,806	670,000	916,243	189,793	3,712	2,441,554
Repairs and maintenance	216,546	374,880	201,141	62,070	15,454	870,091
Small equipment	265,989	46,899	47,697	782	-	361,367
Depreciation and amortization	1,624,920	2,380,895	828,134	274,374	353,961	5,462,284
Miscellaneous	2,431	8,759	2,430	-	750	14,370
Total Operating Expenses	4,316,375	5,637,039	3,974,478	2,229,539	413,297	16,570,728
Operating Income (Loss)	751,142	1,687,755	236,529	(300,617)	(266,841)	2,107,968
Nonoperating Revenues (Expenses)						
Investment earnings	33,785	61,466	663	(24)	1,299	97,189
Intergovernmental	-	199,068	-	-	-	199,068
Interest expense	(650,280)	(1,148,361)	(44,713)	-	(108,154)	(1,951,508)
Gain/(loss) on capital asset disposal	4,628	(5,946)	2,507	12	7,336	8,537
Total Nonoperating Revenues (Expenses)	(611,867)	(893,773)	(41,543)	(12)	(99,519)	(1,646,714)
Income (Loss) Before Transfers and Contributions	139,275	793,982	194,986	(300,629)	(366,360)	461,254
Transfers in	3,816	3,242	-	-	393,750	400,808
Transfers out	(3,242)	(3,816)	(100,000)	-	-	(107,058)
Capital contributions	300,312	378,249	-	1,703	-	680,264
Change in Position	440,161	1,171,657	94,986	(298,926)	27,390	1,435,268
Net Position - Beginning of Year	12,207,625	32,831,226	2,408,354	9,039,939	461,863	56,949,007
Prior Period Adjustment	(205,911)	(521,691)	(57,856)	-	(51,345)	(836,803)
Net Position - End of Year	\$ 12,441,875	\$ 33,481,192	\$ 2,445,484	\$ 8,741,013	\$ 437,908	\$ 57,547,472

*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, 2012

	Major Enterprise Funds					
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 4,946,846	\$ 7,312,763	\$ 4,038,172	\$ 1,908,028	\$ 116,667	\$ 18,322,476
(Payment to) refunds from suppliers	(1,778,304)	(1,990,444)	(1,301,439)	(595,174)	(62,526)	(5,727,887)
Payment to employees	(1,109,800)	(1,405,359)	(1,798,816)	(1,341,119)	-	(5,655,094)
Other receipts	16,139	11,000	4,552	20,690	29,789	82,170
Net Cash Provided By Operating Activities	2,074,881	3,927,960	942,469	(7,575)	83,930	7,021,665
Cash Flows Provided By (Used In) Noncapital Financing Activities:						
Transfers out	(3,242)	(3,816)	(100,000)	-	-	(107,058)
Transfers in	3,816	3,242	-	-	393,750	400,808
Net Cash Provided By (Used In) Noncapital Financing Activities	574	(574)	(100,000)	-	393,750	293,750
Cash Flows From Capital And Related Financing Activities:						
Payments for debt financing	(1,013,964)	(507,263)	-	-	(15,474)	(1,536,701)
Principal paid on debt	(1,208,554)	(2,185,846)	(977,400)	(2,202)	(345,799)	(4,719,801)
Interest paid on debt	(491,994)	(1,086,603)	(49,237)	-	(110,848)	(1,738,682)
Deferred revenue	-	(27,000)	-	(3,888)	-	(30,888)
Due to other governmental entities	-	(170,000)	-	-	-	(170,000)
Intergovernmental revenue	-	269,112	-	1,703	-	270,815
Proceeds from capital lease in escrow	-	-	555,740	-	-	555,740
Proceeds from sale of capital assets	4,628	8,772	2,507	12	7,336	23,255
Acquisition and construction of capital assets	(1,151,158)	(3,149,202)	(84,610)	(16,730)	(10,868)	(4,412,568)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(3,861,042)	(6,848,030)	(553,000)	(21,105)	(475,653)	(11,758,830)
Cash Flows Provided By (Used In) Investing Activities:						
Investment earnings	33,785	61,466	663	(24)	1,299	97,189
Net Increase (Decrease) in Cash and Cash Equivalents	(1,751,802)	(2,859,178)	290,132	(28,704)	3,326	(4,346,226)
Cash and Cash Equivalents - Beginning of Year	6,503,697	12,475,752	1,144,975	553,146	590,193	21,267,763
Cash and Cash Equivalents - End of Year	\$ 4,751,895	\$ 9,616,574	\$ 1,435,107	\$ 524,442	\$ 593,519	\$ 16,921,537
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities						
Operating income (loss)	\$ 751,142	\$ 1,687,755	\$ 236,529	\$ (300,617)	\$ (266,841)	\$ 2,107,968
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	1,624,920	2,380,895	828,134	274,374	353,961	5,462,284
Change in assets and liabilities:						
(Increase) decrease in services receivable	(125,167)	66,258	83,011	-	-	24,102
(Increase) decrease in miscellaneous receivables	-	(2,996)	-	(206)	-	(3,202)
(Increase) decrease in prepaid assets	440	(4,279)	(9,740)	5,835	(393)	(8,137)
Increase (decrease) in accounts payable	(229,520)	(211,783)	56,865	11,323	(2,797)	(375,912)
Increase (decrease) in customer deposits	56,025	14,110	(253,757)	-	-	(183,622)
Increase (decrease) in accrued compensated absences	(2,959)	(2,000)	1,427	1,716	-	(1,816)
Total Adjustments	1,323,739	2,240,205	705,940	293,042	350,771	4,913,697
Net Cash Provided By Operating Activities	\$ 2,074,881	\$ 3,927,960	\$ 942,469	\$ (7,575)	\$ 83,930	\$ 7,021,665
Noncash Investing, Capital, and Financing Activities:						
Debt Financing						
Par value of debt issued	\$ 11,471,825	\$ 5,765,175	\$ -	\$ -	\$ 67,625	\$ 17,304,625
Premium recorded	96,050	48,278	-	-	564	144,892
Cost of issuance	(104,524)	(52,537)	-	-	(614)	(157,675)
Defeased debt	(12,477,315)	(6,268,179)	-	-	(83,049)	(18,828,543)
Net Cash Used	\$ (1,013,964)	\$ (507,263)	\$ -	\$ -	\$ (15,474)	\$ (1,536,701)

The Water and Sewer Funds received \$300,312 and \$378,249, respectively, in contributed water lines and sewer lines from developers.

The Water and Sewer Funds purchased equipment totaling \$7,632, with a capital lease. Each fund pays 50% of the lease since it is shared. The Environmental Services Fund issued a lease for \$555,740 for new trucks. The trucks were received in 2013.

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2012

	<u>Agency Funds</u>
Assets	
Cash	\$ 1,010
Accounts receivable	4,380
<hr/>	
Total Assets	\$ 5,390
<hr/>	
Liabilities	
Due to Waterbury Storm CID	5,390
<hr/>	
Total Liabilities	\$ 5,390
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*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2012

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 position 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 position for governmental activities as shown on the statement of net position.

City of O'Fallon, Missouri

Notes to Basic Financial Statements

December 31, 2012

The net change in fund balance for all governmental funds is reconciled to the total change in net position 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 maintenance and construction 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 portion of the parks/storm water sales tax and charges for services 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 portion of the parks/storm water sales tax restricted for the use of storm water projects 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.

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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.

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.

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

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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 proprietary 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 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 unavailable revenues until the period of the exchange.

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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.

Allowances

Receivables are shown net of an allowance for uncollectible for property taxes \$43,504, court fines \$66,620 and property lease fees \$150,037.

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.

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.

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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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

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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.

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.

In the process of aggregating data for the statement of net position 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial

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statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available.

Net Position

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

Net investment of capital assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment of capital assets.”

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

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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).
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. The City Council passes an ordinance or resolution to commit amounts and 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. The Finance Director authorizes purchase orders that encumber funds.
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:

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- 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:

- 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 \$166,593, \$2,276,733, \$125,373, \$603,344, and \$13,039 for the general, street and road improvement, recreation, stormwater, and community development block grant 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.

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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, guaranteed investment contracts, and certain local governments within Missouri.

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

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, 2012, 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
Guaranteed investment contracts	1,117,500	-	-	-	-	1,117,500	AAA
Guaranteed investment contracts	416,637	-	-	413,637	-	-	AA
Certificates of deposit	2,407,911	-	1,735,689	672,222	-	-	Not rated
Money market	456,135	456,135	-	-	-	-	Not rated
Repurchase agreement	41,029,643	-	41,029,643	-	-	-	AAA
Total Investments	\$ 45,424,826	\$ 456,135	\$ 42,765,332	\$ 1,085,859	\$ -	\$ 1,117,500	

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. Authority to

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manage the investment program is granted to the Director of Finance. At the discretion of the Director, designated members of the Finance Department staff may assist with various investment activities.

As of December 31, 2012, the City’s credit ratings associated with its investments were AA or AAA.

	<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 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 \$.5512 per \$100 of assessed valuation of which \$.3562 was for general revenue purposes and \$.1950 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.

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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, 2012 consisted of MODOT and Waterbury CID in the amount of \$9,043,071.

5. Capital Assets

Capital asset activity for the year ended December 31, 2012:

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	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 14,034,595	\$ 66,969	\$ -	\$ 14,101,564
Construction in progress	5,696,621	1,874,824	3,704,076	3,867,369
Total Capital Assets Not Being Depreciated	19,731,216	1,941,793	3,704,076	17,968,933
Capital assets being depreciated:				
Buildings	16,978,620	477,042	-	17,455,662
Improvements	7,159,725	623,523	-	7,783,248
Equipment	9,562,030	1,937,355	793,903	10,705,482
Infrastructure	140,175,554	7,689,404	-	147,864,958
Total Capital Assets Being Depreciated	173,875,929	10,727,324	793,903	183,809,350
Accumulated depreciation:				
Buildings	6,302,836	463,893	-	6,766,729
Improvements	2,717,927	510,183	-	3,228,110
Equipment	5,660,291	858,119	793,903	5,724,507
Infrastructure	51,285,002	4,581,024	-	55,866,026
Total Accumulated Depreciation	65,966,056	6,413,219	793,903	71,585,372
Total Capital Assets Being Depreciated, Net	107,909,873	4,314,105	-	112,223,978
Governmental Activi- ties Capital Assets, Net	\$ 127,641,089	\$ 6,255,898	\$ 3,704,076	\$ 130,192,911

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	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012
Business-Type Activities				
Capital assets, not being depreciated:				
Land:				
Water	\$ 797,500	\$ 65,907	\$ -	\$ 863,407
Sewer	502,247	-	-	502,247
Total Land	1,299,747	65,907	-	1,365,654
Construction in progress:				
Water	508,302	74,828	508,302	74,828
Sewer	378,951	470,937	357,764	492,124
Renaud Spirit Center	-	16,730	-	16,730
Total Construction in Progress	887,253	562,495	866,066	583,682
Total Capital Assets Not Being Depreciated	2,187,000	628,402	866,066	1,949,336
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	15,530,969	595,207	48,326	16,077,850
Sewer	17,923,849	1,281,615	127,042	19,078,422
Environmental services	6,696,515	84,610	25,113	6,756,012
Renaud Spirit Center	235,566	-	-	235,566
Public venue	501,975	10,868	22,774	490,069
Total Equipment	40,888,874	1,972,300	223,255	42,637,919
Infrastructure:				
Water	9,381,166	1,227,648	-	10,608,814
Sewer	26,553,521	2,136,480	-	28,690,001
Total Infrastructure	35,934,687	3,364,128	-	39,298,815
Total Capital Assets Being Depreciated	138,027,465	5,336,428	223,255	143,140,638
Less: Accumulated depreciation for:				
Buildings:				
Water	3,737,156	449,940	-	4,187,096
Sewer	11,965,752	829,912	-	12,795,664
Environmental services	238,674	32,193	-	270,867
Renaud Spirit Center	1,890,006	262,004	-	2,152,010
Public venue	3,357,362	268,046	-	3,625,408
Total Buildings	21,188,950	1,842,095	-	23,031,045
Equipment:				
Water	4,413,810	894,211	48,326	5,259,695
Sewer	3,971,000	748,476	112,324	4,607,152
Environmental services	4,315,224	736,828	25,113	5,026,939
Renaud Spirit Center	185,595	12,370	-	197,965
Public Venue	322,788	31,670	22,774	331,684
Total Equipment	13,208,417	2,423,555	208,537	15,423,435
Infrastructure:				
Water	2,983,452	294,429	-	3,277,881
Sewer	11,005,640	773,226	-	11,778,866
Total Infrastructure	13,989,092	1,067,655	-	15,056,747
Total Accumulated Depreciation	48,386,459	5,333,305	208,537	53,511,227
Total Capital Assets Being Depreciated, Net	89,641,006	3,123	14,718	89,629,411
Business-Type Activities				
Capital Assets, Net	\$ 91,828,006	\$ 631,525	\$ 880,784	\$ 91,578,747

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

Governmental Activities

General government	\$ 1,609,029
Public safety	451,399
Highways and streets	3,860,638
Community development	41,967
Parks and recreation	448,625
Municipal court	1,561

Total Depreciation Expense –

Governmental Activities \$ 6,413,219

Business-Type Activities

Water	\$1,638,580
Sewer	2,351,614
Environmental services	769,021
Renaud Spirit Center	274,374
Public venue	299,716

Total Depreciation Expense –

Business-Type Activities \$ 5,333,305

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.

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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 13.7% 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	\$2,325,431
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual Pension cost	2,325,431
Actual contributions	2,325,431
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, 2010 and/or February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 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, 2010 was 14 years for the General division and 19 years for the Police division. The amortization period for February 28, 2011 was 13 years for the General division and 15 years for the Police division.

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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.

Plan Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2012	\$2,325,431	100%	\$ -
June 30, 2011	2,219,597	100	-
June 30, 2010	2,043,740	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. 29, 2012	\$27,013,008	\$31,744,338	\$4,731,330	85%	\$20,104,521	24%
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

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, 2012

Membership of each plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	20
Active plan members	<u>368</u>
Total	<u><u>388</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	\$ 396,524
Interest on net OPEB obligation	85,377
Adjustment to annual required contribution	<u>(127,696)</u>
Annual OPEB cost (expense)	354,205
Contributions made	<u>103,995</u>
Increase in net OPEB obligation	250,210
Net OPEB obligation - beginning of year	<u>2,276,725</u>
Net OPEB obligation - end of year	<u><u>\$ 2,526,935</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012:

Actuarial Valuation Date	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 354,205	30 %	\$ 2,526,935
December 31, 2011	407,737	12	2,276,725
December 31, 2010	414,536	8	1,916,663

City of O'Fallon, Missouri
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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, 2012	\$ -	\$ 3,057,643	\$ 3,057,643	- %	\$ 19,624,962	15.6 %
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, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.75% 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 ultimate inflation rate of 4.70% for medical and 4.60% for dental. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
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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 loss, general liability, property and casualty, and workers' compensation benefits, except medical. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

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, 2012 was \$171,846. 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 claims payments		(2,894,311)
Balance on December 31, 2010		214,368
Add: Prior year claims and changes in estimate		2,603,560
Less: Prior year claims payments		(2,649,578)
Balance on December 31, 2011		168,350
Add: Prior year claims and changes in estimate		2,753,865
Less: Prior year claims payments		(2,750,369)
Balance on December 31, 2012	\$	171,846

City of O'Fallon, Missouri
Notes to Basic Financial Statements
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9. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2012:

	Original Amount	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012	Current Portion
Governmental Activities						
2001 Certificates of Participation	\$ 24,715,000	\$ 12,688,100	\$ -	\$ 6,264,900	\$ 6,423,200	\$ -
2002 GO Street Refunding Bonds	4,620,000	175,000	-	175,000	-	-
2005 GO Refunding Bonds	16,755,000	14,010,000	-	1,050,000	12,960,000	1,915,000
2007 GO Refunding Bonds	13,860,000	13,505,000	-	470,000	13,035,000	565,000
2009 Special Obligation Bonds	15,255,000	13,230,000	-	1,235,000	11,995,000	1,250,000
2011 Special Obligation Bonds	6,160,000	6,155,000	-	880,000	5,275,000	910,000
2012 Special Obligation Bonds	5,925,375	-	5,925,375	1,112,400	4,812,975	1,017,125
2012 MODOT SIBS	1,500,000	-	1,500,000	-	1,500,000	302,718
2011 Capital Lease - copiers	110,719	92,266	-	27,680	64,586	27,680
Tax increment revenue notes:						
Tax-exempt - Series 1992	-	281,814	10,311	-	292,125	-
Taxable - Series 1992	-	4,222,249	314,278	-	4,536,527	-
Accrued compensated absences*	-	635,654	1,128,374	1,077,794	686,234	686,234
Claims and judgements	-	-	1,224,300	-	1,224,300	-
OPEB liability*	-	1,916,663	610,272	-	2,526,935	-
		<u>\$ 66,911,746</u>	<u>\$ 10,712,910</u>	<u>\$ 12,292,774</u>	65,331,882	<u>\$ 6,673,757</u>
Plus: Unamortized premium, net					424,976	
Total Governmental Activities					<u>\$ 65,756,858</u>	

* General Fund typically used to liquidate liability

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2012

	Original Amount	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012	Current Portion
Business-Type Activities						
1991 Water Pollution Control Revenue Refunding Bonds	\$ 4,225,000	\$ 705,000	\$ -	\$ 340,000	\$ 365,000	\$ 365,000
2001 Certificates of Participation	31,045,000	24,131,900	-	19,380,100	4,751,800	-
2006A Certificates of Participation	11,420,000	7,075,000	-	865,000	6,210,000	900,000
2006B Certificates of Participation	4,415,000	2,720,000	-	335,000	2,385,000	350,000
2007A Certificates of Participation	700,000	375,000	-	95,000	280,000	15,000
2008 Certificates of Participation	9,220,000	8,135,000	-	350,000	7,785,000	355,000
2009A Certificates of Participation	5,525,000	4,810,000	-	215,000	4,595,000	225,000
2009B Certificates of Participation	1,405,000	975,000	-	155,000	820,000	155,000
2009 Special Obligation Bonds	1,290,000	925,000	-	350,000	575,000	55,000
2011 Special Obligation Bonds	1,765,000	1,550,000	-	230,000	1,320,000	230,000
2012 Special Obligation Bonds	17,304,625	-	17,304,625	1,047,600	16,257,025	957,875
Capital lease - 2008 trash trucks	606,310	204,504	-	126,843	77,661	77,661
Capital lease - 2009 trash trucks	586,485	296,889	-	119,670	177,219	124,137
Capital lease - 2010 trash trucks	579,012	415,684	-	113,683	302,001	117,680
Capital lease - 2010 water meters	5,802,743	5,508,445	-	305,616	5,202,829	317,183
Capital lease - 2011 trash trucks	253,757	245,746	-	48,696	197,050	49,793
Capital lease - 2012 trash trucks	555,740	-	555,740	17,766	537,974	107,668
Capital lease - 2011 copiers	16,526	13,772	-	4,132	9,640	4,132
Capital lease - 2012 copiers	7,632	-	7,632	795	6,837	1,908
Due to other governmental entities						
SRF - 1991, no interest	2,112,500	352,500	-	170,000	182,500	182,500
Accrued compensated absences	-	98,094	193,431	195,247	96,278	96,278
		<u>\$58,537,534</u>	<u>\$ 18,061,428</u>	<u>\$ 24,465,148</u>	52,133,814	<u>\$ 4,686,815</u>
Plus: Unamortized premium, net					77,971	
Total Business-Type Activities					<u>\$52,211,785</u>	

City of O'Fallon, Missouri
Notes to Basic Financial Statements
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Debt Service Requirements to Maturity

The annual principal requirements to maturity of bonded debt outstanding as of December 31, 2012 are as follows:

Year Ending 12/31	<u>Governmental Activities</u>	
	<u>General Obligation and Other Governmental Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2013	5,657,125	2,024,335
2014	5,920,300	1,828,093
2015	6,313,000	1,618,699
2016	6,653,000	1,371,335
2017	6,226,300	1,106,602
2018-2022	23,731,450	1,800,360
Total	\$ 54,501,175	\$ 9,749,424

Year Ending 12/31	<u>Business-Type Activities</u>	
	<u>Revenue Bonds and Other Business-Type Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2013	3,607,875	1,739,865
2014	3,229,700	1,636,558
2015	3,177,000	1,535,079
2016	3,312,000	1,405,199
2017	3,453,700	1,266,939
2018-2022	12,398,550	4,407,393
2023-2027	10,005,000	2,392,949
2028-2030	6,160,000	397,200
Total	\$ 45,343,825	\$ 14,781,182

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 position, were issued to finance various capital projects. \$5,738,518 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
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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 water, sewer, environmental services and public venue for the business-type activities portion. The bonds bear interest at rates ranging from 1.5% to 4.0% and mature through 2030.

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
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<u>Assessed valuation - 2012 tax year</u>	<u>\$ 1,560,314,567</u>
<u>Debt limit - 10% of assessed valuation</u>	<u>\$ 156,031,457</u>
Amount of debt applicable to debt limit:	
Total general obligation bonded debt	25,995,000
Less: Amount available in Debt Service Fund	5,738,518
<u>Bond indebtedness applicable to debt limit</u>	<u>20,256,482</u>
 Legal Debt Margin	 \$ 135,774,975

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
2013	18,258	408,258
Total	\$ 18,258	\$ 408,258

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 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 2028.

City of O'Fallon, Missouri
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Capital Leases

Under the 2008 lease for trash trucks, the aggregate cost of the vehicles is \$606,310 less accumulated depreciation of \$515,363 results in a carrying value of \$90,946. 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, 2012:

For The Years Ended December 31	Amount
2013	78,797
Less: Amount representing interest	1,136
Present Value of Net Minimum Lease Payments	\$ 77,661

Under the 2009 lease for trash trucks, the aggregate cost of the equipment is \$586,485 less accumulated depreciation of \$400,765 results in a carrying value of \$185,720. 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, 2012:

For The Years Ended December 31	Amount
2013	128,567
2014	53,569
Total minimum lease payments	182,136
Less: Amount representing interest	4,917
Present Value of Net Minimum Lease Payments	\$ 177,219

Under the 2010 lease for trash trucks, the aggregate cost of the equipment is \$612,012 less accumulated depreciation of \$275,406 results in a carrying value of \$336,606. The interest rate on the lease is 3.46%. 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, 2012:

City of O'Fallon, Missouri
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For The Years Ended December 31	Amount
2013	126,274
2014	126,274
2015	63,137
Total minimum lease payments	315,685
Less: Amount representing interest	13,684
Present Value of Net Minimum Lease Payments	\$ 302,001

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 \$580,274 results in a carrying value of \$5,222,469. 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, 2012:

For The Years Ended December 31	Amount
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	6,569,550
Less: Amount representing interest	1,366,721
Present Value of Net Minimum Lease Payments	\$ 5,202,829

Under the 2011 lease for trash trucks, the aggregate cost of the equipment is \$253,757 less accumulated depreciation of \$50,751 results in a carrying value of \$203,006. 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 minimum lease payments as of December 31, 2012:

City of O'Fallon, Missouri
Notes to Basic Financial Statements
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For The Years Ended December 31	Amount
2013	53,680
2014	53,680
2015	53,680
2016	44,734
Total minimum lease payments	205,775
Less: Amount representing interest	8,725
Present Value of Net Minimum Lease Payments	\$ 197,050

Under the 2011 lease for copiers, the aggregate cost of the equipment is \$127,246 less accumulated depreciation of \$46,657 results in a carrying value of \$80,589. 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, 2012:

For The Years Ended December 31	Amount
2013	31,811
2014	31,811
2015	10,604
Total minimum lease payments	74,226
Less: Amount representing interest	-
Present Value of Net Minimum Lease Payments	\$ 74,226

Under the 2012 lease for a copier, the aggregate cost of the equipment is \$7,632 less accumulated depreciation of \$636 results in a carrying value of \$6,996. 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, 2012:

For The Years Ended December 31	Amount
2013	1,908
2014	1,908
2015	1,908
2016	1,113
Total minimum lease payments	6,837
Less: Amount representing interest	-
Present Value of Net Minimum Lease Payments	\$ 6,837

City of O'Fallon, Missouri
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Under the 2012 lease for trash trucks, the funds were put into escrow as the vehicles were not received until 2013. The interest rate on the lease is 4.43%. 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, 2012:

For The Years Ended December 31	Amount
2013	116,075
2014	116,075
2015	116,075
2016	116,075
2017	96,731
Total minimum lease payments	561,031
Less: Amount representing interest	23,057
Present Value of Net Minimum Lease Payments	\$ 537,974

MODOT State Infrastructure Bank (SIB) Loan

The City entered into an agreement with the Missouri Transportation Finance Corporation (MTFC) for a direct loan for the purpose of funding construction of Crusher street extension and improvements to Elaine Drive. The MTFC will provide the City with a direct loan in the amount of \$3,075,000 that will be dispersed in three lump sums to the City. \$1,500,000 was received on 11/1/2012, the second deposit will be \$500,000 on 4/1/2013 and the third deposit will be \$1,075,000 on 11/1/2013. Principal and interest payments begin in 2013. The interest rate equals 2.69%.

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.

10. Conduit Debt Activity

The City issued Industrial Revenue Bonds during 2002 to provide financial

City of O'Fallon, Missouri
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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, 2012, 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, 2012, 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, 2012, the principal amount payable for SAK Construction Project was approximately \$3,897,000.

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

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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, 2012, the principal amount payable for Centene Construction Project was approximately \$6,379,759.

11. Debt Defeasance

During 2012, the City issued \$23,230,000 of Special Obligation Bonds to refund a portion of the 2001 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 this debt issue has been removed from the City's financial statements. The City decreased its aggregated debt service payments by \$5,051,316 over 20 years which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$4,963,124. At December 31, 2012 \$25,645,000 was considered defeased.

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.

City of O'Fallon, Missouri
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12. Debt Requirements

Cash and cash equivalents and investments restricted at December 31, 2012 are as follows:

	<u>December 31, 2012</u>
Series 1991 State Revolving Fund Replacement Reserve	\$ 211,500
Series 2001 Certificates of Participation Reserve	1,145,563
Series 2006A Certificates of Participation Reserve	1,152,524
Series 2006B Certificates of Participation Reserve	443,831
Series 2007A Certificates of Participation Reserve	70,004
Series 2008 Certificates of Participation Reserve	618,629
Series 2009A Certificates of Participation Reserve	522,779
Series 2009B Certificates of Participation Reserve	140,525
	\$ 4,305,355

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, 2012, 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, 2012, 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 Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2012, 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, 2012, the City had met all significant requirements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2012

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, 2012, 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, 2012, the City had met all significant requirements.

13. Interfund Balances and Transfers

Interfund transfers for the year ended December 31, 2012 are as follows:

	Transfers From	Transfers To	Net Transfers
Major Governmental Funds			
General Fund	\$ 1,180,000	\$ -	\$ (1,180,000)
Street & Road Improvement Fund	-	1,330,000	1,330,000
Recreation Fund	50,000	-	(50,000)
Nonmajor Governmental Funds			
Transient Guest Tax Fund	393,750	-	(393,750)
Major Enterprise Funds			
Water	3,242	-	(3,242)
Water	-	3,816	3,816
Sewer	3,816	-	(3,816)
Sewer	-	3,242	3,242
Environmental Services	100,000	-	(100,000)
Public Venue Fund	-	393,750	393,750
	\$ 1,730,808	\$ 1,730,808	\$ -

Interfund transfers for \$50,000 were to move revenue receipted in the Recreation fund that should have gone to the Street & Road Improvement fund for a grant.

Interfund transfers for \$100,000 were to cover the construction of the City monument and landscaping to the entrance of the City from I-64.

Interfund transfers for \$1,280,000 were to provide funds for the City's concrete replacement program and monument and landscaping to the entrance of the City from I-64.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2012

Interfund transfers for \$393,750 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, 2012.

15. Commitments and Contingencies

Litigation

The City is a defendant in several lawsuits pertaining to matters that are incidental to performing routine governmental and other functions, including a lawsuit claiming breach of contract. Based on the current status of all these legal proceedings, there is potential for the City to receive an unfavorable judgment in the amount of \$1,224,300 which may have a material effect on the City's financial position. The lawsuit continues to be defended vigorously. The City has set aside sufficient monies in reserves to pay for a potential payout. It is the opinion of management that there are no other legal proceedings that will 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 tap-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 \$4.4 million.

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.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2012

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 still owes \$50,000 for rent for 2011 and \$58,333 for 2012.

Future minimum lease payments to be received under the noncancelable lease at December 31, 2012 are as follows:

<u>Year Ending 12/31</u>	<u>Lease Payments</u>
2013	\$ 175,000
2014	175,000
Total	\$ 350,000

16. Federal Forfeiture Activity

For the year ended December 31, 2012, the City had revenues of \$94,616, expenses of \$102,158, and ending balance of \$197,046 as of December 31, 2012.

17. Restatement

The previously stated net position has been adjusted as follows:

	<u>Total Governmental Type Activities</u>	<u>Total Business- Type Activities</u>
Net position, December 31, 2011, as previously reported	\$103,081,610	\$56,949,007
Restatement for: GASB 63 compliance	(607,073)	(836,803)
Net Position, December 31, 2011, As Restated	\$102,474,537	\$56,112,204

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2012

18. Subsequent Events

In January 2013, the City entered into an agreement with the Missouri Department of Transportation (MODOT) as the "Second Supplemental Agreement" dated January 24, 2013 to contribute \$2,250,000 to the Route 364 Phase 3 Design Build Project for the construction of interchanges at Route K and Bryan Road.

In May 2013 the City intends to issue \$20.565 million in Special Obligation bonds to refund portions of the 2006A&B Certificates of Participation, the 2008 Certificates of Participation and 2010 water meter capital lease. The City also intends to issue \$4.2 million in new bonds for water projects that were approved in the 2013 budget.

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*REQUIRED SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - General Fund
For The Year Ended December 31, 2012

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 22,907,104	\$ 23,723,274	\$ 24,144,763	\$ 421,489
Intergovernmental	190,628	193,378	212,622	19,244
Licenses and permits	919,221	919,221	954,876	35,655
Charges for services	259,210	259,210	386,966	127,756
Fines and forfeitures	1,904,735	1,998,588	1,825,694	(172,894)
Investment earnings	70,000	70,000	6,886	(63,114)
Miscellaneous	295,250	295,250	471,577	176,327
Total Revenues	26,546,148	27,458,921	28,003,384	544,463
Expenditures				
Current:				
General government:				
Administration	1,144,209	1,158,559	901,925	256,634
Economic development	268,336	274,686	244,457	30,229
Public relations	302,670	302,670	287,423	15,247
Information systems	641,493	643,493	634,317	9,176
Communications	426,430	426,430	396,643	29,787
Legal	399,000	399,000	306,492	92,508
Volunteer services	165,810	165,810	162,689	3,121
Finance	1,789,855	1,783,505	1,797,794	(14,289)
Human resources	2,520,139	2,520,139	2,149,084	371,055
Fleet maintenance	996,366	1,024,202	1,044,605	(20,403)
Facilities maintenance	768,451	751,315	766,969	(15,654)
Safety and risk	180,700	180,700	133,632	47,068
Public safety	12,860,295	12,838,919	12,119,482	719,437
Community development:				
Project Management	58,274	58,274	59,042	(768)
Engineering	777,845	777,845	801,535	(23,690)
Planning & GIS	576,555	576,555	536,615	39,940
Building	896,286	896,286	880,475	15,811
Parks and recreation:				
Landscaping	617,403	620,153	609,148	11,005
Tourism and festivals	577,178	577,178	537,478	39,700
Municipal court	413,581	413,581	388,695	24,886
Total Expenditures	26,380,876	26,389,300	24,758,500	1,630,800
Revenues Over (Under) Expenditures	165,272	1,069,621	3,244,885	2,175,264
Other Financing Sources (Uses)				
Payment from Waterbury CID fund	-	-	18,258	18,258
Transfers Out	(1,945,612)	(1,180,000)	(1,180,000)	-
Sale of capital assets	15,000	15,000	40,372	25,372
Total Other Financing Sources (Uses)	(1,930,612)	(1,165,000)	(1,121,370)	43,630
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(1,765,340)	(95,379)	2,123,514	2,218,893
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	15,733,896	15,733,896	15,733,896	-
Budget Basis, End of Year	\$ 13,968,556	\$ 15,638,517	17,857,410	\$ 2,218,893
Encumbrances, End of Year			166,593	
GAAP Basis, End of Year			\$ 18,024,003	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Street & Road Improvement Fund
For The Year Ended December 31, 2012

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,662,163	\$ 7,975,308	\$ 8,028,939	\$ 53,631
Intergovernmental	6,997,864	8,414,940	3,018,720	(5,396,220)
Investment earnings	80,000	80,000	46,019	(33,981)
Miscellaneous	5,000	219,577	174,637	(44,940)
Total Revenues	14,745,027	16,689,825	11,268,315	(5,421,510)
Expenditures				
Current:				
Highways and streets	5,282,256	5,216,256	4,871,105	345,151
Capital outlay	7,417,640	8,146,720	5,724,151	2,422,569
Debt service:				
Principal retirement	2,195,000	2,275,000	2,275,000	-
Interest	1,002,705	833,067	833,066	1
Issuance Costs	-	52,516	45,086	7,430
Total Expenditures	15,897,601	16,523,559	13,748,408	2,775,151
Revenues Over (Under) Expenditures	(1,152,574)	166,266	(2,480,093)	(2,646,359)
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	5,762,500	5,762,500	-
Proceeds from bond premium	-	48,258	48,258	-
Payment to escrow agent	-	(7,087,194)	(7,005,159)	82,035
Proceeds from loan	-	-	1,500,000	1,500,000
Transfer in	205,000	1,280,000	1,330,000	50,000
Sale of capital assets	45,000	45,000.00	13,591	(31,409)
Total Other Financing Sources (Uses)	250,000	48,564	1,649,190	1,600,626
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(902,574)	214,830	(830,903)	(1,045,733)
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	2,527,680	2,527,680	2,527,680	-
Budget Basis, End of Year	\$ 1,625,106	\$ 2,742,510	1,696,777	\$ (1,045,733)
Encumbrances, End of Year			2,276,733	
GAAP Basis, End of Year			\$ 3,973,510	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Recreation Fund
For The Year Ended December 31, 2012

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,778,560	\$ 3,778,560	\$ 4,100,034	\$ 321,474
Intergovernmental	7,250	7,250	17,650	10,400
Charges for Services	1,008,807	1,008,807	1,131,244	122,437
Investment earnings	250	250	422	172
Miscellaneous	95,000	95,000	120,471	25,471
Total Revenues	4,889,867	4,889,867	5,369,821	479,954
Expenditures				
Current:				
Facilities	218,842	218,842	267,105	(48,263)
Recreation	1,708,225	1,721,325	1,577,873	143,452
Parks	1,826,915	1,827,915	1,740,865	87,050
Capital outlay	1,067,710	1,137,710	818,804	318,906
Debt service:				
Principal retirement	29,700	32,400	32,400	-
Interest	17,070	12,112	12,112	-
Issuance Costs	-	1,482	1,482	-
Total Expenditures	4,868,462	4,951,786	4,450,641	501,145
Revenues Over (Under) Expenditures	21,405	(61,919)	919,180	981,099
Other Financing Sources (Uses)				
Proceeds from bond issuance	-	162,875	162,875	-
Proceeds from bond premium	-	1,362	1,362	-
Payment to escrow agent	-	-	(192,577)	(192,577)
Transfer Out	(44,566)	(44,566)	(50,000)	(5,434)
Sale of capital assets	4,000	4,000	1,300	(2,700)
Total Other Financing Sources (Uses)	(40,566)	123,671	(77,040)	(200,711)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(19,161)	61,752	842,140	780,388
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	2,296,571	2,296,571	2,296,571	-
Budget Basis, End of Year	\$ 2,277,410	\$ 2,358,323	3,138,711	\$ 780,388
Encumbrances, End of Year			125,373	
GAAP Basis, End of Year			\$ 3,264,084	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Storm Water Fund
For The Year Ended December 31, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,203,472	\$ 1,203,472	\$ 1,308,606	\$ 105,134
Investment earnings	-	-	(81)	(81)
Miscellaneous	-	-	122	122
Total Revenues	1,203,472	1,203,472	1,308,647	105,175
Expenditures				
Current:				
General Government	546,629	546,629	458,344	88,285
Capital Outlay:	341,675	700,675	513,513	187,162
Debt service:				
Principal retirement	250,000	250,000	250,000	-
Interest	62,120	62,120	62,120	-
Total Expenditures	1,200,424	1,559,424	1,283,977	275,447
Revenues Over (Under) Expenditures	3,048	(355,952)	24,670	380,622
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	1,389,358	1,389,358	1,389,358	-
Budget Basis, End of Year	\$ 1,392,406	\$ 1,033,406	1,414,028	\$ 380,622
Encumbrances, End of Year			603,344	
GAAP Basis, End of Year			\$ 2,017,372	

City of O’Fallon, Missouri
Notes to Budgetary Comparison Information
December 31, 2012

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, 2012, the Community Development Block Grant expenditures exceeded appropriations by \$23,216. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future years’ revenues.

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*OTHER SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

Special Revenue Funds

	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation	Total
Assets							
Cash and investments:							
Unrestricted	\$ 13,740	\$ 301,744	\$ 476,578	\$ -	\$ 68,251	\$ 752	\$ 861,065
Receivables:							
Other taxes	-	125,768	41,362	-	-	-	167,130
Other	-	-	-	78,983	-	-	78,983
Prepaid assets	-	22	1,500	-	-	-	1,522
Total Assets	\$ 13,740	\$ 427,534	\$ 519,440	\$ 78,983	\$ 68,251	\$ 752	\$ 1,108,700
Liabilities							
Accounts payable	\$ -	\$ 1,242	\$ 4,469	\$ 40,074	\$ 375	\$ -	\$ 46,160
Accrued wages and leave payable	-	1,100	-	1,798	-	-	2,898
Due to Other Funds	-	-	-	36,897	-	-	36,897
Total Liabilities	-	2,342	4,469	78,769	375	-	85,955
Deferred Inflow Of Resources							
Unavailable revenue from property taxes	-	4,290	-	-	-	-	4,290
Fund Balances							
Nonspendable							
Prepaid assets	-	22	1,500	-	-	-	1,522
Restricted - externally imposed or law							
CDBG Grant	-	-	-	214	-	-	214
Sewer Lateral	-	420,880	-	-	-	-	420,880
Public Safety	13,740	-	-	-	67,876	-	81,616
Parks and Recreation	-	-	513,471	-	-	752	514,223
Total Fund Balances	13,740	420,902	514,971	214	67,876	752	1,018,455
Total Liabilities and Fund Balances	\$ 13,740	\$ 427,534	\$ 519,440	\$ 78,983	\$ 68,251	\$ 752	\$ 1,108,700

City of O'Fallon, Missouri
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year ended December 31, 2012

	Special Revenue Funds						Total
	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation	
Revenues							
Taxes	\$ -	\$ 127,853	\$ 617,555	\$ -	\$ -	\$ 476	\$ 745,884
Intergovernmental	11,482	-	-	342,119	-	-	353,601
Fines and forfeitures	23,689	-	-	-	23,967	-	47,656
Investment earnings	-	(16)	(12)	-	(3)	-	(31)
Miscellaneous	514	5,600	1	-	7	-	6,122
Total Revenues	35,685	133,437	617,544	342,119	23,971	476	1,153,232
Expenditures							
Current:							
General government	-	94,556	-	-	-	-	94,556
Community development	-	-	-	283,615	-	-	283,615
Parks and recreation	-	-	98,946	-	-	-	98,946
Public safety	43,768	-	-	-	8,135	-	51,903
Capital outlay	-	-	-	58,503	21,213	-	79,716
Total Expenditures	43,768	94,556	98,946	342,118	29,348	-	608,736
Revenues Over (Under) Expenditures	(8,083)	38,881	518,598	1	(5,377)	476	544,496
Other Financing Sources (Uses)							
Transfers out	-	-	(393,750)	-	-	-	(393,750)
Net Changes in Fund Balances	(8,083)	38,881	124,848	1	(5,377)	476	150,746
Fund Balances							
Beginning of year	21,823	382,021	390,123	213	73,253	276	867,709
End of Year	\$ 13,740	\$ 420,902	\$ 514,971	\$ 214	\$ 67,876	\$ 752	\$ 1,018,455

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 3
For The Year Ended December 31, 2012

	Police Training Fund			Sewer Lateral Insurance		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 113,716	\$ 127,853	\$ 14,137
Intergovernmental	12,000	11,482	(518)	-	-	-
Fines and forfeitures	25,000	23,689	(1,311)	-	-	-
Investment earnings	100	-	(100)	200	(16)	(216)
Miscellaneous	-	514	514	4,000	5,600	1,600
Total Revenues	37,100	35,685	(1,415)	117,916	133,437	15,521
Expenditures						
Current:						
General Government	-	-	-	114,494	94,556	19,938
Public safety	52,975	43,768	9,207	-	-	-
Total Expenditures	52,975	43,768	9,207	114,494	94,556	19,938
Net Changes in Fund Balances	(15,875)	(8,083)	7,792	3,422	38,881	35,459
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	21,823	21,823	-	382,021	382,021	-
Budget Basis, End of Year	5,948	13,740	7,792	385,443	420,902	35,459
Encumbrances, End of Year		-			-	
GAAP Basis, End of Year		\$ 13,740			\$ 420,902	

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 3
For The Year Ended December 31, 2012

	Transient Guest Tax Fund			Community Development Block Grant Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Taxes	\$ 525,000	\$ 617,555	\$ 92,555	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	283,396	342,119	58,723
Investment earnings	-	(12)	(12)	-	-	-
Miscellaneous	50	1	(49)	-	-	-
Total Revenues	525,050	617,544	92,494	283,396	342,119	58,723
Expenditures						
Current:						
Community Development	-	-	-	281,941	283,615	(1,674)
Parks and Recreation	111,500	98,946	12,554	-	-	-
Capital Outlay	20,000	-	20,000	50,000	71,542	(21,542)
Total Expenditures	131,500	98,946	32,554	331,941	355,157	(23,216)
Revenues Over (Under) Expenditures	393,550	518,598	125,048	(48,545)	(13,038)	35,507
Other Financing Sources (Uses)						
Transfers out	(393,750)	(393,750)	-	-	-	-
Net Changes in Fund Balances	(200)	124,848	125,048	(48,545)	(13,038)	35,507
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	390,123	390,123	-	213	213	-
Budget Basis, End of Year	389,923	514,971	125,048	(48,332)	(12,825)	35,507
Encumbrances, End of Year		-			13,039	
GAAP Basis, End of Year		\$ 514,971			\$ 214	

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 3
For The Year Ended December 31, 2012

	Biometric Verification Fund			Parks & Recreation Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 476	\$ 476
Fines and forfeitures	25,000	23,967	(1,033)	-	-	-
Investment earnings	100	(3)	(103)	-	-	-
Miscellaneous	-	7	7	-	-	-
Total Revenues	25,100	23,971	(1,129)	-	476	476
Expenditures						
Current:						
Public Safety	17,500	8,135	9,365	-	-	-
Capital outlay	27,000	21,213	5,787	-	-	-
Total Expenditures	44,500	29,348	15,152	-	-	-
Net Changes in Fund Balances	(19,400)	(5,377)	14,023	-	476	476
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	73,253	73,253	-	276	276	-
Budget Basis, End of Year	53,853	67,876	14,023	276	752	476
Encumbrances, End of Year		-			-	
GAAP Basis, End of Year		\$ 67,876			\$ 752	

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, 2012

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,976,029	\$ 1,976,029	\$ 3,184,977	\$ 1,208,948
Investment earnings	15,000	15,000	(81)	(15,081)
Total Revenues	1,991,029	1,991,029	3,184,896	1,193,867
Expenditures				
Current:				
General government	7,600	7,600	1,360	6,240
Debt service:				
Principal repayment	1,695,000	1,695,000	1,695,000	-
Interest	1,150,801	1,150,801	1,150,800	1
Total Expenditures	2,853,401	2,853,401	2,847,160	6,241
Net Change in Fund Balances	(862,372)	(862,372)	337,736	1,200,108
Fund Balances				
Budget basis				
Reserved:				
Beginning of year	5,400,782	5,400,782	5,400,782	-
Budget Basis, End of Year	\$ 4,538,410	\$ 4,538,410	5,738,518	\$ 1,200,108
Encumbrances, End of Year			-	
GAAP Basis, End of Year			\$ 5,738,518	

City of O'Fallon, Missouri
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended December 31, 2012

	<u>Balance</u> <u>December 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2012</u>
<u>Waterbury Storm CID</u>				
Assets				
Cash	\$ 22,906	\$ -	\$ 21,896	\$ 1,010
Accounts receivable	4,380	-	-	4,380
Total Assets	\$ 27,286	\$ -	\$ 21,896	\$ 5,390
Liabilities				
Accounts Payable	\$ 21,896	\$ -	\$ 21,896	\$ -
Due to Waterbury Storm CID	5,390	-	-	5,390
Total Liabilities	\$ 27,286	\$ -	\$ 21,896	\$ 5,390

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Statistics

2012 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.

<u>Contents</u>	<u>Page</u>
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.	84-89
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.	90-94
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.	95-99
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.	100-101
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.	102-104

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 Position by Component
Last Ten Fiscal Years
Accrual Basis of Accounting

	Fiscal Year									
	2003**	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net Investment of capital assets	\$ -	\$ -	\$ 10,493,277	\$ 9,917,334	\$ 22,625,334	\$ 44,824,290	\$ 53,073,876	\$ 60,791,444	\$ 68,770,758	\$ 73,702,113
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	25,276,620
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	11,332,948
Total Governmental Activities Net Position	\$ (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	\$ 110,311,681
Business-Type Activities										
Net Investment of capital assets	\$ 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	\$ 39,562,032
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	4,491,262
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	13,494,178
Total Business-Type Activities Net Position	\$ 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	\$ 57,547,472
Primary Government										
Net Investment of capital assets	\$ 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	\$ 113,264,145
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	29,767,882
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	24,827,126
Total Primary Government Net Position	\$ 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	\$ 167,859,153

**infrastructure was not retroactively reported until 2004

City of O'Fallon, Missouri
Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 14,492,684
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	11,967,365
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	8,779,301
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	2,588,611
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	5,078,873
Municipal court	187,241	216,232	301,599	360,033	408,997	465,704	439,415	387,866	391,789	389,551
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	2,690,466
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	45,986,851
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	4,966,655
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	6,791,346
Environmental services	2,814,898	3,620,169	3,650,420	3,612,537	4,067,771	3,712,554	3,637,368	3,918,999	4,173,979	4,019,191
Renaud Spirit Center	-	-	-	1,701,769	1,824,010	1,989,884	2,086,691	2,198,121	2,082,716	2,229,539
Public venue	734,179	590,211	581,120	769,865	645,915	549,671	578,160	567,706	534,896	521,451
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	18,528,182
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	\$ 64,515,033
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	\$ 184,584
Public safety	33,896	36,068	46,559	17,746	-	-	94,229	160,487	161,928	31,963
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	1,065,345
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	1,212,487
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	1,912,044
Operating grants and contributions	13,118,889	291,147	541,792	526,136	448,926	449,984	489,331	951,205	1,237,034	768,008
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	6,610,148
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	11,784,579
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	\$ 5,067,517
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	7,324,794
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	4,211,007
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	1,928,922
Public Venue	-	-	-	171,910	172,653	206,657	108,169	149,011	231,964	146,456
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	680,264
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	19,358,960
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	\$ 31,143,539
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)	\$ (34,202,272)
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	830,778
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)	\$ (33,371,494)
General Revenues and Other										
Changes in Net Position										
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	\$ 9,374,106
Sales tax	13,709,335	15,304,539	17,963,371	17,758,834	17,830,992	17,444,847	20,157,649	20,931,831	22,277,141	24,450,948
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	7,626,786
Investment earnings	609,326	360,386	620,248	1,726,723	2,304,865	1,275,818	925,437	707,151	245,969	53,134
Other revenues	61,674	1,080,093	437,253	314,766	918,247	809,464	549,498	643,446	723,521	828,192
Transfers	(88,000)	(110,000)	(127,500)	(11,162,503)	(662,558)	(300,000)	(540,425)	(342,127)	503,116	(293,750)
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	42,039,416
Business-Type Activities										
Grants and contributions not restricted to specific programs										
Investment earnings	568,256	355,829	453,707	710,441	728,890	438,303	256,853	184,853	197,324	199,068
Other revenues	134,099	266,051	-	-	-	146,920	28,605	30,710	40,777	14,483
Transfers	88,000	110,000	127,500	11,162,503	662,558	300,000	540,425	342,127	(503,116)	293,750
Total Business-Type Activities	790,355	731,880	581,207	11,872,944	1,391,448	885,223	825,883	557,690	(111,240)	604,490
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	\$ 42,643,906
Change in Net Position										
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	\$ 7,837,144
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	1,435,268
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	\$ 9,272,412

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011**	2012
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	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	n/a
Nonspendable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	357,947	371,481
Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	253,541	218,578
Committed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	652,589	173,920
Assigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48,841	142,672
Unassigned	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,972,408	17,117,352
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	\$ 18,024,003
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	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	n/a
Capital Projects Fund	289,213	361,893	(8,277)	205,899	254,175	12,331	-	-	n/a	n/a
Nonspendable	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	101,000	102,779
Restricted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,618,685	15,909,160
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	\$ 16,011,939

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 41,513,203
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	3,602,593
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	954,876
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	1,518,210
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	1,873,350
Investment earnings	609,326	360,386	620,248	1,503,333	2,084,960	1,534,839	925,437	730,863	406,531	53,134
Miscellaneous	875,540	1,170,443	1,124,122	371,969	901,674	783,088	507,390	623,104	723,521	772,929
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	50,288,295
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	8,162,538
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	11,487,998
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	4,920,225
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	2,543,125
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	4,629,908
Municipal court	186,000	212,035	300,362	357,558	397,422	448,024	418,697	376,941	390,772	388,695
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	8,071,201
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	4,922,400
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	2,141,736
Bond issue costs	-	134,695	81,969	-	197,537	-	166,239	-	97,550	46,568
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	47,314,394
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)	2,973,901
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	1,330,000
Transfers out	(705,252)	(1,406,596)	(789,422)	(2,532,884)	(1,360,508)	(1,332,345)	(558,860)	(896,127)	(704,960)	(1,623,750)
Payment from Waterbury CID	-	-	-	-	-	-	-	-	20,063	18,258
Sale of capital assets	-	-	-	13,298	200,407	62,183	46,765	28,326	54,478	55,263
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	5,925,375
Premium	-	-	-	-	-	-	88,184	-	57,360	49,620
Payment to Escrow Agent	-	(8,318,139)	-	-	-	-	(13,893,737)	-	(7,310,554)	(7,197,736)
Loan proceeds	-	-	-	-	-	-	-	-	-	1,500,000
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)	57,030
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)	\$ 3,030,931
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%	16.8%

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program										
Governmental Activities										
General government	\$ 253,403	\$ 263,469	\$ 539,426	\$ 595,212	\$ 345,396	\$ 145,311	\$ 110,042	\$ 2,256,323	\$ 732,023	\$ 185,728
Public safety	465,896	44,807	220,899	200,397	121,744	224,184	363,171	542,538	548,389	244,211
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	6,805,764
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	1,406,695
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	1,230,137
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	1,912,044
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	11,784,579
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	5,367,829
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	7,703,043
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	4,211,007
Renaud Spirit Center	-	-	-	1,469,372	1,599,356	1,738,826	1,788,979	1,914,475	1,976,368	1,930,625
Public venue	203,423	53,870	241,199	171,910	181,637	206,657	108,169	149,011	231,964	146,456
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	19,358,960
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	\$ 31,143,539

City of O'Fallon, Missouri
Tax Revenues by Source
Last Ten 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
2012		9,435,469		24,450,948		7,626,787		41,513,203
Change 2003-2012		8%		56%		299%		58%

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
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
2012	1,271,462,525	266,973,006	21,879,066	1,560,314,597	0.5512	6,932,205,848

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
City of O'Fallon (1)										
General	\$ 0.3562	\$ 0.3562	\$ 0.3562	\$ 0.3553	\$ 0.3324	\$ 0.3324	\$ 0.3483	\$ 0.3483	\$ 0.3750	\$ 0.3750
Parks	-	-	-	-	-	0.1209	0.1267	0.1267	0.1350	0.1350
Debt	0.1950	0.1276	0.1276	0.2611	0.2840	0.2900	0.3100	0.3100	0.3100	0.3300
Total City of O'Fallon	0.5512	0.4838	0.4838	0.6164	0.6164	0.7433	0.7850	0.7850	0.8200	0.8400
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.03
St. Charles County	0.0016	0.0016	0.0016	0.0016	0.0020	0.0020	0.0025	0.0030	0.0040	0.01
St. Charles County Road and Bridge	0.2025	0.2025	0.2025	0.2025	0.2025	0.2025	0.2148	0.2150	0.2250	0.23
Fort Zumwalt School District (2)	4.7936	4.7611	4.5968	4.5967	4.3811	4.3789	4.5629	4.5520	4.9538	4.25
St. Charles County Library District	0.2181	0.2181	0.2065	0.2064	0.1946	0.1946	0.2064	0.2060	0.2221	0.22
O'Fallon Fire Protection District	0.6148	0.6148	0.5936	0.5936	0.5517	0.5517	0.5814	0.5810	0.6341	0.63
St. Charles County Handicapped	0.1398	0.1398	0.1324	0.1323	0.1247	0.1247	0.1323	0.1320	0.1422	0.14
St. Charles County Ambulance	0.1477	0.1421	0.1439	0.1441	0.1366	0.1334	0.1441	0.1440	0.1535	0.16
St. Charles County Alarm and Dispatch	0.0390	0.0390	0.0390	0.0390	0.0390	0.0390	0.0413	0.0410	0.0444	0.04
St. Charles County Community College	0.2196	0.2196	0.2196	0.2196	0.2094	0.2094	0.2196	0.2200	0.2318	0.23
Total	\$ 6.9579	\$ 6.8524	\$ 6.6497	\$ 6.7822	\$ 6.4880	\$ 6.6095	\$ 6.9203	\$ 6.9090	\$ 7.4609	\$ 7.62

(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General 1% city sales tax	\$ 11,013,369	\$ 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
Transportation 0.5% city sales tax	5,184,883	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
State motor fuel tax	2,844,056	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
Parks tax 0.5%	5,182,421	4,871,673	4,601,966	4,403,674	944,452	n/a	n/a	n/a	n/a	n/a
Regional parks sales tax	226,219	207,794	169,446	174,323	178,849	182,863	140,302	174,635	165,374	188,494
Total	\$ 24,450,948	\$ 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

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	2012			2003		
	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	1.11 %	\$ 10,789,467	1	1.07 %
DNS Electronics	13,702,463	2	0.88	10,238,010	2	1.01
Garden Villas of O'Fallon/Delmar Gardens	9,685,809	3	0.62	-		-
THF O'Fallon Development	6,623,440	4	0.42	-		-
Mastercard Intl Tax	6,584,367	5	0.42	6,311,785	4	0.63
Citi Mortgage	6,391,866	6	0.41	-		-
DP II LLC (Caplaco Five, Inc)	5,906,280	7	0.38	9,343,230	3	0.93
MEPT West 70 Commerce Center LLC	5,301,520	8	0.34	-		-
American Power Conversion Corp	4,974,909	9	0.32	-		-
Darlington Enclave at Winghaven UI LLC	4,657,240	10	0.30	3,897,080	6	0.39
Aldi, Inc	-		-	4,303,711	5	0.43
Pheasant Point LLC	-		-	3,648,180	7	0.36
Home Depot USA, Inc.	-		-	3,611,804	8	0.36
Dayton Hudson Corp (Target)	-		-	3,611,804	9	0.36
Bluffs LLC	-		-	3,448,890	10	0.34
	\$ 81,120,110		5.20 %	\$ 59,203,961		5.87 %

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
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
2012	8,421,171	7,929,845	94.17	154,514	8,084,359	96.00

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	MODOT SIB Loan	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
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	1,544
2012	64,586	1,500,000	-	25,995,000	4,828,652	22,082,975	6,423,200	-	365,000	26,826,800	18,152,025	6,511,211	112,749,449	5	1,371

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	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2012 *		20,256,482	1.30	246.38

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

*General Obligation Bonds, net debt service beginning in 2012

City of O'Fallon, Missouri
Direct and Overlapping General Obligation Debt
As of December 31, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
St. Charles County	\$ 4,877,000	20.12 %	\$ 981,252
St. Charles County Ambulance	8,675,000	20.12	1,745,410
St. Charles Community College	35,815,000	20.12	7,205,978
Fort Zumwalt School District	131,660,000	73.00	96,111,800
Francis Howell School District	164,808,751	11.00	18,128,963
Wentzville School District	194,083,677	16.00	31,053,388
Subtotal, overlapping debt			155,226,791
City Net Direct General Obligation Debt			20,256,482
Total Direct And Overlapping Debt			\$ 175,483,273

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 156,031,457
Total net debt applicable to limit	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	20,256,482
Legal Debt Margin	\$ 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	\$ 135,774,975
Total net debt applicable to the limit as a percentage of debt limit	39.35%	34.90%	27.23%	23.47%	19.13%	16.54%	15.67%	14.82%	14.60%	12.98%

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	
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
2012	12,487,562	5,947,600	6,539,962	3,087,989	1,641,581	1.38

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		
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
2012	82,215	2,486,839,320	30,248	35.0	90.4	27.2	18,733	5.3

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 2012 is based on Fort Zumwalt School enrollment for the 2011-2012 school year. Enrollment from 2003-2004 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	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Citigroup	4,900	1	11.56 %	4,500	1	10.62 %
Fort Zumwalt School District	2,700	2	6.37	2,000	3	4.72
MasterCard Intl.	2,000	3	4.72	2,300	2	5.43
True Manufacturing	N/A*	4	N/A*	N/A*	5	N/A*
MEMC Electronic Materials, Inc	716	5	1.69	1,270	4	3.00
City of O'Fallon	674	6	1.59	350	6	0.83
Fireman's Fund Insurance Company	577	7	1.36	-		-
Walmart	436	8	1.03	-		-
Delmar Gardens/Garden Villas of O'Fallon	370	9	0.87	-		-
Progresss West HealthCare Center	367	10	0.87	-		-
True Fitness Technology	-		-	275	7	0.65
Xspedius Communications	-		-	260	8	0.61
Brake Resources, Inc	-		-	175	9	0.41
Nordyne, Inc	-		-	160	10	0.38
	12,740		30.30 %	11,290		28.01 %

Source: City of O'Fallon, MO Economic Development Department
Labor Force, December 2012 = 42,389

*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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration Group										
Administration	7.00	7.00	7.00	7.00	7.00	5.00	5.15	5.00	8.00	8.00
Communications	5.10	5.10	5.50	5.25	5.40	5.50	5.50	5.50	5.50	5.50
Economic development	3.00	3.00	3.00	3.15	3.15	3.15	3.00	3.00	3.00	3.00
Public relations	4.10	4.25	4.25	4.25	3.00	3.00	3.00	3.15	3.20	3.20
Administrative Services Group										
Citizens First Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	n/a	n/a
Facilities maintenance	6.00	6.00	6.00	6.00	6.00	5.15	6.10	6.40	6.20	6.20
Fleet maintenance	4.00	4.00	4.00	4.25	4.00	4.00	4.00	4.00	4.00	4.00
Human resources	6.00	5.75	6.00	6.00	5.00	5.00	5.00	5.00	3.00	3.00
Information Technologies	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Safety and risk management	n/a	1.00	1.00	-	1.00	1.00	1.00	1.00	1.00	1.00
Volunteer services	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.00	2.00	2.00
Community Development Group										
Administration	3.00	3.25	3.50	6.00	3.00	3.00	3.00	2.65	2.00	n/a
Building	14.00	14.00	13.00	20.75	14.75	14.75	13.75	13.75	12.75	12.00
Code enforcement	3.00	3.00	n/a							
Construction inspection	n/a	n/a	n/a	n/a	8.00	8.00	7.00	10.00	9.90	n/a
Construction management	6.00	6.00	1.34	n/a						
Design	5.00	n/a								
Engineering	n/a	n/a	n/a	n/a	5.00	4.00	4.00	n/a	n/a	10.50
Highway (moved to S&RI Fund)	25.00	25.00	n/a							
Planning	6.00	6.00	6.00	10.00	8.00	8.00	7.00	7.00	7.00	6.00
Project management (fka:Public works)	3.00	6.25	10.00	6.50	5.25	0.75	0.75	0.30	0.50	0.60
Finance Group										
Finance	11.25	11.50	12.00	13.00	12.00	12.00	12.00	12.00	11.90	11.90
Municipal court	3.85	3.85	4.85	4.85	5.25	5.25	5.25	5.25	5.25	5.25
Parks and Recreational Group										
Landscaping	4.00	5.25	4.75	4.00	5.15	6.15	5.15	5.15	6.00	6.15
Tourism and festivals	n/a	n/a	2.45	2.25	4.80	4.50	4.35	3.60	3.60	3.60
Public Safety Group										
Police	131.00	133.00	133.50	133.50	138.25	143.50	145.50	145.50	143.25	146.50
Enterprise Funds										
Environmental Services Fund	17.00	22.00	26.00	26.00	26.80	24.75	26.75	27.25	27.90	27.15
Public Venue Fund (Athletics)	3.00	3.00	3.00	3.00	1.50	n/a	n/a	n/a	n/a	n/a
Renaud Spirit Center Fund	n/a	25.50	36.50	36.00	33.55	33.80	29.50	29.50	29.35	34.60
Renaud Spirit Center Fund (Fac Maint)	n/a	n/a	n/a	n/a	n/a	n/a	5.10	5.10	5.00	1.00
Sewer System Fund	n/a	n/a	2.33	0.50	-	-	16.00	19.75	19.65	21.55
Water System Fund	n/a	n/a	0.84	0.50	-	-	22.00	18.90	17.05	16.55
Special Revenue Funds										
Community Development Block Grant Fund	n/a	n/a	1.00	0.85	0.85	0.85	0.85	0.85	0.90	0.90
Recreation Fund (Parks)	24.00	24.00	24.00	24.00	24.15	24.85	24.75	24.55	22.05	22.05
Recreation Fund (Rec.)	12.00	11.50	9.92	13.25	31.65	29.50	26.70	25.85	25.35	26.80
Recreation Fund (Facilities)	n/a	n/a	n/a	n/a	n/a	n/a	2.80	2.50	2.80	2.80
Sewer Lateral Fund	n/a	0.10	0.20	0.20						
Storm Water Fund	n/a	n/a	n/a	n/a	n/a	1.00	4.00	4.95	5.10	5.55
Street and Rd Impr Fund (Fleet)	n/a	n/a	n/a	n/a	1.00	1.00	1.00	1.00	1.00	1.00
Street and Rd Impr Fund (Landscaping)	n/a	n/a	n/a	n/a	n/a	n/a	1.50	1.50	1.50	1.00
Street and Rd Impr Fund (Proj Mgmt)	n/a	n/a	n/a	n/a	n/a	5.25	5.25	4.80	4.60	7.15
Street and Rd Impr Fund (Streets)	n/a	n/a	32.00	32.25	27.75	27.00	27.00	27.00	27.00	33.25
Total	313.80	346.70	371.23	380.85	399.25	396.70	440.70	438.85	430.50	442.95

Source: Finance Department

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen and Officers	102	102	102	102	103	104	108	108	106	105
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	51	51	54	54
Transit										
Miles of Streets	313	285	285	285	285	300	295	298	303	301
Number of Street Lights	3,990	3,990	3,990	5,322	5,322	5,063	5,063	4,624	4,626	4,626
Municipal Water Department										
Number of Households/Dwellings	10,369	10,241	11,400	11,400	11,700	11,986	12,086	12,245	12,250	12,200
Average Daily Consumption	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	4.03 M gal/day
Miles of Water Mains	135	149	153	153	161	174	174	175	175	174
Building										
Residential Building Permits Issued	1,260	1,108	1,000	794	806	394	369	367	274	310
Commercial Building Permits Issued	158	223	258	256	220	194	143	190	157	143
Recreation and Culture										
Park Acreage	452	460	460	452	460	460	460	460	460	460
Number of Libraries	2	2	2	2	2	3	3	3	3	3
Number of Volumes	271,819	271,819	272,000	271,098	271,098	304,570	303,724	303,769	296,338	296,061
City of O'Fallon Employees										
Permanent Full-Time	305	338	333	334	347	339	374	371	366	374
Part-Time and Seasonal	12	105	79	90	93	208	186	220	229	300

Source: Various City Departments

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles (est until 2004)	20	20	21	29	30	31	33	33	33	35
Patrol Motorcycles (started reporting in 2012)	n/a	2								
Communications										
Programs Produced	161	214	217	287	225	252	377	334	342	292
Transit										
Square Yards of Concrete Replaced	20,898	18,000	6,805	9,128	10,000	16,472	16,472	12,154	24,000	33,624
Tons of Asphalt Replaced	667	1,400	342	3,957	500	975	975	1,076	363	367
Miles of Street Swept	2,530	10,100	11,741	11,713	12,000	6,083	6,083	5,102	5,054	3,236
Municipal Water Department										
Power Consumption Dollars/Million Gallon Pumped	\$ 211	\$ 204	\$ 222	\$ 228	\$ 229	\$ 250	\$ 270	\$ 287	\$ 305	\$ 299
Salt Consumption/Million Gallon Pumped	0.28	0.35	0.32	0.64	0.65	0.62	0.61	0.65	0.66	0.65
Chlorine Consumption mg/C/Finished Water Pumped	2.4	2.3	1.6	2.3	2.5	2.6	2.7	2.7	2.9	2.5
Wastewater										
Biosolids Treatment Facility (Nature's Bend Fertilizer)	1	1	1	1	1	1	1	1	1	1
Power Consumption Dollars/Million Gallon Treated	\$ 74	\$ 80	\$ 83	\$ 86	\$ 87	\$ 97	\$ 104	\$ 175	\$ 155	\$ 135
Line Cleaning 127 miles/3 years = 42.3	31.8	41.0	45.3	55.2	56.8	56.5	57.4	68.7	70.3	59.8
Recreation and Culture										
Pools	1	2	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	1	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	17	17	18	18	18	19	19

Source: Various City Departments

