



2015 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2015 • City of O'Fallon



City of O'Fallon, Missouri
Comprehensive Annual Financial Report



Fiscal Year Ended
December 31, 2015

Prepared By: Department of Finance

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Introduction

2015 Comprehensive Annual Financial Report
City of O'Fallon, Missouri



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

June 6, 2016

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, 2015 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, 2015, 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, 2015, 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 complement 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 29.76 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, 40/61 and Highway 364. The population of the City for 2015, as provided by the City's Economic Development Division, is 85,397 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 statements.

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

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

Economic Condition

The economic condition and outlook for the City is positive. The economic base is diverse and consists of a mix of residential, manufacturing, financial services, governmental services, education and healthcare. Essentially a "bedroom community" in the early 1980's to the St. Louis Metropolitan area, the City's economic growth now supports over 1,500 businesses. Our major employers consist of Citigroup, 3,800 employees; Fort Zumwalt School District with 2,006; and employees MasterCard Int., 1,960 employees.

The City is experiencing a decrease in Per Capita Personal Income of \$31,826 which is a decrease of 2.45% for 2015 as compared to 2014. The Federal Reserve Bank of St. Louis

released a report in March 2016 stating the housing prices are increasing faster than inflation, home sales are increasing, new home construction is on the rise, mortgage balances are increasing and mortgage delinquencies are declining. The only concern was that the home ownership rate continued to decline which could be based on the theory of a “return-to-normal condition”.

The City’s sales tax revenues increased by 3.5% in 2015 as compared to 2014. The current unemployment rate is 3.5% compared to 4.7% in 2014 which continues to trend downward. This rate has dropped each of the successive 6 years. The City Council approved an increase in the City’s property tax rate by \$.0334 for 2015 for a total levy of \$.5846 per \$100 of assessed valuation. This increase is a result of the City voters approving the construction and equipping of a police station and municipal courtroom at the election held on April 7, 2015. The outlook on the City’s long-term economic base is stable.

During 2014, Highway 364 was completed, which is an extension of Page Avenue bringing traffic across the Veteran’s Memorial Bridge from St. Louis into St. Charles County and ends at Interstates 40/64 and Highway N. The Highway continues to provide opportunities for additional retail within O’Fallon’s boundaries and provides alternative routes into St. Charles County from St. Louis County.

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 2015, City Council adopted a Strategic Plan prioritizing the City’s goals. The goals listed are as follows: 1) focus on infrastructure, 2) building/facility plans, 3) economic development, 4) leverage new technologies, 5) public safety, and 6) operational/employee issues.

The City sought funding through general obligation bonds as Proposition 1 on the April 2015 ballot for the purposes of acquiring, constructing, furnishing and equipping a new police station and municipal courthouse. The total cost for construction of this project was estimated at \$28,680,000. The proposition passed with a yes vote of 60.06%. It is anticipated that the Justice Center will be completed late in 2017.

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 an investment account (agency funds).

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, Capital Projects and Debt Service 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 the adoption of the Economic Development Strategic Plan. The Strategic Plan is a resource guide for the community and provides a 5-10 year vision promoting creative, positive and reasonable objectives to continue O'Fallon's economic growth. Through this plan, the department developed various goals to which help guide the Strategic Plan: business retention, business attraction, marketing and regulations.

The City strives to maintain streets at or above a 75 PCI (pavement condition index). In order to accomplish this, the City plans to replace 1,650 concrete slabs each year. During 2015 the City hired on 3 additional full-time employees whom replaced part time help in order to better concentrate on slab repairs and outstanding work orders for maintenance of the streets.

Through a partnership of the City's Recreation Department and Public Works Department, the City is developing a study to provide guidelines for constructing a bikeable/walkable plan for the Highway K and Highway M Corridor along with other available options. This is an initial phase of the project that would provide an alternative means of transportation to our residents along with promoting a healthy community. During 2016, design of the initial phase should be completed of this project with a potential of construction starting late 2016 or early 2017.

The City continues to participate in the 'Let's Move' initiative that is being promoted through First Lady Michelle Obama. *'The initiative is dedicated to solving the problem of obesity within a generation, so that children born today will grow up healthier and able to pursue their dreams.'* There are currently 15 entities that have become My Plate Partners with the City showing their dedication to teaching children and their parents/caregivers the importance of eating healthy and exercising. During 2015, the City received the final gold medals of the program which represents achievement of all of the

current goals. The program is going to be expanded in 2016 to define some additional challenges for the participating communities and the City plans to continue efforts to work towards all of these challenges.

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, 2014. 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 2015. 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,



Vicki M. Boschert, CPA
Director of Finance

**City of O’Fallon
City Officials**

Mayor

William Hennessy (2017*)

City Council

Ward 1

Dave Hinman (2017*)

Rick Lucas, President Pro Tem (2016*)

Ward 2

Rose Mack (2017*)

Jim Pepper (2016*)

Ward 3

John Haman (2017*)

Richard Battelle (2016*)

Ward 4

Bob Howell, (2017*)

Jeff Schwentker (2016*)

Ward 5

Mike Pheney (2017*)

Debbie Cook (2016*)

City Administrator

Bonnie L. Therrien

City Attorney

Kevin O’Keefe

City Judge

Dennis Chassaniol

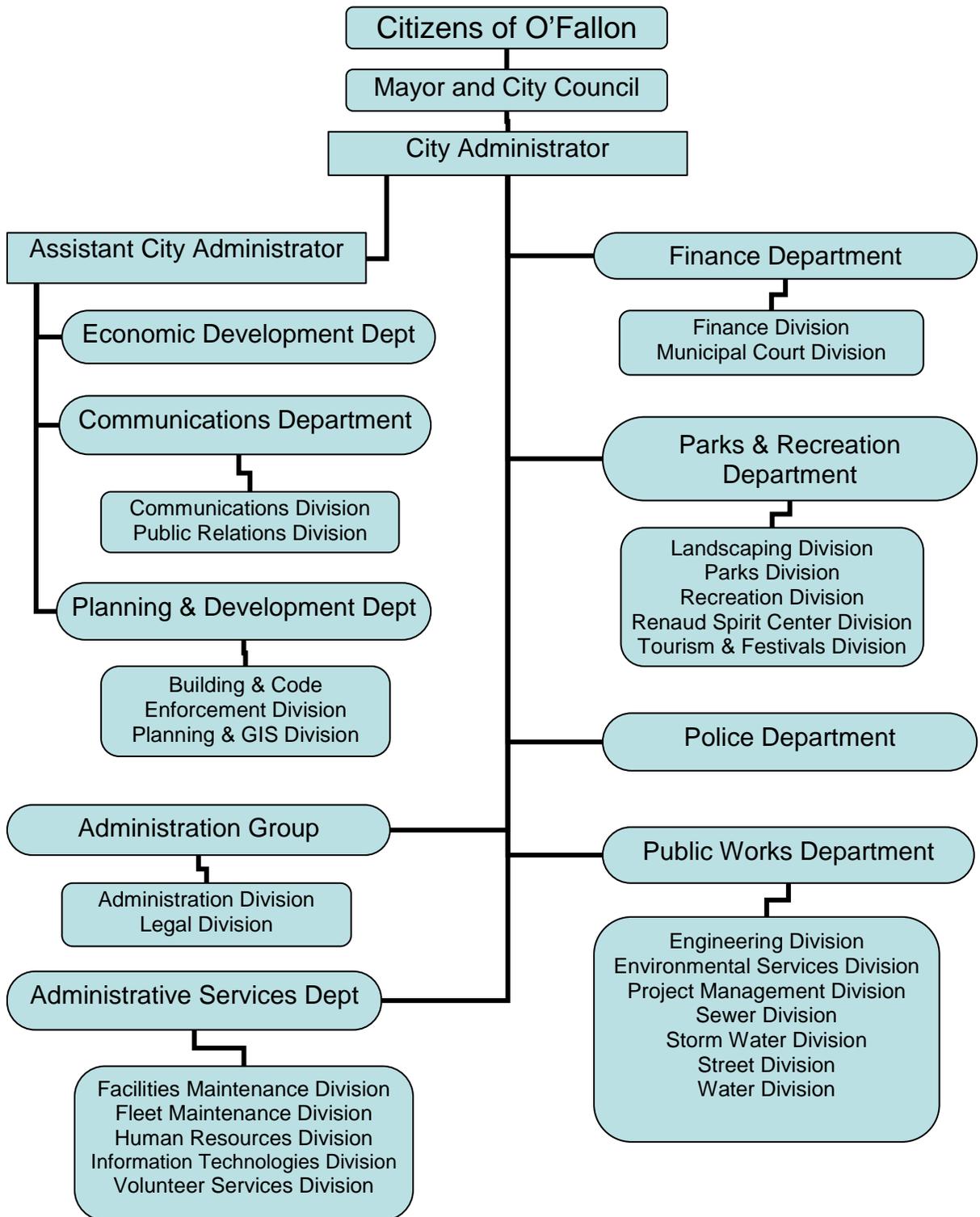
Finance Director

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
City Auditor Carl Zilch

* Denotes term expiration, all terms expire in April.

City of O'Fallon, Missouri Organizational Chart 2015 CAFR





Government Finance Officers Association

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, 2014

Executive Director/CEO



Financials

2015 Comprehensive Annual Financial Report
City of O'Fallon, Missouri



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

INDEPENDENT AUDITOR'S REPORT

June 6, 2016

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

Management's Responsibility for the Financial Statements

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

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.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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, 2015, 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 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 infor-

mation 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 June 6, 2016 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, 2015

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 2015. 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.

Financial Highlights

- On a government-wide basis, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$220,579,683 (net position). Of this amount, \$38,340,843 is considered unrestricted. The unrestricted net position of the City’s governmental activities is \$23,035,443 and may be used to meet the City’s ongoing obligations. The unrestricted net position of the City’s business-type activities is \$15,305,400 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 at December 31, 2015 increased \$14,121,542 from \$206,458,141 as restated to \$220,579,683 or 7% from the prior year.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$40,771,519. Approximately 38% of this total amount, \$15,395,077, 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 \$16,024,044, or 52% of total General Fund expenditures.
- The City’s total long-term debt decreased by a net amount of \$11,441,413, or 12%, 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City’s assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2015

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 impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2015

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

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

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

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

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

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

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

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

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2015

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 and deferred outflows exceeded liabilities and deferred inflows by \$220,579,683 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 \$158,460,169. 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, 2015

City of O'Fallon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 53,235,233	\$ 44,526,897	\$ 18,615,953	\$ 19,402,113	\$ 71,851,186	\$ 63,929,010
Long-term receivables	168,925	6,769,554	-	-	168,925	6,769,554
Capital assets	148,878,157	141,445,661	88,486,711	90,140,627	237,364,868	231,586,288
Total Assets	202,282,315	192,742,112	107,102,664	109,542,740	309,384,979	302,284,852
Deferred Outflow of Resources						
Deferred pension related	2,984,074	-	482,955	-	3,467,029	-
Deferred on refunding	1,231,708	1,461,574	985,476	1,174,074	2,217,184	2,635,648
Total Def Outflows	4,215,782	1,461,574	1,468,431	1,174,074	5,684,213	2,635,648
Liabilities						
Long-term liabilities outstanding	42,953,746	49,643,766	41,221,244	45,972,637	84,174,990	95,616,403
Other liabilities	5,845,191	5,448,067	1,682,469	2,967,575	7,527,660	8,415,642
Total Liabilities	48,798,937	55,091,833	42,903,713	48,940,212	91,702,650	104,032,045
Deferred Inflow of Resources						
Deferred pension related	2,029,852	-	299,706	-	2,329,558	-
Deferred on refunding	-	-	457,301	487,997	457,301	487,997
Total Def Inflows	2,029,852	-	757,007	487,997	2,786,859	487,997
Net Position						
Net investment in capital assets	109,840,518	95,729,079	48,619,651	48,308,010	158,460,169	144,037,089
Restricted	22,793,347	24,865,500	985,324	983,869	23,778,671	25,849,369
Unrestricted	23,035,443	18,517,274	15,305,400	11,996,726	38,340,843	30,514,000
Total Net Position	\$ 155,669,308	\$ 139,111,853	\$ 64,910,375	\$ 61,288,605	\$ 220,579,683	\$ 200,400,458

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2015

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 \$38,340,843 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 \$14,121,542. This increase in net position is a result of continued economic growth. The City’s population increased by an estimated 1,016 residents. There were 434 residential construction permits issued along with 244 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, 2015

City of O'Fallon's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 4,462,134	\$ 4,793,158	\$ 19,411,062	\$ 19,098,479	\$ 23,873,196	\$ 23,891,637
Operating grants and contributions	652,093	640,953	-	-	652,093	640,953
Capital grants and contributions	7,765,677	11,421,480	497,226	1,036,424	8,262,903	12,457,904
General revenues:						
Property taxes	10,509,725	9,086,990	-	-	10,509,725	9,086,990
Sales taxes	26,856,143	25,948,421	-	-	26,856,143	25,948,421
Franchise and public	8,377,237	8,122,547	-	-	8,377,237	8,122,547
Other	723,992	717,312	181,626	61,600	905,618	778,912
Total Revenues	59,347,001	60,730,861	20,089,914	20,196,503	79,436,915	80,927,364
Expenses						
General government	14,213,241	14,484,550	-	-	14,213,241	14,484,550
Public safety	12,136,211	12,778,140	-	-	12,136,211	12,778,140
Highways and streets	10,004,038	10,262,266	-	-	10,004,038	10,262,266
Community development	2,541,213	2,491,005	-	-	2,541,213	2,491,005
Parks and recreation	5,830,511	5,485,053	-	-	5,830,511	5,485,053
Municipal court	439,950	434,081	-	-	439,950	434,081
Interest on long-term debt	1,777,988	2,104,832	-	-	1,777,988	2,104,832
Water	-	-	5,036,596	5,008,590	5,036,596	5,008,590
Sewer	-	-	6,847,749	7,131,311	6,847,749	7,131,311
Environmental services	-	-	3,774,364	3,865,124	3,774,364	3,865,124
Renaud Spirit Center	-	-	2,198,056	2,336,780	2,198,056	2,336,780
Public venue	-	-	515,456	578,950	515,456	578,950
Total Expenses	46,943,152	48,039,927	18,372,221	18,920,755	65,315,373	66,960,682
Increase in Net Position						
Before Transfers	12,403,849	12,690,934	1,717,693	1,275,748	14,121,542	13,966,682
Transfers	(780,711)	(464,948)	780,711	464,948	-	-
Increase in Net Position	11,623,138	12,225,986	2,498,404	1,740,696	14,121,542	13,966,682
Net Position - Beginning of						
Year	139,111,853	126,885,867	61,288,605	59,547,909	200,400,458	186,433,776
Prior Period Adjustment	4,934,317	-	1,123,366	-	6,057,683	-
Net Position - Beginning of						
Year as Restated	144,046,170	126,885,867	62,411,971	59,547,909	206,458,141	186,433,776
Net Position - End of Year	\$155,669,308	\$ 139,111,853	\$ 64,910,375	\$ 61,288,605	\$ 220,579,683	\$ 200,400,458

City of O'Fallon, Missouri

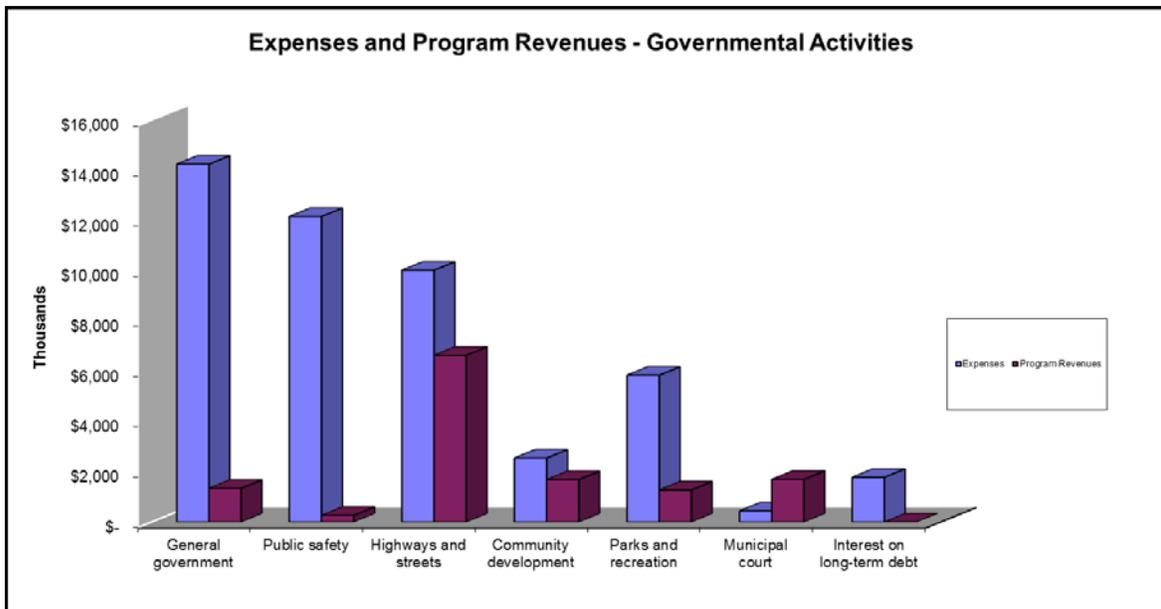
Management's Discussion and Analysis

Fiscal Year Ended December 31, 2015

Governmental activities. Governmental activities increased the City's net position by \$11,623,138, thereby accounting for 82% of the total growth in the net position of the City.

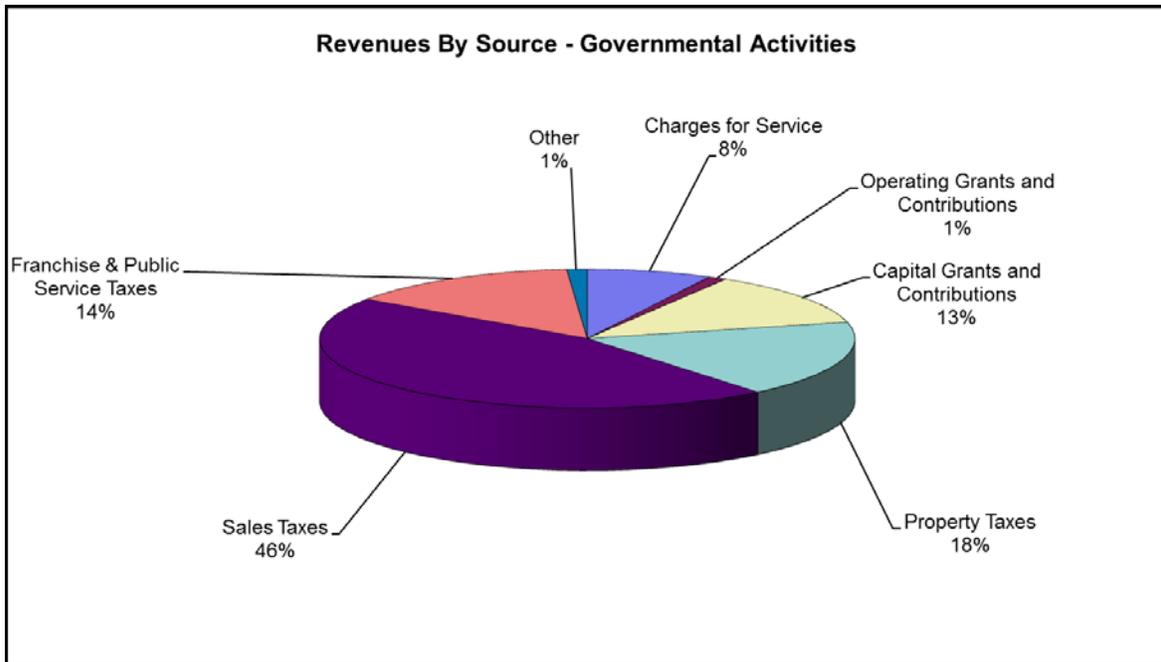
- There was an increase in sales tax revenue of \$907,722 due to an increase in sales and new businesses that opened in 2015.
- There was an increase in gross receipts tax of \$254,690.
- The City has received monies from the County Transportation Fund and the Missouri Highway Department of Transportation to reimburse itself for costs relating to Sommers Road, Woodlawn & Civic Park Road, Bryan Road slab replacement, Waterford Crossing intersection, Wabash Avenue, Hawk Ridge Trail, Crusher Road, Elaine Drive, and the I-70 Outer Road project. During fiscal year 2015 this amounted to \$2,480,574 and was reported as capital grants and contributions. Other items recorded to this category are the state motor fuel tax revenues and County Road and Bridge Funds.

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



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

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2015



Business-type activities. Business-type activities increased the City’s position by \$2,498,404 accounting for 18% of the total growth in the City’s net position.

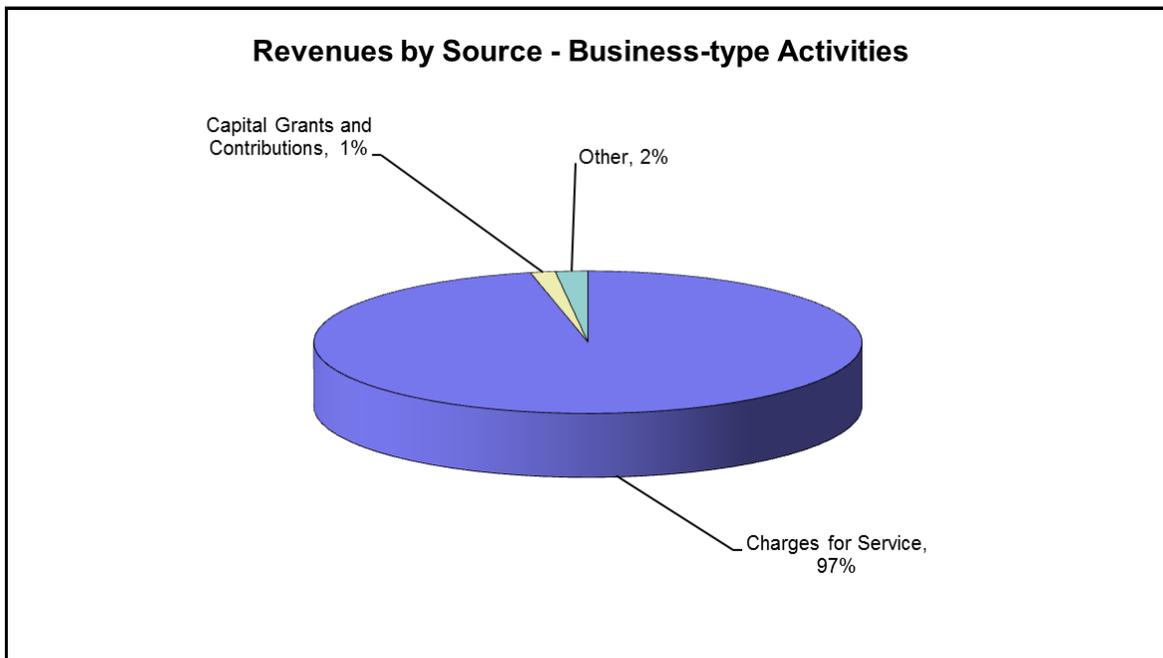
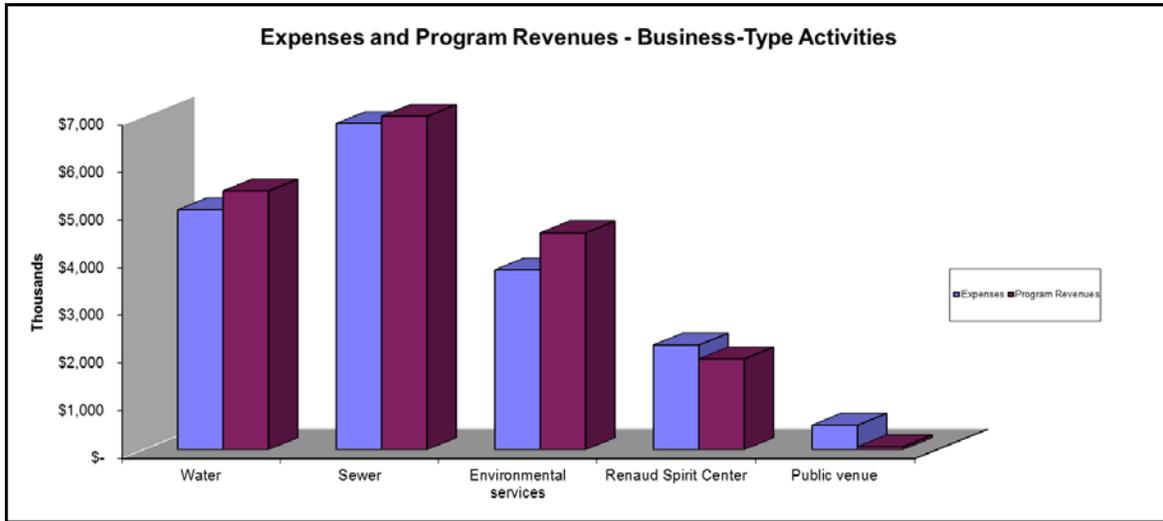
Following are charts comparing program revenues and expenses by individual business-type activity and the percent of the total for each source of revenue supporting business-type activities for the current year.

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, 2015



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.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2015

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,771,519, an increase of \$2,871,298 in comparison with the prior year. Approximately 38% 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 \$16,024,044 while total fund balance was \$19,583,518. 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 52% of total General Fund expenditures, while total fund balance represents 63% of that same amount.

The fund balance of the City's General Fund decreased by \$607,897 during the current fiscal year. Important factors to note are as follows:

- ◆ Capital expenditures increased over 2014 to pay for a new HVAC system for City Hall in the amount of \$1.58 million.
- ◆ The City purchased land for a new Justice Center from in the amount of \$1.97 million.

Street & Road Improvement Fund. The Street & Road Improvement Fund has a total fund balance of \$9,045,558, all of which is restricted or nonspendable for street improvements. Restricted fund balance represents 56% of total Street & Road Improvement Fund expenditures. Street improvement projects included improvements to Sommers Road, Woodlawn & Civic Park Road, Bryan Road slab replacement, Waterford Crossing intersection, Wabash Avenue, Hawk Ridge Trail, Crusher Road, Elaine Drive, and the I-70 Outer Road project.

The fund balance of the City's Street & Road Improvement fund increased by \$4,018,281 during the current fiscal year. Important factors to note are as follows:

- ◆ Taxes increased by \$288,091.
- ◆ Intergovernmental revenue increased by \$1,750,230, which corresponds to the increase in road projects in the capital outlay expenditures.
- ◆ MODOT paid the City the long-term receivable of \$6,585,335 for the Page Enhancements.

Recreation Fund. The Recreation Fund has a total fund balance of \$4,432,189, all of which is restricted or nonspendable for the City's parks and recreation program. Restricted fund balance represents 78% of total Recreation Fund expenditures.

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2015

The fund balance of the City's Recreation fund decreased by \$154,558 during the current fiscal year. Important factors to note are as follows:

- ◆ Taxes increased by \$694,890 to cover capital expenses. This sales tax is shared with the Storm Water fund.
- ◆ Parks and Recreation capital expenditures increased by \$1,041,730

Storm Water Fund. The Storm Water Fund was created in 2009 and has a total fund balance of \$1,659,154, all of which is restricted or nonspendable for the City's storm water program. Restricted fund balance represents 97% of total Storm Water Fund expenditures.

The fund balance of the City's Storm Water Fund decreased by \$270,363 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales taxes decreased by \$482,515. This sales tax is shared with the Recreation fund, which increased to cover capital expenses.
- ◆ Spending increased by \$78,428.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$5,330,808, all of which is restricted for the payment of debt service. Restricted fund balance represents 144% of total Debt Service Fund expenditures.

The fund balance of the City's Debt Service Fund increased by \$410,704 during the current fiscal year. Important factors to note are as follows:

- ◆ Property taxes increased by \$914,815 due to the property tax levy increase.

Nonmajor Governmental Funds. The fund balance of the City's nonmajor funds decreased by \$524,869 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 \$472,500.
- ◆ The Public Facilities capital projects fund was created for the construction of the new Justice Center. Expenditures totaled \$628,967 without a revenue source as the bonds will be issued in 2016, which will reimburse the fund for the 2015 expenditures.

Budgetary Highlights - General Fund. Differences between the original budget and the final amended budget for expenditures resulted in a 15% increase. Mid-year budget amendments were adopted by the City Council to add several capital purchases. These capital purchases include the purchase of a building for the Environmental Services fund,

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2015

land acquisition for the new Justice Center, lighting upgrades, a new HVAC system for City Hall, as well as purchases with seizure funds for a mobile command center and several vehicle replacements.

During the year, actual expenditures were more than the revenues, resulting in an actual decrease in fund balance of \$996,254. The City’s fund balance on a budget basis at the end of the current year was \$18,829,427.

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 \$3,970,161. The change in restated unrestricted net position for the current year was an increase of \$981,432

Sewer Fund. Unrestricted net position of the Sewer Fund at the end of the year amounted to \$8,880,212. The change in restated unrestricted net position for the current year was an increase of \$1,115,946.

Environmental Services Fund. Unrestricted net position of the Environmental Services Fund at the end of the year amounted to \$1,944,175. The change in restated unrestricted net position for the current year was a decrease of \$63,342.

Renaud Spirit Center Fund. Unrestricted net position of the Renaud Spirit Center Fund at the end of the year amounted to \$357,846. The change in restated unrestricted net position for the current year was an increase of \$127,923.

Public Venue Fund. Unrestricted net position of the Public Venue Fund at the end of the year amounted to \$153,006. The change in restated unrestricted net position for the current year was an increase of \$24,349.

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, 2015, amounts to \$237,364,868 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and infrastructure. The total increase in the City’s investment in capital assets for the current fiscal year was 2.5% (a 5.3% increase for governmental activities and a 1.8% decrease for business-type activities).

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2015

City of O'Fallon's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 16,162,062	\$ 14,169,267	\$ 1,384,667	\$ 1,365,654	\$ 17,546,729	\$ 15,534,921
Construction in progress	6,220,280	3,259,536	617,440	2,470,821	6,837,720	5,730,357
Buildings	9,114,568	9,483,155	32,682,975	34,526,101	41,797,543	44,009,256
Improvements	3,381,282	3,876,127	-	-	3,381,282	3,876,127
Equipment	9,511,966	6,758,351	25,382,133	26,304,940	34,894,099	33,063,291
Infrastructure	104,487,999	103,899,225	28,419,496	25,473,111	132,907,495	129,372,336
Total	\$ 148,878,157	\$ 141,445,661	\$ 88,486,711	\$ 90,140,627	\$ 237,364,868	\$ 231,586,288

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 \$78,654,658. Of this amount \$17,950,000 comprised debt backed by the full faith and credit of the City. The remainder of the debt includes \$13,385,000 in certificates of participation, \$44,860,000 in Special Obligation bonds, \$2,212,088 in SIB Loan, and \$247,570 in capital lease obligations.

City of O'Fallon's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 17,950,000	\$ 20,835,000	\$ -	\$ -	\$ 17,950,000	\$ 20,835,000
Certificates of participation	5,265,200	6,423,200	8,119,800	9,386,800	13,385,000	15,810,000
Special Obligation bonds	13,395,550	15,665,550	31,464,450	34,214,450	44,860,000	49,880,000
SIB Loan	2,212,088	2,495,902	-	-	2,212,088	2,495,902
Capital lease obligations	2,737	13,895	244,833	594,092	247,570	607,987
Total	\$ 38,825,575	\$ 45,433,547	\$ 39,829,083	\$ 44,195,342	\$ 78,654,658	\$ 89,628,889

The City's total debt decreased by \$10,974,231 (12%) during the current fiscal year.

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 \$163,811,569, which is significantly in excess of the City's outstanding general obligation debt of \$17,950,000.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2015

During 2007, the City received a rating of “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 2016 fiscal year:

- ◆ Property tax values will increase by 1.5%
- ◆ The salary scale was increased by 4% for employees
- ◆ 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, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 33,692,230	\$ 12,435,233	\$ 46,127,463
Receivables (net):			
Taxes	9,065,279	-	9,065,279
Services	-	3,095,492	3,095,492
Municipal court	707,149	-	707,149
Intergovernmental	1,634,228	-	1,634,228
Other	118,181	-	118,181
Prepaid assets	387,659	144,645	532,304
Inventories	5,904	-	5,904
Cash and investments - restricted	1,995,775	1,776,481	3,772,256
Internal balances	77,128	(77,128)	-
Long-term receivables	168,925	-	168,925
Net pension asset	5,551,700	1,241,230	6,792,930
Capital assets:			
Nondepreciable	22,382,342	2,002,106	24,384,448
Depreciable, net	126,495,815	86,484,605	212,980,420
Total Assets	202,282,315	107,102,664	309,384,979
Deferred Outflow of Resources			
Deferred outflows - pension related	2,984,074	482,955	3,467,029
Deferred amounts from refunding of debt	1,231,708	985,476	2,217,184
Total Deferred Outflows of Resources	4,215,782	1,468,431	5,684,213
Liabilities			
Accounts payable and accrued wages	4,779,106	746,157	5,525,263
Accrued interest	384,699	291,476	676,175
Other accrued liabilities	105,268	-	105,268
Unearned revenues	576,118	149,263	725,381
Deposits and escrow funds	-	418,445	418,445
Long-term liabilities:			
Due within one year	7,682,303	4,492,655	12,174,958
Due in more than one year	32,091,421	36,805,717	68,897,138
Due in more than one year - OPEB obligation	3,180,022	-	3,180,022
Total Liabilities	48,798,937	42,903,713	91,702,650
Deferred Inflow of Resources			
Deferred inflow - pension related	2,029,852	299,706	2,329,558
Deferred amounts from refunding of debt	-	457,301	457,301
Total Deferred Inflows of Resources	2,029,852	757,007	2,786,859
Net Position			
Net investment in capital assets	109,840,518	48,619,651	158,460,169
Restricted for:			
Grants	500,901	-	500,901
Street & Road Improvement	8,219,629	-	8,219,629
Sewer Lateral	387,592	-	387,592
Public Safety	148,343	-	148,343
Parks and Recreation	5,249,280	-	5,249,280
Debt Service	6,459,523	985,324	7,444,847
Waterbury CID	168,925	-	168,925
Storm Water	1,659,154	-	1,659,154
Unrestricted	23,035,443	15,305,400	38,340,843
Total Net Position	\$ 155,669,308	\$ 64,910,375	\$ 220,579,683

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Activities
For The Year Ended December 31, 2015

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	\$ 14,213,241	\$ 114,538	\$ 28,770	\$ 1,192,717	\$ (12,877,216)	\$ -	\$ (12,877,216)
Public safety	12,136,211	23,502	239,368	-	(11,873,341)	-	(11,873,341)
Highways and streets	10,004,038	-	125,523	6,497,960	(3,380,555)	-	(3,380,555)
Community development	2,541,213	1,443,251	243,097	-	(854,865)	-	(854,865)
Parks and recreation	5,830,511	1,185,042	15,335	75,000	(4,555,134)	-	(4,555,134)
Municipal court	439,950	1,695,801	-	-	1,255,851	-	1,255,851
Interest on long-term debt	1,777,988	-	-	-	(1,777,988)	-	(1,777,988)
Total Governmental Activities	46,943,152	4,462,134	652,093	7,765,677	(34,063,248)	-	(34,063,248)
Business-Type Activities							
Water	5,036,596	5,281,228	-	150,835	-	395,467	395,467
Sewer	6,847,749	7,610,219	-	346,391	-	1,108,861	1,108,861
Environmental services	3,774,364	4,551,270	-	-	-	776,906	776,906
Renaud Spirit Center	2,198,056	1,905,485	-	-	-	(292,571)	(292,571)
Public venue	515,456	62,860	-	-	-	(452,596)	(452,596)
Total Business-Type Activities	18,372,221	19,411,062	-	497,226	-	1,536,067	1,536,067
Total Government	65,315,373	23,873,196	652,093	8,262,903	(34,063,248)	1,536,067	(32,527,181)
General Revenues							
Property taxes levied for:							
General purposes							
					6,111,366	-	6,111,366
Sewer Lateral							
					195,629	-	195,629
Debt service							
					4,202,730	-	4,202,730
Sales tax levied for:							
General purposes							
					12,090,369	-	12,090,369
Transportation purposes							
					8,807,250	-	8,807,250
Recreation							
					4,534,535	-	4,534,535
Storm Water							
					1,423,989	-	1,423,989
Franchise and public service taxes							
					8,377,237	-	8,377,237
Investment earnings							
					(15,567)	10,750	(4,817)
Gain on sale of capital assets							
					91,087	170,876	261,963
Other revenues							
					648,472	-	648,472
Transfers							
					(780,711)	780,711	-
Total General Revenues and Transfers							
					45,686,386	962,337	46,648,723
Changes in Net Position							
					11,623,138	2,498,404	14,121,542
Net Position - Beginning of Year							
					139,111,853	61,288,605	200,400,458
Restatement for GASB 68							
					4,934,317	1,123,366	6,057,683
Net Position - Beginning of Year As Restated							
					144,046,170	62,411,971	206,458,141
Net Position - End of Year							
					\$ 155,669,308	\$ 64,910,375	\$ 220,579,683

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Balance Sheet
Governmental Funds
December 31, 2015

	<u>Major Funds</u>					<u>Nonmajor Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Street & Road Improvement</u>	<u>Recreation</u>	<u>Storm Water</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
Assets								
Cash and investments:								
Held by trustee	\$ -	\$ 825,929	\$ 855	\$ -	\$ -	\$ -	\$ -	\$ 826,784
Restricted	1,168,991	-	-	-	-	-	-	1,168,991
Unrestricted	16,159,056	6,779,902	3,959,533	1,539,048	4,136,874	1,117,817	-	33,692,230
Inventories	5,904	-	-	-	-	-	-	5,904
Receivables:								
Property taxes	2,181,166	-	-	-	1,495,865	-	-	3,677,031
Other taxes	2,744,471	1,461,057	726,232	242,078	-	253,134	-	5,426,972
Municipal court	707,149	-	-	-	-	-	-	707,149
Intergovernmental	18,350	1,610,006	5,872	-	-	-	-	1,634,228
Other	69,247	540	22,024	-	-	26,370	-	118,181
Due from other funds	340,656	-	-	-	-	-	-	340,656
Advance to other funds	77,128	-	-	-	-	-	-	77,128
Prepaid assets	295,827	49,837	35,685	6,281	-	29	-	387,659
Total Assets	\$ 23,767,945	\$ 10,727,271	\$ 4,750,201	\$ 1,787,407	\$ 5,632,739	\$ 1,397,350	\$ -	\$ 48,062,913
Liabilities								
Accounts payable	\$ 2,266,416	\$ 1,173,441	\$ 211,951	\$ 109,383	\$ -	\$ 329,289	\$ -	\$ 4,090,480
Accrued wages and leave payable	550,870	55,928	65,967	13,370	-	2,491	-	688,626
Municipal court appearance bonds payable	105,268	-	-	-	-	-	-	105,268
Unearned revenue	78,180	452,344	40,094	5,500	-	-	-	576,118
Due to Other Funds	-	-	-	-	-	340,656	-	340,656
Total Liabilities	3,000,734	1,681,713	318,012	128,253	-	672,436	-	5,801,148
Deferred Inflows of Resources								
Unavailable revenue:								
Property taxes	476,544	-	-	-	301,931	4,622	-	783,097
Municipal court	707,149	-	-	-	-	-	-	707,149
Total Deferred Inflows Of Resources	1,183,693	-	-	-	301,931	4,622	-	1,490,246
Fund Balances								
Nonspendable - supplies & prepaids								
Inventories	5,904	-	-	-	-	-	-	5,904
Prepaid assets	295,827	49,837	35,685	6,281	-	29	-	387,659
Advance to other funds	77,128	-	-	-	-	-	-	77,128
Restricted - externally imposed or law								
Debt Covenants - Bond cash accounts	-	825,929	855	-	4,136,874	-	-	4,963,658
Grant Savings Account	482,551	-	-	-	-	-	-	482,551
Police Grants	18,350	-	-	-	-	-	-	18,350
Street & Road Improvement	-	8,169,792	-	-	-	-	-	8,169,792
Sewer Lateral	-	-	-	-	-	382,941	-	382,941
Public Safety	-	-	-	-	-	148,343	-	148,343
Parks and Recreation	-	-	4,395,649	-	-	817,946	-	5,213,595
Debt Service	-	-	-	-	1,193,934	-	-	1,193,934
Storm Water	-	-	-	1,652,873	-	-	-	1,652,873
Committed - Council committed or contracts								
Purchase Orders (resolution)	358,021	-	-	-	-	-	-	358,021
Council's reserve on FB for capital	815,000	-	-	-	-	-	-	815,000
Council's reserve on FB for self-funded insurance	958,249	-	-	-	-	-	-	958,249
Assigned - intent for specific purpose								
Purchase orders, less contracts by resolution	548,444	-	-	-	-	-	-	548,444
Unassigned	16,024,044	-	-	-	-	(628,967)	-	15,395,077
Total Fund Balances	19,583,518	9,045,558	4,432,189	1,659,154	5,330,808	720,292	-	40,771,519
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	\$ 23,767,945	\$ 10,727,271	\$ 4,750,201	\$ 1,787,407	\$ 5,632,739	\$ 1,397,350	\$ -	\$ 48,062,913

*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, 2015

Total fund balance - governmental funds \$ 40,771,519

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. 168,925

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$240,537,528 and the accumulated depreciation is \$91,659,371. 148,878,157

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. 1,451,522

Net OPEB obligation liability was recorded in compliance with GASB 45. (3,180,022)

Certain items are not a financial resource and, therefore are not reported in the governmental funds.

Net pension asset	5,551,700
Deferred outflows for pension payments after the measurement date	972,380
Deferred outflows for difference in investment income	2,011,694
Deferred inflows from pension experience	(2,029,852)

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 and premiums 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, 2015 are:

Accrued compensated absences and vacation	(736,085)
Accrued interest on outstanding debts	(384,699)
Debt and notes payable	(38,825,575)
Unamortized debt premium	(212,064)
Unamortized deferred refunding	1,231,708

Total Net Position Of Governmental Activities \$ 155,669,308

*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, 2015

	<u>Major Funds</u>					<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Street & Road Improvement</u>	<u>Recreation</u>	<u>Storm Water</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	
Revenues							
Taxes	\$ 25,766,614	\$ 8,807,250	\$ 4,534,535	\$ 1,423,989	\$ 4,108,894	\$ 929,067	\$ 45,570,348
Intergovernmental	271,973	10,959,957	90,335	-	-	254,557	11,576,822
Licenses and permits	1,291,024	-	-	-	-	-	1,291,024
Charges for services	459,548	-	1,015,760	-	-	-	1,475,308
Fines and forfeitures	1,998,929	-	-	-	-	48,161	2,047,090
Investment earnings	(19,865)	16,799	(5,744)	(2,108)	(2,759)	(1,889)	(15,567)
Miscellaneous	335,545	151,413	128,878	924	-	1,610	618,370
Total Revenues	30,103,768	19,935,419	5,763,764	1,422,805	4,106,135	1,231,505	62,563,395
Expenditures							
Current:							
General government	8,609,501	-	-	685,981	1,118	199,215	9,495,815
Public safety	12,119,321	-	-	-	-	37,641	12,156,962
Highways and streets	-	5,314,190	-	-	-	-	5,314,190
Community development	2,315,475	-	-	-	-	163,089	2,478,564
Parks and recreation	1,116,264	-	3,970,809	-	-	129,527	5,216,600
Municipal court	439,286	-	-	-	-	-	439,286
Capital outlay	5,289,998	7,235,537	1,645,216	699,522	-	811,589	15,681,863
Debt service:							
Principal retirement	715,000	2,693,814	33,000	270,000	2,885,000	-	6,596,814
Interest	40,638	783,033	11,374	41,483	809,313	-	1,685,841
Total Expenditures	30,645,483	16,026,574	5,660,400	1,696,986	3,695,431	1,341,061	59,065,935
Revenues Over (Under) Expenditures	(541,715)	3,908,845	103,364	(274,181)	410,704	(109,556)	3,497,461
Other Financing Sources (Uses)							
Insurance recoveries	9,099	21,003	-	-	-	-	30,102
Transfers in	100,000	71,261	1,199	-	-	63,611	236,071
Transfers out	(269,647)	(1,500)	(266,711)	-	-	(478,924)	(1,016,782)
Sale of capital assets	94,366	18,672	7,590	3,818	-	-	124,446
Total Other Financing Sources (Uses)	(66,182)	109,436	(257,922)	3,818	-	(415,313)	(626,162)
Net Changes in Fund Balances	(607,897)	4,018,281	(154,558)	(270,363)	410,704	(524,869)	2,871,298
Fund Balances							
Beginning of year	20,191,415	5,027,277	4,586,747	1,929,517	4,920,104	1,245,161	37,900,221
End of Year	\$ 19,583,518	\$ 9,045,558	\$ 4,432,189	\$ 1,659,154	\$ 5,330,808	\$ 720,292	\$ 40,771,519

*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, 2015

Net change in fund balances - total governmental funds \$ 2,871,298

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	12,111,064	
Donated capital assets	3,441,578	
Depreciation expense	<u>(8,086,788)</u>	7,465,854

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position. (33,358)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net position, 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 position.

Repayment of capital lease payable	11,158	
Repayment of loan payable	283,814	
Repayment of debt principal	<u>6,313,000</u>	6,607,972

Under the modified accrual basis of accounting used in the governmental funds, the effect of 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:

Increase in net pension asset	1,562,475	
Increase in the deferred outflows - pension	2,038,982	
Increase in the deferred inflows - pension	(2,029,852)	
Accrued interest on bonds	66,748	
Compensated absences	11,077	
Amortization expense	<u>(158,895)</u>	1,490,535

Long-term receivable for advanced funding for the Waterbury CID project and MODOT payment for Page Enhancements. (6,600,629)

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. (178,534)

Change in Net Position of Governmental Activities \$ 11,623,138

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2015

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Assets						
Current assets:						
Cash and cash equivalents:						
Held by trustee	\$ 296,363	\$ 687,478	\$ -	\$ -	\$ 1,483	\$ 985,324
Restricted	791,157	-	-	-	-	791,157
Unrestricted	3,640,632	7,578,007	871,529	271,752	73,313	12,435,233
Receivables:						
Charges for services:						
Billed	395,428	752,259	391,910	21,573	-	1,561,170
Unbilled	269,263	633,438	392,504	-	-	1,295,205
Other	66,047	51,050	36,620	-	85,400	239,117
Prepaid assets	38,249	62,795	27,184	10,229	6,188	144,645
Total Current Assets	5,497,139	9,765,027	1,719,747	303,554	166,384	17,451,851
Noncurrent assets:						
Net pension asset	282,601	343,673	449,046	161,571	4,339	1,241,230
Capital assets	47,096,182	83,732,059	8,574,972	11,172,546	6,078,452	156,654,211
Less: Accumulated depreciation	17,791,137	36,822,088	5,473,715	3,261,817	4,818,743	68,167,500
Total Noncurrent Assets	29,587,646	47,253,644	3,550,303	8,072,300	1,264,048	89,727,941
Total Assets	35,084,785	57,018,671	5,270,050	8,375,854	1,430,432	107,179,792
Deferred Outflow of Resources						
Deferred outflows - pension related	109,959	133,722	174,721	62,865	1,688	482,955
Deferred amounts from refunding of debt	24,026	802,151	65,157	-	94,142	985,476
Total Deferred Outflows of Resources	133,985	935,873	239,878	62,865	95,830	1,468,431
Liabilities						
Current liabilities:						
Accounts payable	239,018	258,581	173,178	65,710	9,670	746,157
Accrued Interest	131,035	150,062	3,174	-	7,205	291,476
Deposits payable	323,210	95,235	-	-	-	418,445
Accrued compensated absences	36,218	30,321	37,433	8,008	-	111,980
Unearned revenue: connection charges	34,300	57,550	-	-	-	91,850
Unearned revenue: program revenue	-	-	-	57,413	-	57,413
Current portion of certificates of participation payable	680,000	635,000	-	-	17,000	1,332,000
Current portion of special obligation payable	1,094,315	1,355,685	60,000	-	375,000	2,885,000
Current portion of capital leases payable	2,329	557	118,226	42,563	-	163,675
Total Current Liabilities	2,540,425	2,582,991	392,011	173,694	408,875	6,097,997
Noncurrent liabilities:						
Advance from other funds	-	-	77,128	-	-	77,128
Certificates of participation payable, less current maturities and bond discount	2,265,906	4,434,999	-	-	57,800	6,758,705
Special Obligation payable, less current maturities and bond discount	16,031,833	13,100,900	346,569	-	486,552	29,965,854
Capital leases payable, less current portion	1,477	-	62,602	17,079	-	81,158
Total Noncurrent Liabilities	18,299,216	17,535,899	486,299	17,079	544,352	36,882,845
Total Liabilities	20,839,641	20,118,890	878,310	190,773	953,227	42,980,842
Deferred Inflow of Resources						
Deferred inflows - pension related	68,237	82,983	108,426	39,013	1,047	299,706
Deferred amounts from refunding of debt	302,557	150,116	-	-	4,628	457,301
Total Deferred Inflows of Resources	370,794	233,099	108,426	39,013	5,675	757,007
Net Position						
Net investment in capital assets	9,741,811	28,034,865	2,579,017	7,851,087	412,871	48,619,651
Restricted for:						
Debt service	296,363	687,478	-	-	1,483	985,324
Unrestricted	3,970,161	8,880,212	1,944,175	357,846	153,006	15,305,400
Total Net Position	\$ 14,008,335	\$ 37,602,555	\$ 4,523,192	\$ 8,208,933	\$ 567,360	\$ 64,910,375

*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, 2015

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Operating Revenues						
Refuse and recycling service charges	\$ -	\$ -	\$ 4,535,630	\$ -	\$ -	\$ 4,535,630
Recreation program sales	-	-	-	1,885,831	-	1,885,831
Water sales	4,630,104	-	-	-	-	4,630,104
Connection charges	478,144	175,500	-	-	-	653,644
Sewer service charges	-	7,327,800	-	-	-	7,327,800
Lease payments	150,864	90,463	-	1,000	50,000	292,327
Miscellaneous	22,116	16,456	15,640	18,654	12,860	85,726
Total Operating Revenues	5,281,228	7,610,219	4,551,270	1,905,485	62,860	19,411,062
Operating Expenses						
Contractual services	227,268	504,506	23,512	13,564	33,827	802,677
General government	1,310,197	1,668,638	2,008,161	1,564,045	44,020	6,595,061
Utilities	624,728	822,505	894,950	201,113	35,775	2,579,071
Repairs and maintenance	373,942	251,674	200,939	72,717	19,494	918,766
Small equipment	77,133	16,678	29,409	5,462	-	128,682
Depreciation and amortization	1,604,014	2,769,575	603,604	341,155	322,711	5,641,059
Miscellaneous	2,234	4,314	25	-	863	7,436
Total Operating Expenses	4,219,516	6,037,890	3,760,600	2,198,056	456,690	16,672,752
Operating Income (Loss)	1,061,712	1,572,329	790,670	(292,571)	(393,830)	2,738,310
Nonoperating Revenues (Expenses)						
Investment earnings	12,180	144	(1,555)	(318)	299	10,750
Intergovernmental revenue	21,330	-	-	-	-	21,330
Interest expense	(817,080)	(809,859)	(13,764)	-	(58,766)	(1,699,469)
Gain (loss) on capital asset disposal	31,814	6,260	132,646	156	-	170,876
Total Nonoperating Revenues (Expenses)	(751,756)	(803,455)	117,327	(162)	(58,467)	(1,496,513)
Income (Loss) Before Transfers and Contributions	309,956	768,874	907,997	(292,733)	(452,297)	1,241,797
Transfers in	1,500	-	-	266,711	612,500	880,711
Transfers out	-	-	(100,000)	-	-	(100,000)
Capital contributions	129,505	346,391	-	-	-	475,896
Change in Position	440,961	1,115,265	807,997	(26,022)	160,203	2,498,404
Net Position - Beginning of Year	13,311,608	36,176,251	3,308,789	8,088,727	403,230	61,288,605
Restatement for GASB 68	255,766	311,039	406,406	146,228	3,927	1,123,366
Net Position - Beginning of Year as Restated	13,567,374	36,487,290	3,715,195	8,234,955	407,157	62,411,971
Net Position - End of Year	\$ 14,008,335	\$ 37,602,555	\$ 4,523,192	\$ 8,208,933	\$ 567,360	\$ 64,910,375

*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, 2015

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Cash Flows From Operating Activities:						
Receipts from customers	\$ 5,157,397	\$ 7,412,057	\$ 4,508,321	\$ 1,889,399	\$ 62,200	\$ 19,029,374
Payment to suppliers	(2,564,839)	(2,024,339)	(1,359,163)	(564,669)	(86,895)	(6,599,905)
Payment to employees	(1,061,469)	(1,518,534)	(2,000,537)	(1,365,047)	(30,732)	(5,976,319)
Other receipts	22,117	16,456	15,640	18,655	12,860	85,728
Net Cash Provided By (Used In) Operating Activities	1,553,206	3,885,640	1,164,261	(21,662)	(42,567)	6,538,878
Cash Flows From Noncapital Financing Activities:						
Advance from other funds	-	-	77,128	-	-	77,128
Transfers out	-	-	(100,000)	-	-	(100,000)
Transfers in	1,500	-	-	266,711	612,500	880,711
Net Cash Provided By (Used In) Noncapital Financing Activities	1,500	-	(22,872)	266,711	612,500	857,839
Cash Flows From Capital And Related Financing Activities:						
Principal paid on debt	(1,684,690)	(1,903,992)	(359,431)	(46,146)	(372,000)	(4,366,259)
Interest paid on debt	(831,111)	(827,438)	(14,119)	-	(61,872)	(1,734,540)
Intergovernmental revenue	21,330	-	-	-	-	21,330
Proceeds from sale of capital assets	31,814	6,260	228,405	156	-	266,635
Acquisition and construction of capital assets	(1,801,238)	(517,230)	(1,211,272)	(142,064)	(86,567)	(3,758,371)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(4,263,895)	(3,242,400)	(1,356,417)	(188,054)	(520,439)	(9,571,205)
Cash Flows Provided By (Used In) Investing Activities:						
Investment earnings	12,180	144	(1,555)	(318)	299	10,749
Net Increase (Decrease) in Cash and Cash Equivalents	(2,697,009)	643,384	(216,583)	56,677	49,793	(2,163,738)
Cash and Cash Equivalents - Beginning of Year	7,425,161	7,622,101	1,088,112	215,075	25,003	16,375,452
Cash and Cash Equivalents - End of Year	\$ 4,728,152	\$ 8,265,485	\$ 871,529	\$ 271,752	\$ 74,796	\$ 14,211,714
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities						
Operating income (loss)	\$ 1,061,712	\$ 1,572,329	\$ 790,670	\$ (292,571)	\$ (393,830)	\$ 2,738,310
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	1,604,014	2,769,575	603,604	341,155	322,711	5,641,059
Pension expense	(68,557)	(83,373)	(108,935)	(39,195)	(1,053)	(301,113)
Change in assets and liabilities:						
(Increase) decrease in services receivable	(77,368)	(129,877)	(28,608)	7,064	-	(228,789)
(Increase) decrease in miscellaneous receivables	(31,747)	(500)	6,973	-	12,200	(13,074)
(Increase) decrease in prepaid assets	1,945	1,742	6,902	497	17,301	28,387
Increase (decrease) in accounts payable	(961,029)	(222,552)	(103,098)	(33,496)	104	(1,320,071)
Increase (decrease) in customer deposits	19,605	2,800	-	-	-	22,405
Increase (decrease) in unearned revenue	-	(25,000)	-	(4,496)	-	(29,496)
Increase (decrease) in accrued compensated absences	4,631	496	(3,247)	(620)	-	1,260
Total Adjustments	491,494	2,313,311	373,591	270,909	351,263	3,800,568
Net Cash Provided By (Used In) Operating Activities	\$ 1,553,206	\$ 3,885,640	\$ 1,164,261	\$ (21,662)	\$ (42,567)	\$ 6,538,878

Noncash Investing, Capital, and Financing Activities:

The Water and Sewer Funds received \$129,505 and \$346,391, respectively, in contributed water lines and sewer lines from developers.

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2015

	<u>Agency Funds</u>
Assets	
Cash	\$ 1,010
<hr/>	
Total Assets	\$ 1,010
<hr/>	
Liabilities	
Due to Waterbury Storm CID	\$ 1,010
<hr/>	
Total Liabilities	\$ 1,010
<hr/>	

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

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

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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. The City has one Capital Projects Fund which accounts for and reports financial resources

City of O’Fallon, Missouri
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that are restricted, committed or assigned to expenditures for capital outlay including the acquisition or construction of capital facilities and other capital assets.

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.

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Measurement Focus and Basis of Accounting

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

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

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

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

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

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

City of O'Fallon, Missouri
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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.

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.

Receivables & Allowances

Receivables are shown net of an allowance for uncollectible for property taxes \$38,725 and court fines \$53,226.

City of O'Fallon, Missouri
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	Receivables	Unapplied Credits	Allow. for Uncollectible	Total
General Fund	\$ 5,773,610	\$ -	\$ (75,038)	\$ 5,698,572
Street & Road Improv	3,071,603	-	-	3,071,603
Recreation	765,460	(11,332)	-	754,128
Storm Water	242,078	-	-	242,078
Sewer Lateral	195,422	-	(1,954)	193,468
Transient Guest Tax	57,712	-	-	57,712
CDBG	26,370	-	-	26,370
Debt Service	1,495,865	-	(14,959)	1,480,906
Water	750,782	(20,044)	-	730,738
Sewer	1,473,752	(37,005)	-	1,436,747
Environmental Services	841,078	(20,044)	-	821,034
Renaud Spirit Center	42,556	(20,983)	-	21,573
Public Venue	85,400	-	-	85,400
Totals	<u>\$ 14,821,688</u>	<u>\$ (109,408)</u>	<u>\$ (91,951)</u>	<u>\$ 14,620,329</u>

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.

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.

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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
Improvements	10 – 45 years
Infrastructure	30 – 45 years
Equipment	3 – 10 years
Vehicles	5 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.

Debt Refunding

For current and advance refundings resulting in defeasance of debt reported by government-wide and business-type activities, the difference between the re-acquisition 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

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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 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 has two items that qualify for reporting in this category. The first item 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. The second item is deferred outflows related to the pension.

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 two items that qualifies for reporting in this category. The first item arises under a modified accrual basis of accounting. Accordingly, the item, unavailable revenues, is reported only in the governmental

City of O'Fallon, Missouri

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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. The second item is deferred outflows related to the pension on the government-wide financial statements.

Net Position

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

Net investment in 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 in 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 protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The City also seeks to maintain the highest possible credit ratings which are dependent, in part, on the City's maintenance of a healthy fund balance.

DEFINITIONS

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

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

City of O'Fallon, Missouri
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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 a 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 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:

- 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.

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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 \$754,091, \$5,604,229, \$319,092, \$157,816, \$15,515, \$30,065 and \$2,712,036 for the general, street and road improvement, recreation, storm water, sewer lateral, transient guest tax and public facilities 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 accounting principles generally accepted in the United States of America 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.

Pensions

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

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Notes to Basic Financial Statements
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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, 2015, 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
Money market	5,875,543	5,875,543	-	-	-	-	Not rated
Repurchase agreement	31,980,105	-	31,980,105	-	-	-	AAA
Total Investments	\$ 38,973,148	\$ 5,875,543	\$ 31,980,105	\$ -	\$ -	\$ 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 manage the investment program is granted to the Director of Finance. At the

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discretion of the Director, designated members of the Finance Department staff may assist with various investment activities.

As of December 31, 2015, the City’s credit ratings associated with its investments was 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 \$.5846 per \$100 of assessed valuation of which \$.3438 was for general revenue purposes and \$.2408 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 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, 2015 consisted of the Waterbury CID in the amount of \$168,925.

5. Capital Assets

Capital asset activity for the year ended December 31, 2015:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 14,169,267	\$ 1,992,795	\$ -	\$ 16,162,062
Construction in progress	3,259,536	4,941,835	1,981,091	6,220,280
Total Capital Assets Not Being Depreciated	17,428,803	6,934,630	1,981,091	22,382,342
Capital assets being depreciated:				
Buildings	17,134,563	101,204	-	17,235,767
Improvements	8,051,453	24,040	36,377	8,039,116
Equipment	13,548,468	4,399,734	963,404	16,984,798
Infrastructure	169,821,381	6,074,125	-	175,895,506
Total Capital Assets Being Depreciated	208,555,865	10,599,103	999,781	218,155,187
Accumulated depreciation:				
Buildings	7,651,408	469,791	-	8,121,199
Improvements	4,175,326	515,987	33,479	4,657,834
Equipment	6,790,117	1,615,659	932,944	7,472,832
Infrastructure	65,922,156	5,485,351	-	71,407,507
Total Accumulated Depreciation	84,539,007	8,086,788	966,423	91,659,372
Total Capital Assets Being Depreciated, Net	124,016,858	2,512,315	33,358	126,495,815
Governmental Activi- ties Capital Assets, Net	\$ 141,445,661	\$ 9,446,945	\$ 2,014,449	\$ 148,878,157

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	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Business-Type Activities				
Capital assets, not being depreciated:				
Land:				
Water	\$ 863,407	\$ -	\$ -	\$ 863,407
Sewer	502,247	19,013	-	521,260
Total Land	1,365,654	19,013	-	1,384,667
Construction in progress:				
Water	2,310,067	71,636	2,281,391	100,312
Sewer	144,024	346,373	-	490,397
Renaud Spirit Center	16,730	10,000	-	26,730
Total Construction in Progress	2,470,821	428,009	2,281,391	617,439
Total Capital Assets Not Being Depreciated	3,836,475	447,022	2,281,391	2,002,106
Capital assets being depreciated:				
Buildings:				
Water	13,939,281	-	-	13,939,281
Sewer	30,071,940	-	5,000	30,066,940
Environmental services	1,222,112	-	-	1,222,112
Renaud Spirit Center	10,480,147	-	-	10,480,147
Public venue	5,528,886	-	-	5,528,886
Total Buildings	61,242,366	-	5,000	61,237,366
Equipment:				
Water	16,611,520	245,910	39,738	16,817,692
Sewer	20,686,128	151,843	32,445	20,805,526
Environmental services	7,204,712	1,211,272	1,063,124	7,352,860
Renaud Spirit Center	533,605	132,064	-	665,669
Public venue	462,999	86,567	-	549,566
Total Equipment	45,498,964	1,827,656	1,135,307	46,191,313
Infrastructure:				
Water	11,480,902	3,894,588	-	15,375,490
Sewer	31,501,544	346,392	-	31,847,936
Total Infrastructure	42,982,446	4,240,980	-	47,223,426
Total Capital Assets Being Depreciated	149,723,776	6,068,636	1,140,307	154,652,105
Less: Accumulated depreciation for:				
Buildings:				
Water	5,086,976	449,940	-	5,536,916
Sewer	14,455,238	829,662	5,000	15,279,900
Environmental services	336,535	33,475	-	370,010
Renaud Spirit Center	2,676,018	262,004	-	2,938,022
Public venue	4,161,498	268,046	-	4,429,544
Total Buildings	26,716,265	1,843,127	5,000	28,554,392
Equipment:				
Water	7,027,585	938,610	39,738	7,926,457
Sewer	6,052,834	1,045,634	32,445	7,066,023
Environmental services	5,510,706	560,364	967,365	5,103,705
Renaud Spirit Center	244,644	79,151	-	323,795
Public Venue	358,255	30,944	-	389,199
Total Equipment	19,194,024	2,654,703	1,039,548	20,809,179
Infrastructure:				
Water	3,965,984	361,780	-	4,327,764
Sewer	13,543,351	932,814	-	14,476,165
Total Infrastructure	17,509,335	1,294,594	-	18,803,929
Total Accumulated Depreciation	63,419,624	5,792,424	1,044,548	68,167,500
Total Capital Assets Being Depreciated, Net	86,304,152	276,212	95,759	86,484,605
Business-Type Activities Capital Assets, Net	\$ 90,140,627	\$ 723,234	\$ 2,377,150	\$ 88,486,711

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Notes to Basic Financial Statements
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 2,108,923
Public safety	609,958
Highways and streets	4,693,431
Community development	58,876
Parks and recreation	614,039
Municipal court	1,561

Total Depreciation Expense – Governmental Activities	\$ 8,086,788
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Business-Type Activities

Water	\$1,750,330
Sewer	2,808,110
Environmental services	593,839
Renaud Spirit Center	341,155
Public venue	298,990

Total Depreciation Expense – Business-Type Activities	\$ 5,792,424
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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 certain 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 accessing the LAGERS' website at www.molagers.org.

City of O'Fallon, Missouri
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Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credit service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2015 Valuation</u>
Benefit multiplier	1.5% for life, plus 0.5% to age 65
Final average salary	3 years
Member contributions	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	115
Active employees	<u>394</u>
Total	589

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full time employees of the City do not contribute to the pension plan. The City contribution rates are 8.6% for general and 11.9% for police of annual covered payroll.

City of O'Fallon, Missouri
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Net Pension Liability

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 6.8%; including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed income	25.00	2.25
Real assets	20.00	4.50
Strategic assets	6.50	7.50

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rate agreed upon for

City of O'Fallon, Missouri
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employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes to the Net Pension Liability - General & Police

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2014	\$ 49,140,289	\$ 54,095,799	\$ (4,955,510)
Changes for the year			
Service Cost	1,946,233	-	1,946,233
Interest	3,597,268	-	3,597,268
Difference between expected and actual experience	(2,632,351)	-	(2,632,351)
Contributions - employer	-	2,176,293	(2,176,293)
Net investment income	-	1,102,575	(1,102,575)
Benefit payment, including refunds	(974,841)	(974,841)	-
Administrative expense	-	(51,826)	51,826
Other changes	-	1,521,528	(1,521,528)
Net changes	1,936,309	3,773,729	(1,837,420)
Balances at June 30, 2015	\$ 51,076,598	\$ 57,869,528	\$ (6,792,930)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Current Single Discount		
	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
net pension liability (asset)	\$ 2,120,108	\$ (6,792,930)	\$ (14,075,043)

City of O'Fallon, Missouri
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense (benefit) of \$65,391 for general and \$271,435 for police. Reported deferred outflows and inflows of resources are related to the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
<u>General & Police</u>			
Difference between expected and actual experience	-	(2,329,558)	(2,329,558)
Net difference between projected and actual earnings on pension plan investments	2,331,605	-	2,331,605
*Contributions subsequent to the measurement date	1,135,424	-	1,135,424
Total	3,467,029	(2,329,558)	1,137,471

*The amount reported as deferred outflows of resources from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2016.

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

<u>For The Years Ending December</u>	<u>General</u>	<u>Police</u>
2016	\$ 839,007	\$ 576,525
2017	161,661	118,447
2018	161,661	118,447
2019	161,662	118,447
2020	(170,597)	(132,196)
Thereafter	(392,100)	(423,493)
Total	\$ 761,294	\$ 376,177

Payable to the Pension Plan

At December 31, 2015, the City reported a payable of \$251,717 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

City of O'Fallon, Missouri
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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.

Membership of each plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	22
Active plan members	<u>397</u>
Total	<u><u>419</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	\$ 521,102
Interest on net OPEB obligation	104,642
Adjustment to annual required contribution	<u>(156,510)</u>
Annual OPEB cost (expense)	469,234
Contributions made	<u>79,663</u>
Increase in net OPEB obligation	389,571
Net OPEB obligation - beginning of year	<u>2,790,451</u>
Net OPEB obligation - end of year	<u><u>\$ 3,180,022</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014:

City of O'Fallon, Missouri
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Actuarial Valuation Date	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 469,234	17 %	\$ 3,180,022
December 31, 2013	349,554	25	2,790,451
December 31, 2012	354,205	29	2,526,935

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, 2014	\$ -	\$ 5,237,731	\$ 5,237,731	- %	\$ 21,140,746	24.8 %
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

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, 2014 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. The

City of O'Fallon, Missouri
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initial inflation rate for 2014 was 7.50% for medical and will reduce to an ultimate inflation rate of 5.00% over a 10 year period. The general inflation rate used is 3.0% per year. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for medical, property and casualty, general liability and workers' compensation benefits.

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, 2015 was \$218,338. 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 nineteen retirees utilizing this benefit. Each retiree is required to pay the third-party administrator cost and the City covers all other eligible medical expenses.

On July 1, 2014 the City became self-insured with respect to property and casualty and general liability. A third-party administers the plan and provides information to the City regarding the claims incurred. The City retains the risk for the first \$100,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$100,000 for property, automobile, general liability and public officials liability. Unpaid claims as of December 31, 2015 were immaterial for property and casualty and general liability.

On September 1, 2014 the City became self-insured with respect to workers' compensation benefits. A third-party administers the plan and provides information to the City regarding the claims incurred. The City retains the risk for the first \$575,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$575,000 for workers' compensation benefits. Unpaid claims as of December 31, 2015 were immaterial for workers' compensation benefits.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
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	Medical	Property & Casualty and General Liability	Workers' Compensation
Balance on January 1, 2013	\$ 171,846	\$ -	\$ -
Add: Prior year claims and changes in estimate	2,815,109	-	-
Less: Prior year claims payments	(2,801,018)	-	-
Balance on December 31, 2013	185,937	-	-
Add: Prior year claims and changes in estimate	3,332,215	4,560	35,763
Less: Prior year claims payments	(3,320,405)	(4,560)	(35,763)
Balance on December 31, 2014	197,747	-	-
Add: Prior year claims and changes in estimate	3,458,543	31,763	347,034
Less: Prior year claims payments	(3,437,952)	(31,763)	(347,034)
Balance on December 31, 2015	\$ 218,338	\$ -	\$ -

9. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2015:

	Original Amount	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Current Portion
Governmental Activities						
2001 Certificates of Participation	\$ 24,715,000	\$ 6,423,200	\$ -	\$ 1,158,000	\$ 5,265,200	\$ 1,218,000
2005 GO Refunding Bonds	16,755,000	9,030,000	-	2,100,000	6,930,000	2,205,000
2007 GO Refunding Bonds	13,860,000	11,805,000	-	785,000	11,020,000	895,000
2009 Special Obligation Bonds	15,255,000	9,460,000	-	1,325,000	8,135,000	1,370,000
2011 Special Obligation Bonds	6,160,000	3,450,000	-	945,000	2,505,000	965,000
2012 Special Obligation Bonds	5,925,375	2,755,550	-	-	2,755,550	-
2012 MODOT SIBS	3,075,000	2,495,902	-	283,814	2,212,088	291,286
Capital lease - 2011 copiers	110,719	9,226	-	9,226	-	-
Capital lease - 2013 copiers	7,728	4,669	-	1,932	2,737	1,932
Accrued compensated absences*	-	747,162	1,206,854	1,217,931	736,085	736,085
OPEB liability*	-	3,180,022	-	-	3,180,022	-
		\$ 49,360,731	\$ 1,206,854	\$ 7,825,903	42,741,682	\$ 7,682,303
Plus: Unamortized premium, net					212,064	
Total Governmental Activities					\$ 42,953,746	

*General Fund typically used to liquidate liability

City of O'Fallon, Missouri
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	Original Amount	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015	Current Portion
Business-Type Activities						
2001 Certificates of Participation	\$ 31,045,000	\$ 4,751,800	\$ -	\$ 857,000	\$ 3,894,800	\$ 902,000
2009A Certificates of Participation	5,525,000	4,135,000	-	240,000	3,895,000	255,000
2009B Certificates of Participation	1,405,000	500,000	-	170,000	330,000	175,000
2009 Special Obligation Bonds	1,290,000	460,000	-	60,000	400,000	60,000
2011 Special Obligation Bonds	1,765,000	980,000	-	105,000	875,000	110,000
2012 Special Obligation Bonds	17,304,625	14,319,450	-	-	14,319,450	-
2013 Special Obligation Bonds	20,805,000	18,455,000	-	2,585,000	15,870,000	2,715,000
Capital lease - 2010 trash trucks	579,012	62,504	-	62,504	-	-
Capital lease - 2011 trash trucks	253,757	96,342	-	52,062	44,280	44,280
Capital lease - 2012 trash trucks	555,740	320,771	-	184,223	136,548	73,946
Capital lease - 2011 copiers	16,526	1,376	-	1,376	-	-
Capital lease - 2012 copiers	7,632	3,021	-	1,908	1,113	1,113
Capital lease - 2013 copiers	20,436	13,085	-	5,109	7,976	5,109
Capital lease - 2013 cardio equip	65,840	40,738	-	22,022	18,716	18,716
Capital lease - 2014 cardio equip	61,199	56,255	-	20,055	36,200	20,511
Accrued compensated absences	-	110,720	223,413	222,153	111,980	111,980
		\$ 44,306,062	\$ 223,413	\$ 4,588,412	39,941,063	\$ 4,492,655
Plus: Unamortized premium, net					1,357,309	
Total Business-Type Activities					\$ 41,298,372	

City of O'Fallon, Missouri
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Debt Service Requirements to Maturity

The annual principal requirements to maturity of bonded debt outstanding as of December 31, 2015 are as follows:

Year Ending 12/31	Governmental Activities	
	General Obligation and Other Governmental Debt	
	Principal	Interest
2016	\$ 6,944,286	\$ 1,431,001
2017	6,525,584	1,158,272
2018	6,878,635	886,585
2019	7,340,202	601,414
2020	7,278,769	302,181
2021-2022	3,855,362	143,426
Total	\$ 38,822,838	\$ 4,522,879

Year Ending 12/31	Business-Type Activities	
	Revenue Bonds and Other Business-Type Debt	
	Principal	Interest
2016	4,217,000	1,541,099
2017	4,413,700	1,337,113
2018	3,138,700	1,122,638
2019	3,185,400	986,453
2020	2,580,250	832,182
2021-2025	12,249,200	2,914,114
2026-2030	9,800,000	979,364
Total	\$ 39,584,250	\$ 9,712,963

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. \$5,330,808 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 4.0% to 5.0% and mature through 2020.

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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 5.0% and mature through 2030.

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:

Assessed valuation - 2015 tax year	\$ 1,638,115,690
Debt limit - 10% of assessed valuation	\$ 163,811,569
Amount of debt applicable to debt limit:	
Total general obligation bonded debt	17,950,000
Less: Amount available in Debt Service Fund	5,330,808
Bond indebtedness applicable to debt limit	12,619,192
Legal Debt Margin	\$ 151,192,377

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 2.5% to 5.25% and mature through 2028.

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Capital Leases

Under the 2011 lease for trash trucks, the aggregate cost of the equipment is \$253,757 less accumulated depreciation of \$203,006 results in a carrying value of \$50,751. 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, 2015:

For The Years Ended December 31	Amount
2016	44,735
Total minimum lease payments	44,735
Less: Amount representing interest	455
Present Value of Net Minimum Lease Payments	\$ 44,280

Under the 2012 lease for a copier, the aggregate cost of the equipment is \$7,632 less accumulated depreciation of \$5,215 results in a carrying value of \$2,417. 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, 2015:

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

Under the 2012 lease for trash trucks, the aggregate cost of the equipment is \$563,820 less accumulated depreciation of \$310,136 results in a carrying value of \$253,684. The trash trucks were received in 2013. The interest rate on the lease is 4.43%. One vehicle was totaled in 2015, so the net value of \$95,759 was removed from the carrying value. The totaled truck's portion of the lease was paid off and the remaining lease payments were adjusted to reflect the pay off. 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, 2015:

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For The Years Ended December 31	Amount
2016	75,714
2017	63,095
Total minimum lease payments	138,808
Less: Amount representing interest	2,260
Present Value of Net Minimum Lease Payments	\$ 136,548

Under the 2013 lease for cardio equipment, the aggregate cost of the equipment is \$65,840 less accumulated depreciation of \$43,894 results in a carrying value of \$21,946. The interest rate on the lease is 2.15%. 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, 2015:

For The Years Ended December 31	Amount
2016	18,901
Total minimum lease payments	18,901
Less: Amount representing interest	185
Present Value of Net Minimum Lease Payments	\$ 18,716

Under the 2013 leases for copiers, the aggregate cost of the equipment is \$28,164 less accumulated depreciation of \$17,890 results in a carrying value of \$10,274. 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, 2015:

For The Years Ended December 31	Amount
2016	7,041
2017	3,672
Total minimum lease payments	10,713
Less: Amount representing interest	-
Present Value of Net Minimum Lease Payments	\$ 10,713

Under the 2014 lease for cardio equipment, the aggregate cost of the equipment is \$61,199 less accumulated depreciation of \$25,500 results in a carrying value of \$35,699. The interest rate on the lease is 3.5%. 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, 2015:

City of O’Fallon, Missouri
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For The Years Ended December 31	Amount
2016	21,115
2017	15,836
Total minimum lease payments	36,951
Less: Amount representing interest	751
Present Value of Net Minimum Lease Payments	\$ 36,200

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 disbursed in three lump sums to the City. \$1,500,000 was received on 11/1/2012, the second deposit of \$500,000 was received on 4/1/2013 and the third deposit of \$1,075,000 was received on 11/1/2013. Principal and interest payments began in 2013. The interest rate equals 2.69%.

10. Conduit Debt Activity

The City issued Industrial Revenue Bonds during 2002 to provide financial assistance to the private sector entity, CitiMortgage, Inc. Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2002 Series is structured to pay the principal balance at maturity, December 1, 2033. At December 31, 2015, 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

City of O’Fallon, Missouri
Notes to Basic Financial Statements
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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, 2015, 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, Centene Construction Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2010 Series is structured to pay the principal balance at maturity, December 1, 2021. At December 31, 2015, the principal amount payable for Centene Construction Project was approximately \$6,380,000.

11. Debt Defeasance

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.

12. Debt Requirements

Cash and cash equivalents and investments restricted for reserve funds at December 31, 2015 are as follows:

	December 31, 2015
Series 2001 Certificates of Participation Reserve	\$ 1,145,103
Series 2009A Certificates of Participation Reserve	524,391
Series 2009B Certificates of Participation Reserve	140,608
	\$ 1,810,102

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, 2015, the City had met all significant requirements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

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, 2015, the City had met all significant requirements.

13. Interfund Balances and Transfers

Interfund transfers for the year ended December 31, 2015 are as follows:

	<u>Transfers From</u>	<u>Transfers To</u>	<u>Net Transfers</u>
Major Governmental Funds			
General Fund	\$ 269,647	\$ 100,000	\$ (169,647)
Street & Road Improvement Fund	1,500	71,261	69,761
Recreation Fund	266,711	1,199	(265,512)
Nonmajor Governmental Funds			
Transient Guest Tax Fund	472,500	-	(472,500)
CDBG	5,225	63,611	58,386
Parks and Recreation Fund	1,199	-	(1,199)
Major Enterprise Funds			
Water	-	1,500	1,500
Environmental Services	100,000	-	(100,000)
Renaud Spirit Center	-	266,711	266,711
Public Venue Fund	-	612,500	612,500
	<u>\$ 1,116,782</u>	<u>\$ 1,116,782</u>	<u>\$ -</u>

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 \$266,711 were for capital improvements at the Renaud Spirit Center.

Interfund transfers for \$472,500 were to cover bond payments and operations for the Public Venue Fund.

Interfund transfers for \$63,611 were to cover the cost of the senior center project that was not covered by the CDBG grant.

Interfund transfers for \$213,960 were to cover other costs in other funds.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

	Due From	Due To	Net Due To/From
Major Governmental Funds			
General Fund	\$ 340,656	\$ -	\$ (340,656)
Nonmajor Governmental Funds			
CDBG	-	14,437	14,437
Public Facilities Fund	-	326,219	326,219
	\$ 340,656	\$ 340,656	\$ -

Due to/from for \$14,437 was to cover negative cash for the CDBG fund due to the timing of the final 2015 reimbursement request after year-end.

Due to/from for \$326,219 was to cover expenditures made in 2015 for the new Justice Center. Bonds will be issued in 2016 and will reimburse the General fund for this amount.

	Advances From	Advances To	Net Advances
Major Governmental Fund			
General Fund	\$ -	\$ 77,128	\$ 77,128
Major Enterprise Fund			
Environmental Services	77,128	-	(77,128)
	\$ 77,128	\$ 77,128	\$ -

The General fund paid for the earnest money on a new building for Environmental Services in 2015 and will pay for the remainder of the building and renovation in 2016 and 2017. The Environmental Services fund will pay back the General fund over 15 years or less with 0% interest.

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.

For 2015, there is a deficit fund balance in Public Facilities in the amount of \$628,967. Expenditures were incurred for the new Justice Center prior to issuing bonds. Bonds will be issued in 2016 that will reimburse the 2015 expenditures.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

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. It is the opinion of management that there are no legal proceedings that will have a material effect on the City's financial position.

Commitment

On December 16, 2014, the City Council informally approved a 3-year commitment with Microsoft Exchange and License Software for \$233,053 for payments of \$80,680 for years one and two and \$71,693 for year three. The 3-year commitment began in January 2015.

On March 17, 2015, the City entered into a contract to purchase a property for the Environmental Services department and paid \$60,000 in earnest money. The closing occurred May 27, 2016 for a purchase price of \$1,200,000.

Federal Grants

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

Stadium Lease

The City entered into an agreement in February 2007 with PS&J Professional Baseball Club, LLC, which was amended in 2009 and 2013. The lease, as amended, provides for rental payments to the City in varying amounts through 2022. The City has an agreement to repay past due amounts owed prior to the 2013 lease amendment through 2022 totaling \$122,000. The 2015 rental and debt payment were paid in full.

Future minimum lease payments to be received under the noncancelable lease at December 31, 2015 are as follows:

City of O’Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

<u>Year Ending 12/31</u>	<u>Lease Payments</u>	<u>Debt Payment</u>
2016	75,000	12,200
2017	75,000	12,200
2018	100,000	12,200
2019	100,000	12,200
2020	150,000	12,200
2021	150,000	12,200
2022	150,000	12,200
Total	\$ 800,000	\$ 85,400

16. Future Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The Statements which might impact the City are as follows:

- GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurement. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investment disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement established standards for defined benefit OPEB plans for identifying the methods and assumptions that are required to be used to project benefit payments at their actuarial present value. This Statement is effective for financial statements for periods beginning after June 15, 2017.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the

City of O’Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for financial statements beginning after June 15, 2015.

- GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients,
 - The gross dollar amount of taxes abated during the period,
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

This Statement is effective for financial statements for periods beginning after December 15, 2015.

Management has not yet determined the effect, if any, these Statements will have in the City’s future financial statements.

17. Restatement of Net Position

The previously reported net position has been restated to implement GASB 68 as follows:

	Governmental Activities	Business - Type Activities
Net position, December 31, 2014 as previously report	\$ 139,111,853	\$ 61,288,605
Restatement for:		
Net pension asset	4,934,317	1,123,366
Net Position, December 31, 2014, as Restated	\$ 144,046,170	\$ 62,411,971

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2015

18. Subsequent Events

In April 2015, the City voters approved a new bond issue for construction, furnishing and equipping the new police station and municipal court building. GO bonds were issued on 3/23/2016 in the amount of \$28,680,000 for this project.

Also on 3/23/2016, the City refunded the 2005 and 2007 GO bonds in the amount of \$12,965,000, refunded the 2009 special obligation bonds for storm water in the amount of \$1,175,000 and issued new special obligation bonds in the amount of \$4,300,000 for new storm water projects.

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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, 2015

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 24,963,050	\$ 25,571,783	\$ 25,766,614	\$ 194,831
Intergovernmental	248,092	268,092	271,973	3,881
Licenses and permits	1,026,883	1,026,883	1,291,024	264,141
Charges for services	450,118	450,118	459,548	9,430
Fines and forfeitures	1,796,390	2,056,925	1,998,929	(57,996)
Investment earnings	7,000	7,000	(19,865)	(26,865)
Miscellaneous	270,900	275,900	335,545	59,645
Total Revenues	28,762,433	29,656,701	30,103,768	447,067
Expenditures				
Current:				
General government:				
Administration	1,270,169	3,264,671	3,234,254	30,417
Economic development	387,511	387,511	377,400	10,111
Public relations	366,932	379,423	347,230	32,193
Information systems	1,027,974	1,015,974	894,815	121,159
Communications	471,942	471,942	439,398	32,544
Legal	399,000	449,000	402,440	46,560
Volunteer services	205,561	205,561	185,644	19,917
Finance	1,905,997	1,902,297	1,843,975	58,322
Human resources	2,796,831	2,816,500	2,709,689	106,811
Fleet maintenance	995,651	995,651	791,862	203,789
Facilities maintenance	1,061,973	3,053,533	2,695,418	358,115
Public safety	13,269,779	13,483,236	12,847,084	636,152
Community development:				
Project Management	91,778	91,778	82,575	9,203
Engineering	720,651	739,525	712,597	26,928
Planning & GIS	677,465	678,065	661,045	17,020
Building	985,163	985,163	951,771	33,392
Parks and recreation:				
Landscaping	1,057,309	1,062,993	747,722	315,271
Tourism and festivals	622,647	676,347	669,635	6,712
Municipal court	490,224	490,224	439,286	50,938
Total Expenditures	28,804,557	33,149,394	31,033,840	2,115,554
Revenues Over (Under) Expenditures	(42,124)	(3,492,693)	(930,072)	2,562,621
Other Financing Sources (Uses)				
Insurance recoveries	-	6,669	9,099	2,430
Transfers In	100,000	100,000	100,000	-
Transfers Out	(260,000)	(3,755,608)	(269,647)	3,485,961
Sale of capital assets	55,000	55,000	94,366	39,366
Total Other Financing Sources (Uses)	(105,000)	(3,593,939)	(66,182)	3,527,757
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(147,124)	(7,086,632)	(996,254)	6,090,378
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	19,825,681	19,825,681	19,825,681	-
Budget Basis, End of Year	\$ 19,678,557	\$ 12,739,049	18,829,427	\$ 6,090,378
Encumbrances, End of Year			754,091	
GAAP Basis, End of Year			\$ 19,583,518	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Street & Road Improvement Fund
For The Year Ended December 31, 2015

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,116,993	\$ 8,391,907	\$ 8,807,250	\$ 415,343
Intergovernmental	10,653,106	14,042,748	10,959,957	(3,082,791)
Investment earnings	30,000	30,000	16,799	(13,201)
Miscellaneous	15,000	15,000	151,413	136,413
Total Revenues	18,815,099	22,479,655	19,935,419	(2,544,236)
Expenditures				
Current:				
Highways and streets	5,366,579	5,366,579	4,802,248	564,331
Project Management	652,005	652,005	626,908	25,097
Fleet Maintenance	245,421	245,421	262,321	(16,900)
Landscaping	59,085	52,523	53,404	(881)
Capital outlay	6,836,792	10,459,207	10,077,479	381,728
Debt service:				
Principal retirement	2,693,814	2,693,814	2,693,814	-
Interest	783,033	783,033	783,033	-
Total Expenditures	16,636,729	20,252,582	19,299,207	953,375
Revenues Over (Under) Expenditures	2,178,370	2,227,073	636,212	(1,590,861)
Other Financing Sources (Uses)				
Insurance recoveries	-	-	21,003	21,003
Transfer in	45,000	80,833	71,261	(9,572)
Transfer out	-	(1,500)	(1,500)	-
Sale of capital assets	40,000	40,000	18,672	(21,328)
Total Other Financing Sources (Uses)	85,000	119,333	109,436	(9,897)
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	2,263,370	2,346,406	745,648	(1,600,758)
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	2,695,681	2,695,681	2,695,681	-
Budget Basis, End of Year	\$ 4,959,051	\$ 5,042,087	3,441,329	\$ (1,600,758)
Encumbrances, End of Year			5,604,229	
GAAP Basis, End of Year			\$ 9,045,558	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Recreation Fund
For The Year Ended December 31, 2015

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,180,061	\$ 4,469,436	\$ 4,534,535	\$ 65,099
Intergovernmental	84,500	84,500	90,335	5,835
Charges for Services	1,019,747	1,019,747	1,015,760	(3,987)
Investment earnings	1,000	1,000	(5,744)	(6,744)
Miscellaneous	100,000	100,000	128,878	28,878
Total Revenues	5,385,308	5,674,683	5,763,764	89,081
Expenditures				
Current:				
Project Management	39,108	39,108	39,519	(411)
Fleet	36,389	36,389	31,458	4,931
Facilities	244,925	244,925	247,255	(2,330)
Recreation	1,759,563	1,744,169	1,685,968	58,201
Parks	2,039,126	2,039,126	1,977,700	61,426
Capital outlay	1,698,363	1,882,513	1,732,930	149,583
Debt service:				
Principal retirement	33,000	33,000	33,000	-
Interest	11,374	11,374	11,374	-
Total Expenditures	5,861,848	6,030,604	5,759,204	271,400
Revenues Over (Under) Expenditures	(476,540)	(355,921)	4,560	360,481
Other Financing Sources (Uses)				
Transfer in	1,199	1,199	1,199	-
Transfer out	(197,711)	(291,711)	(266,711)	25,000
Sale of capital assets	10,000	10,000	7,590	(2,410)
Total Other Financing Sources (Uses)	(186,512)	(280,512)	(257,922)	22,590
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(663,052)	(636,433)	(253,362)	383,071
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	4,366,459	4,366,459	4,366,459	-
Budget Basis, End of Year	\$ 3,703,407	\$ 3,730,026	4,113,097	\$ 383,071
Encumbrances, End of Year			319,092	
GAAP Basis, End of Year			\$ 4,432,189	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Storm Water Fund
For The Year Ended December 31, 2015

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,317,764	\$ 1,414,222	\$ 1,423,989	\$ 9,767
Investment earnings	250	250	(2,108)	(2,358)
Miscellaneous	300	300	924	624
Total Revenues	1,318,314	1,414,772	1,422,805	8,033
Expenditures				
Current:				
General Government	722,290	781,365	700,031	81,334
Capital Outlay:	406,450	426,450	280,922	145,528
Debt service:				
Principal retirement	270,000	270,000	270,000	-
Interest	41,483	41,483	41,483	-
Total Expenditures	1,440,223	1,519,298	1,292,436	226,862
Revenues Over (Under) Expenditures	(121,909)	(104,526)	130,369	234,895
Other Financing Sources				
Sale of capital assets	-	-	3,818	3,818
Revenues Over (Under) Expenditures and Other Financing Sources	(121,909)	(104,526)	134,187	238,713
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	1,367,151	1,367,151	1,367,151	-
Budget Basis, End of Year	\$ 1,245,242	\$ 1,262,625	1,501,338	\$ 238,713
Encumbrances, End of Year			157,816	
GAAP Basis, End of Year			\$ 1,659,154	

City of O'Fallon, Missouri
Notes to Budgetary Comparison Information
December 31, 2015

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, 2015, expenditures did not exceeded appropriations in any of the funds.

City of O'Fallon, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios
For The Year Ended December 31, 2015

Fiscal Year ending June 30,	2015	
	General	Police
Total Pension Liability		
Service Cost	\$ 1,264,589	\$ 681,644
Interest on Total Pension Liability	1,960,361	1,636,907
Changes of Benefit Terms	-	-
Difference between expected & actual experience	(1,415,682)	(1,216,669)
Changes of Assumptions	-	-
Benefit payments, including refunds	(433,336)	(541,505)
Net change in total pension liability	1,375,932	560,377
Total pension liability - beginning	26,631,102	22,509,187
Total pension liability - ending (a)	<u>\$ 28,007,034</u>	<u>\$ 23,069,564</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,291,561	\$ 884,732
Contributions - employee	-	-
Net investment income	627,827	474,748
Benefit payments, including refunds	(433,336)	(541,505)
Pension Plan Administrative Expense	(36,912)	(14,914)
Other (Net Transfer)	1,069,014	452,514
Net change in plan fiduciary net position	2,518,154	1,255,575
Plan fiduciary net position - beginning	30,645,410	23,450,389
Plan fiduciary net position - ending (b)	<u>\$ 33,163,564</u>	<u>\$ 24,705,964</u>
Net pension liability/(asset) - ending (a) - (b)	\$ (5,156,530)	\$ (1,636,400)
Plan fiduciary net position as a percentage of the total pension liability		
	118.41%	107.09%
Covered-employee payroll	\$ 14,557,794	\$ 7,150,532
Net pension liability (asset) as a percentage of covered employee payroll		
	-35.42%	-22.89%

Notes to schedule:

Information is not available for fiscal years prior to 2015.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

City of O'Fallon, Missouri
Schedule of Pension Contributions
Last Ten Fiscal Years

	For the Years Ending December 31									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 2,359,229	\$ 2,310,809	\$ 2,405,737	\$ 2,321,415	\$ 2,366,942	\$ 1,948,671	\$ 1,898,368	\$ 1,742,701	\$ 1,742,351	\$ 1,530,955
Contributions in relation to the actuarially determined contribution	2,207,489	2,225,369	2,251,879	2,342,600	2,304,277	2,153,659	1,845,554	1,757,916	1,667,247	1,563,855
Contribution Deficiency (Excess)	<u>151,741</u>	<u>85,440</u>	<u>153,858</u>	<u>(21,185)</u>	<u>62,664</u>	<u>(204,988)</u>	<u>52,814</u>	<u>(15,215)</u>	<u>75,104</u>	<u>(32,900)</u>
Covered Employee Payroll	22,788,257	21,446,982	20,851,392	20,284,279	20,488,091	20,498,769	19,373,642	17,861,486	17,128,109	15,353,314
Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	9.69	10.38	10.80	11.55	11.25	10.51	9.53	9.84	9.73	10.19

Notes to schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of February 28 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 14 to 16 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 6.8%; including wage inflation component of 3.5%
Investment rate of return	7.25%; net of investment and administrative expenses
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition.
Mortality	105% of the 1994 Group Annuity Mortality Table set back to zero years for both males and females. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

Other information:

Note:

There were no benefit changes during the year.

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*OTHER SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds						Capital Projects Fund		Total
	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation	Public Facilities		
Assets									
Cash and investments:									
Unrestricted	\$ 36,835	\$ 208,028	\$ 757,345	\$ -	\$ 112,474	\$ 3,135	\$ -	\$ -	\$ 1,117,817
Receivables:									
Other taxes	-	195,422	57,712	-	-	-	-	-	253,134
Other	-	-	-	26,370	-	-	-	-	26,370
Prepaid assets	-	29	-	-	-	-	-	-	29
Total Assets	\$ 36,835	\$ 403,479	\$ 815,057	\$ 26,370	\$ 112,474	\$ 3,135	\$ -	\$ -	\$ 1,397,350
Liabilities									
Accounts payable	\$ 30	\$ 14,164	\$ 246	\$ 11,166	\$ 936	\$ -	\$ -	\$ 302,747	\$ 329,289
Accrued wages and leave payable	-	1,723	-	768	-	-	-	-	2,491
Due to Other Funds	-	-	-	14,436	-	-	-	326,220	340,656
Total Liabilities	30	15,887	246	26,370	936	-	-	628,967	672,436
Deferred Inflow Of Resources									
Unavailable revenue from property taxes	-	4,622	-	-	-	-	-	-	4,622
Fund Balances									
Nonspendable									
Prepaid assets	-	29	-	-	-	-	-	-	29
Restricted - externally imposed or law									
Sewer Lateral	-	382,941	-	-	-	-	-	-	382,941
Public Safety	36,805	-	-	-	111,538	-	-	-	148,344
Parks and Recreation	-	-	814,811	-	-	3,135	-	-	817,946
Unassigned	-	-	-	-	-	-	-	(628,967)	(628,967)
Total Fund Balances	36,805	382,970	814,811	-	111,538	3,135	-	(628,967)	720,292
Total Liabilities, Deferred Inflow Of Resources, And Fund Balances	\$ 36,835	\$ 403,479	\$ 815,057	\$ 26,370	\$ 112,474	\$ 3,135	\$ -	\$ -	\$ 1,397,350

City of O'Fallon, Missouri
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year ended December 31, 2015

	Special Revenue Funds						Capital Projects Fund	Total
	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation	Public Facilities	
Revenues								
Taxes	\$ -	\$ 194,997	\$ 730,675	\$ -	\$ -	\$ 3,395	\$ -	\$ 929,067
Intergovernmental	11,460	-	-	243,097	-	-	-	254,557
Fines and forfeitures	24,010	-	-	-	24,151	-	-	48,161
Investment earnings	(41)	(419)	(1,284)	-	(144)	(2)	-	(1,889)
Miscellaneous	21	1,536	50	-	3	-	-	1,610
Total Revenues	35,450	196,114	729,441	243,097	24,010	3,393	-	1,231,505
Expenditures								
Current:								
General government	-	199,215	-	-	-	-	-	199,215
Community development	-	-	-	163,089	-	-	-	163,089
Parks and recreation	-	-	129,527	-	-	-	-	129,527
Public safety	29,811	-	-	-	7,830	-	-	37,641
Capital outlay	-	-	38,789	143,833	-	-	628,967	811,589
Total Expenditures	29,811	199,215	168,316	306,922	7,830	-	628,967	1,341,061
Revenues Over (Under) Expenditures	5,639	(3,101)	561,125	(63,825)	16,180	3,393	(628,967)	(109,556)
Other Financing Sources (Uses)								
Transfers in	-	-	-	63,611	-	-	-	63,611
Transfers out	-	-	(472,500)	(5,225)	-	(1,199)	-	(478,924)
Total Other Financing Sources (Uses)	-	-	(472,500)	58,386	-	(1,199)	-	(415,313)
Net Changes in Fund Balances	5,639	(3,101)	88,625	(5,439)	16,180	2,194	(628,967)	(524,869)
Fund Balances								
Beginning of year	31,166	386,071	726,186	5,439	95,358	941	-	1,245,161
End of Year	\$ 36,805	\$ 382,970	\$ 814,811	\$ -	\$ 111,538	\$ 3,135	\$ (628,967)	\$ 720,292

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 1 of 4
For The Year Ended December 31, 2015

	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	\$ -	\$ -	\$ -	\$ 193,007	\$ 194,997	\$ 1,990
Intergovernmental	13,000	11,460	(1,540)	-	-	-
Fines and forfeitures	25,000	24,010	(990)	-	-	-
Investment earnings	-	(41)	(41)	75	(419)	(494)
Miscellaneous	-	21	21	5,500	1,536	(3,964)
Total Revenues	38,000	35,450	(2,550)	198,582	196,114	(2,468)
Expenditures						
Current:						
General Government	-	-	-	223,965	214,730	9,235
Public safety	38,000	29,811	8,189	-	-	-
Total Expenditures	38,000	29,811	8,189	223,965	214,730	9,235
Revenues Over (Under) Expenditures	-	5,639	5,639	(25,383)	(18,616)	6,767
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Net Changes in Fund Balances	-	5,639	5,639	(25,383)	(18,616)	6,767
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	31,166	31,166	-	386,071	386,071	-
Budget Basis, End of Year	31,166	36,805	5,639	360,688	367,455	6,767
Encumbrances, End of Year		-			15,515	
GAAP Basis, End of Year		\$ 36,805			\$ 382,970	

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 2 of 4
For The Year Ended December 31, 2015

	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	\$ 630,000	\$ 730,675	\$ 100,675	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	308,746	243,097	(65,649)
Investment earnings	200	(1,284)	(1,484)	-	-	-
Miscellaneous	-	50	50	-	-	-
Total Revenues	630,200	729,441	99,241	308,746	243,097	(65,649)
Expenditures						
Current:						
Community Development	-	-	-	250,775	163,089	87,686
Parks and Recreation	166,750	159,448	7,302	-	-	-
Capital Outlay	-	501	(501)	148,185	143,833	4,352
Total Expenditures	166,750	159,949	6,801	398,960	306,922	92,038
Revenues Over (Under) Expenditures	463,450	569,492	106,042	(90,214)	(63,825)	26,389
Other Financing Sources (Uses)						
Transfers in	-	-	-	90,000	63,611	(26,389)
Transfers out	(472,500)	(472,500)	-	(5,225)	(5,225)	-
Total Other Financing Sources (Uses)	(472,500)	(472,500)	-	84,775	58,386	(26,389)
Net Changes in Fund Balances	(9,050)	96,992	106,042	(5,439)	(5,439)	-
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	687,754	687,754	-	5,439	5,439	-
Budget Basis, End of Year	678,704	784,746	106,042	-	-	-
Encumbrances, End of Year		30,065			-	
GAAP Basis, End of Year		\$ 814,811		\$ -		

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 3 of 4
For The Year Ended December 31, 2015

	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	\$ -	\$ -	\$ -	\$ 300	\$ 3,395	\$ 3,095
Fines and forfeitures	25,000	24,151	(849)	-	-	-
Investment earnings	-	(144)	(144)	-	(2)	(2)
Miscellaneous	-	3	3	-	-	-
Total Revenues	25,000	24,010	(990)	300	3,393	3,093
Expenditures						
Current:						
Public Safety	18,600	7,830	10,770	-	-	-
Revenues Over (Under) Expenditures	6,400	16,180	9,780	300	3,393	3,093
Other Financing Sources (Uses)						
Transfers out	-	-	-	(1,199)	(1,199)	-
Net Changes in Fund Balances	6,400	16,180	9,780	(899)	2,194	3,093
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	95,358	95,358	-	941	941	-
Budget Basis, End of Year	101,758	111,538	9,780	42	3,135	3,093
Encumbrances, End of Year		-			-	
GAAP Basis, End of Year		\$ 111,538			\$ 3,135	

City of O'Fallon, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budget Basis - Budgeted Nonmajor Governmental Funds
Page 4 of 4
For The Year Ended December 31, 2015

	Public Facilities		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Expenditures			
Current:			
Public Safety	\$ 3,450,000	\$ 3,341,003	\$ 108,997
Revenues Over (Under) Expenditures	(3,450,000)	(3,341,003)	108,997
Other Financing Sources (Uses)			
Transfers In	3,450,000	-	(3,450,000)
Net Changes in Fund Balances	-	(3,341,003)	(3,341,003)
Fund Balances			
Budget basis:			
Unreserved:			
Beginning of year	-	-	-
Budget Basis, End of Year	-	(3,341,003)	(3,341,003)
Encumbrances, End of Year		2,712,036	
GAAP Basis, End of Year		\$ (628,967)	

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, 2015

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,164,868	\$ 3,164,868	\$ 4,108,894	\$ 944,026
Investment earnings	2,000	2,000	(2,759)	(4,759)
Total Revenues	3,166,868	3,166,868	4,106,135	939,267
Expenditures				
Current:				
General government	8,600	8,600	1,118	7,482
Debt service:				
Principal repayment	2,885,000	2,885,000	2,885,000	-
Interest	809,313	809,313	809,313	-
Total Expenditures	3,702,913	3,702,913	3,695,431	7,482
Net Change in Fund Balances	(536,045)	(536,045)	410,704	946,749
Fund Balances				
Budget basis				
Reserved:				
Beginning of year	4,920,104	4,920,104	4,920,104	-
Budget Basis, End of Year	\$ 4,384,059	\$ 4,384,059	5,330,808	\$ 946,749
Encumbrances, End of Year			-	
GAAP Basis, End of Year			\$ 5,330,808	

City of O'Fallon, Missouri
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended December 31, 2015

	<u>Balance</u> <u>December 31, 2014</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>December 31, 2015</u>
<u>Waterbury Storm CID</u>							
Assets							
Cash	\$ 1,010	\$	24,064	\$	24,064	\$	1,010
Total Assets	\$ 1,010	\$	24,064	\$	24,064	\$	1,010
Liabilities							
Due to Waterbury Storm CID	\$ 1,010	\$	24,064	\$	24,064	\$	1,010
Total Liabilities	\$ 1,010	\$	24,064	\$	24,064	\$	1,010



Statistics

2015 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.	86-92
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.	93-97
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.	98-102
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.	103-104
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.	105-107

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment of capital assets	\$ 9,917,334	\$ 22,625,334	\$ 44,824,290	\$ 53,073,876	\$ 60,791,444	\$ 68,770,758	\$ 73,702,113	\$ 84,854,451	\$ 95,729,079	\$ 109,840,518
Restricted	24,308,555	23,261,289	24,035,056	22,235,210	17,287,632	24,251,770	25,276,620	23,510,783	24,865,500	22,793,347
Unrestricted	9,041,538	10,849,176	9,062,558	13,239,734	17,205,529	10,059,082	11,332,948	18,520,633	18,517,274	23,035,443
Total Governmental Activities Net Position	\$ 43,267,427	\$ 56,735,799	\$ 77,921,904	\$ 88,548,820	\$ 95,284,605	\$ 103,081,610	\$ 110,311,681	\$ 126,885,867	\$ 139,111,853	\$ 155,669,308
Business-Type Activities										
Net Investment of capital assets	\$ 26,920,352	\$ 29,043,702	\$ 22,861,070	\$ 24,039,067	\$ 30,911,877	\$ 34,385,628	\$ 39,562,032	\$ 45,273,367	\$ 48,308,010	\$ 48,619,651
Restricted	5,955,370	5,903,450	14,861,994	15,860,188	13,162,981	8,043,429	4,491,262	983,840	983,869	985,324
Unrestricted	9,809,921	9,565,481	8,078,920	10,679,099	10,999,618	14,519,950	13,494,178	13,290,702	11,996,726	15,305,400
Total Business-Type Activities Net Position	\$ 42,685,643	\$ 44,512,633	\$ 45,801,984	\$ 50,578,354	\$ 55,074,476	\$ 56,949,007	\$ 57,547,472	\$ 59,547,909	\$ 61,288,605	\$ 64,910,375
Primary Government										
Net Investment of capital assets	\$ 36,837,686	\$ 63,639,658	\$ 63,266,167	\$ 77,112,943	\$ 91,703,321	\$ 103,156,386	\$ 113,264,145	\$ 130,127,818	\$ 144,037,089	\$ 158,460,169
Restricted	30,263,925	29,164,739	38,897,050	38,095,398	30,450,613	32,295,199	29,767,882	24,494,623	25,849,369	23,778,671
Unrestricted	18,851,459	20,414,657	17,141,478	23,918,833	28,205,147	24,579,032	24,827,126	31,811,335	30,514,000	38,340,843
Total Primary Government Net Position	\$ 85,953,070	\$ 113,219,054	\$ 119,304,695	\$ 139,127,174	\$ 150,359,081	\$ 160,030,617	\$ 167,859,153	\$ 186,433,776	\$ 200,400,458	\$ 220,579,683

Note: GASB 68 was implemented in 2015

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General government	\$ 9,213,858	\$ 10,851,428	\$ 11,830,133	\$ 9,824,376	\$ 12,050,421	\$ 12,176,877	\$ 14,492,684	\$ 12,562,564	\$ 14,484,550	\$ 14,213,241
Public safety	9,863,027	10,507,629	11,026,658	11,371,519	11,670,576	11,842,453	11,967,365	12,490,544	12,778,140	12,136,211
Highways and streets	5,288,765	6,232,449	8,297,404	7,440,583	7,520,942	8,791,469	8,779,301	11,385,901	10,262,266	10,004,038
Community development	2,542,462	2,710,472	2,919,583	2,862,339	2,934,448	2,500,168	2,588,611	2,659,234	2,491,005	2,541,213
Parks and recreation	4,428,452	4,545,407	5,120,974	4,792,267	4,783,669	4,858,132	5,078,873	5,322,799	5,485,053	5,830,511
Municipal court	360,033	408,997	465,704	439,415	387,866	391,789	389,551	411,421	434,081	439,950
Interest on long-term debt	4,943,260	5,281,797	4,464,381	3,939,462	3,266,353	3,237,204	2,690,466	2,328,519	2,104,832	1,777,988
Total Governmental Activities Expenses	36,639,857	40,538,179	44,124,837	40,669,961	42,614,275	43,798,092	45,986,851	47,160,982	48,039,927	46,943,152
Business-Type Activities										
Water	4,157,069	4,448,417	4,419,802	3,941,437	3,862,013	4,280,128	4,966,655	4,891,943	5,008,590	5,036,596
Sewer	6,106,315	6,020,412	6,093,316	5,643,528	6,510,469	6,843,295	6,791,346	7,029,113	7,131,311	6,847,749
Environmental services	3,612,537	4,067,771	3,712,504	3,637,368	3,918,999	4,173,979	4,019,191	3,984,801	3,865,124	3,774,364
Renaud Spirit Center	1,701,769	1,824,010	1,989,884	2,086,691	2,198,121	2,082,716	2,229,539	2,186,347	2,336,780	2,198,056
Public venue	769,865	645,915	549,671	578,160	567,706	534,896	521,451	647,354	578,950	515,456
Total Business-Type Activities Expenses	16,347,555	17,006,525	16,765,177	15,887,184	17,057,308	17,915,014	18,528,182	18,739,558	18,920,755	18,372,221
Total Primary Government Expenses	\$ 52,987,412	\$ 57,544,704	\$ 60,890,014	\$ 56,557,145	\$ 59,671,583	\$ 61,713,106	\$ 64,515,033	\$ 65,900,540	\$ 66,960,682	\$ 65,315,373
Program Revenues										
Governmental Activities										
Charges for service										
General government	\$ 251,727	\$ 110,142	\$ 143,443	\$ 108,103	\$ 116,483	\$ 119,393	\$ 184,584	\$ 148,591	\$ 120,800	\$ 114,538
Public safety	17,746	-	-	94,229	160,487	161,928	31,963	27,750	27,267	23,502
Community development	1,989,860	1,628,280	1,185,227	1,018,439	1,152,925	804,926	1,065,345	1,028,610	1,288,006	1,443,251
Parks and recreation	870,151	1,087,896	988,441	1,053,468	1,144,262	1,270,473	1,212,487	1,150,258	1,131,873	1,185,042
Municipal court	1,985,589	1,703,148	1,801,769	1,776,014	1,646,361	1,946,745	1,912,044	1,844,885	2,225,212	1,695,801
Operating grants and contributions	526,136	448,926	449,984	489,331	951,205	1,237,034	768,008	814,921	640,953	652,093
Capital grants and contributions	8,526,693	11,099,080	11,458,446	12,762,204	6,877,840	6,377,277	6,610,148	11,646,619	11,421,480	7,765,677
Total Governmental Activities Program Revenues	14,167,902	16,077,472	16,027,310	17,301,788	12,049,563	11,917,776	11,784,579	16,661,634	16,855,591	12,879,904

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities										
Charges for service										
Water	\$ 4,969,603	\$ 4,431,010	\$ 3,744,110	\$ 3,781,577	\$ 4,569,665	\$ 4,335,461	\$ 5,067,517	\$ 4,761,475	\$ 5,078,020	\$ 5,281,228
Sewer	6,131,070	5,566,978	6,194,023	8,512,336	9,020,008	8,473,688	7,324,794	7,616,609	7,614,148	7,610,219
Environmental Services	3,695,392	4,230,046	4,256,852	4,253,279	4,342,768	4,483,106	4,211,007	4,419,768	4,491,409	4,551,270
Renaud Spirit Center	1,469,372	1,599,356	1,738,826	1,788,979	1,889,540	1,965,010	1,928,922	1,860,924	1,854,757	1,905,485
Public Venue	171,910	172,653	206,657	108,169	149,011	231,964	146,456	182,106	60,145	62,860
Operating grants and contributions	-	24,231	2,815	3,510	25,036	-	-	-	-	-
Capital grants and contributions	788,351	1,417,793	518,081	1,515,172	999,712	411,556	680,264	1,310,745	1,036,424	497,226
Total Business-Type Activities										
Program Revenues	17,225,698	17,442,067	16,661,364	19,963,022	20,995,740	19,900,785	19,358,960	20,151,627	20,134,903	19,908,288
Total Primary Governmental Program Revenues	\$ 31,393,600	\$ 33,519,539	\$ 32,688,674	\$ 37,264,810	\$ 33,045,303	\$ 31,818,561	\$ 31,143,539	\$ 36,813,261	\$ 36,990,494	\$ 32,788,192
Net (Expense)/Revenue										
Governmental Activities	\$ (22,471,955)	\$ (24,460,707)	\$ (28,097,527)	\$ (23,368,173)	\$ (30,564,712)	\$ (31,880,316)	\$ (34,202,272)	\$ (30,499,348)	\$ (31,184,336)	\$ (34,063,248)
Business-Type Activities	878,143	435,542	(103,813)	4,075,838	3,938,432	1,985,771	830,778	1,412,069	1,214,148	1,536,067
Total Primary Government Net Expense	\$ (21,593,812)	\$ (24,025,165)	\$ (28,201,340)	\$ (19,292,335)	\$ (26,626,280)	\$ (29,894,545)	\$ (33,371,494)	\$ (29,087,279)	\$ (29,970,188)	\$ (32,527,181)
General Revenues and Other										
Changes in Net Position										
Governmental Activities										
Taxes:										
Property tax	\$ 11,327,636	\$ 11,968,958	\$ 10,096,818	\$ 10,459,668	\$ 8,236,247	\$ 7,775,961	\$ 9,374,106	\$ 9,021,961	\$ 9,086,990	\$ 10,509,725
Sales tax	17,758,834	17,830,992	17,444,847	20,157,649	20,931,831	22,277,141	24,450,947	24,586,225	25,948,421	26,856,143
Franchise and public service taxes	4,934,511	5,568,575	8,494,004	6,737,104	7,123,949	8,151,613	7,626,786	7,977,264	8,122,547	8,377,237
Investment earnings	1,726,723	2,304,865	1,275,818	925,437	707,151	245,969	53,134	35,124	19,676	(15,567)
Other revenues	314,766	918,247	809,464	549,498	643,446	723,521	828,192	5,873,179	697,636	739,559
Transfers	(11,162,503)	(662,558)	(300,000)	(540,425)	(342,127)	503,116	(293,750)	(420,219)	(464,948)	(780,711)
Total Governmental Activities	24,899,967	37,929,079	37,820,951	38,288,931	37,300,497	39,677,321	42,039,416	47,073,534	43,410,322	45,686,386
Business-Type Activities										
Grants and contributions not restricted to specific programs	-	-	-	-	-	153,775	199,068	-	-	-
Investment earnings	710,441	728,890	438,303	256,853	184,853	197,324	97,189	78,720	30,303	10,750
Other revenues	-	-	146,920	28,605	30,710	40,777	14,483	89,429	31,297	170,876
Transfers	11,162,503	662,558	300,000	540,425	342,127	(503,116)	293,750	420,219	464,948	780,711
Total Business-Type Activities	11,872,944	1,391,448	885,223	825,883	557,690	(111,240)	604,490	588,368	526,548	962,337
Total Primary Government	\$ 36,772,911	\$ 39,320,527	\$ 38,706,174	\$ 39,114,814	\$ 37,858,187	\$ 39,566,081	\$ 42,643,906	\$ 47,661,902	\$ 43,936,870	\$ 46,648,723
Change in Net Position										
Governmental Activities	\$ 2,428,012	\$ 13,468,372	\$ 9,723,424	\$ 14,920,758	\$ 6,735,785	\$ 7,797,005	\$ 7,837,144	\$ 16,574,186	\$ 12,225,986	\$ 11,623,138
Business-Type Activities	12,751,087	1,826,990	781,410	4,901,721	4,496,122	1,874,531	1,435,268	2,000,437	1,740,696	2,498,404
Total Primary Government	\$ 15,179,099	\$ 15,295,362	\$ 10,504,834	\$ 19,822,479	\$ 11,231,907	\$ 9,671,536	\$ 9,272,412	\$ 18,574,623	\$ 13,966,682	\$ 14,121,542

Note: GASB 68 was implemented in 2015

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

	2006	2007	2008	2009	2010	2011**	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,346,920	\$ 489,821	\$ 1,895,034	\$ 1,335,393	\$ 1,326,495	n/a	n/a	n/a	n/a	n/a
Unreserved	9,448,353	11,492,137	12,059,421	11,767,912	13,043,268	n/a	n/a	n/a	n/a	n/a
Nonspendable	n/a	n/a	n/a	n/a	n/a	357,947	371,481	363,310	321,071	378,859
Restricted	n/a	n/a	n/a	n/a	n/a	253,541	218,578	196,578	387,140	500,901
Committed	n/a	n/a	n/a	n/a	n/a	652,589	173,920	965,500	985,470	2,131,270
Assigned	n/a	n/a	n/a	n/a	n/a	48,841	142,672	189,982	675,441	548,444
Unassigned	n/a	n/a	n/a	n/a	n/a	14,972,408	17,117,352	17,340,772	17,822,293	16,024,044
Total General Fund	\$ 10,795,273	\$ 11,981,958	\$ 13,954,455	\$ 13,103,305	\$ 14,369,763	\$ 16,285,326	\$ 18,024,003	\$ 19,056,141	\$ 20,191,416	\$ 19,583,518
All Other Governmental Funds										
Reserved	\$ 28,743,725	\$ 42,744,904	\$ 27,600,337	\$ 25,767,191	\$ 26,559,869	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in:										
Special Revenue Fund	1,791,794	1,265,918	1,047,440	5,018,873	3,924,334	n/a	n/a	n/a	n/a	n/a
Capital Projects Fund	205,899	254,175	12,331	-	-	n/a	n/a	n/a	n/a	n/a
Nonspendable	n/a	n/a	n/a	n/a	n/a	101,000	102,779	104,668	105,165	91,832
Restricted	n/a	n/a	n/a	n/a	n/a	14,618,685	15,909,160	16,424,679	17,603,641	21,725,136
Unassigned	-	-	-	-	-	-	-	-	-	(628,967)
Total All Other Governmental Funds	\$ 30,741,418	\$ 44,264,997	\$ 28,660,108	\$ 30,786,064	\$ 30,484,203	\$ 14,719,685	\$ 16,011,939	\$ 16,529,347	\$ 17,708,806	\$ 21,188,001

***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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 33,988,342	\$ 35,084,561	\$ 36,406,531	\$ 37,198,460	\$ 36,507,153	\$ 38,198,627	\$ 41,513,202	\$ 41,595,939	\$ 43,229,508	\$ 45,570,348
Intergovernmental	2,881,466	4,870,460	10,428,104	6,923,299	4,311,569	5,583,805	3,602,593	5,529,258	3,206,278	11,576,822
Licenses and permits	1,802,744	1,374,395	945,880	915,809	981,681	754,903	954,876	947,263	1,074,759	1,291,024
Charges for services	1,256,239	1,390,394	1,371,231	1,294,775	1,452,355	1,459,026	1,518,210	1,407,947	1,493,187	1,475,308
Fines and forfeitures	1,879,336	1,824,454	1,866,841	1,763,427	1,637,917	2,031,241	1,873,350	1,735,278	2,161,478	2,047,090
Investment earnings	1,503,333	2,084,960	1,534,839	925,437	730,863	406,531	53,134	35,124	19,676	(15,567)
Miscellaneous	371,969	901,674	783,088	507,390	623,104	723,521	772,930	692,212	632,265	618,370
Total Revenues	43,683,429	47,530,898	53,336,514	49,528,597	46,244,642	49,157,654	50,288,294	51,943,021	51,817,151	62,563,395
Expenditures										
General government	7,531,351	7,793,739	8,441,667	8,312,320	8,700,735	8,374,688	8,162,537	9,415,072	9,340,656	9,495,815
Public safety	9,585,496	10,310,364	10,764,057	11,178,931	11,214,135	11,437,088	11,487,998	11,970,534	12,213,048	12,156,962
Highways and streets	3,487,472	4,054,439	4,353,931	4,229,866	4,196,277	5,093,002	4,920,225	5,090,584	5,761,388	5,314,190
Community development	2,529,738	2,690,006	2,881,744	2,807,987	2,866,484	2,459,484	2,543,125	2,593,828	2,433,655	2,478,564
Parks and recreation	4,052,115	4,187,359	4,790,156	4,417,328	4,396,378	4,462,410	4,629,907	4,830,589	4,945,075	5,216,600
Municipal court	357,558	397,422	448,024	418,697	376,941	390,772	388,695	408,550	430,465	439,286
Capital outlay	3,368,714	8,306,488	9,875,027	8,659,069	4,274,057	10,596,102	8,071,202	9,320,934	6,183,714	15,681,863
Debt service:										
Principal retirement	3,538,100	3,798,100	20,971,400	4,231,400	6,656,400	16,861,400	4,922,400	5,959,843	6,196,680	6,596,814
Interest	4,445,565	4,674,364	4,353,083	3,787,741	3,284,837	2,829,295	2,141,736	2,072,571	1,902,672	1,685,841
Bond issue costs	-	197,537	-	166,239	-	97,550	46,568	-	-	-
Total Expenditures	38,896,109	46,409,818	66,879,089	48,209,578	45,966,244	62,601,791	47,314,393	51,662,505	49,407,353	59,065,935
Revenues Over (Under)										
Expenditures	4,787,320	1,121,080	(13,542,575)	1,319,019	278,398	(13,444,137)	2,973,901	280,516	2,409,798	3,497,461
Other Financing Sources (Uses)										
Transfers in	1,862,071	697,950	1,032,345	18,435	554,000	1,208,076	1,330,000	88,711	2,351,147	236,071
Transfers out	(2,532,884)	(1,360,508)	(1,332,345)	(558,860)	(896,127)	(704,960)	(1,623,750)	(508,930)	(2,816,095)	(1,016,782)
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	106,521	146,757	124,446
Insurance recoveries	-	-	-	-	-	-	-	-	223,126	30,102
General obligation bond proceeds	-	13,997,902	-	-	-	-	-	-	-	-
Certificates of participation proceeds	-	-	-	-	-	-	-	-	-	-
Special Obligation bond proceeds	-	-	-	15,255,000	-	6,160,000	5,925,375	-	-	-
Premium	-	-	-	88,184	-	57,360	49,620	-	-	-
Payment to Escrow Agent	-	-	-	(13,893,737)	-	(7,310,554)	(7,197,736)	-	-	-
Loan proceeds	-	-	-	-	-	-	1,500,000	1,575,000	-	-
Capital lease proceeds	-	53,433	148,000	-	-	110,719	-	7,728	-	-
Total Other Financing Sources (Uses)	(657,515)	13,589,184	(89,817)	955,787	(313,801)	(404,818)	57,029	1,269,030	(95,065)	(626,162)
Net Change In Fund Balances	\$ 4,129,805	\$ 14,710,264	\$ (13,632,392)	\$ 2,274,806	\$ (35,403)	\$ (13,848,955)	\$ 3,030,930	\$ 1,549,546	\$ 2,314,733	\$ 2,871,298
Debt Service as a percentage of noncapital expenditures	22.2%	21.3%	42.6%	20.2%	23.4%	36.3%	16.8%	18.1%	17.7%	17.6%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program										
Governmental Activities										
General government	\$ 595,212	\$ 345,396	\$ 145,311	\$ 110,042	\$ 2,256,323	\$ 732,023	\$ 185,728	\$ 3,075,170	\$ 4,062,273	\$ 1,336,025
Public safety	200,397	121,744	224,184	363,171	542,538	548,389	244,211	431,093	612,319	262,870
Highways and streets	8,526,693	11,189,758	11,458,446	12,767,985	4,838,419	5,934,746	6,805,764	8,899,696	7,279,167	6,623,483
Community development	1,989,860	1,628,280	1,409,159	1,197,358	1,601,005	1,229,341	1,406,695	1,253,253	1,538,368	1,686,348
Parks and recreation	870,151	1,089,146	988,441	1,087,218	1,164,917	1,526,532	1,230,137	1,157,537	1,138,252	1,275,377
Municipal court	1,985,589	1,703,148	1,801,769	1,776,014	1,646,361	1,946,745	1,912,044	1,844,885	2,225,212	1,695,801
Subtotal Governmental Activities	14,167,902	16,077,472	16,027,310	17,301,788	12,049,563	11,917,776	11,784,579	16,661,634	16,855,591	12,879,904
Business-Type Activities										
Water	5,137,084	4,996,811	3,873,788	4,239,393	4,656,743	4,576,331	5,367,829	5,203,670	5,485,043	5,432,063
Sewer	6,751,940	6,409,986	6,457,691	9,569,692	9,698,593	8,633,016	7,703,043	8,483,060	8,243,549	7,956,610
Environmental services	3,695,392	4,254,277	4,384,402	4,256,789	4,576,918	4,483,106	4,211,007	4,419,768	4,491,409	4,551,270
Renaud Spirit Center	1,469,372	1,599,356	1,738,826	1,788,979	1,914,475	1,976,368	1,930,625	1,863,023	1,854,757	1,905,485
Public venue	171,910	181,637	206,657	108,169	149,011	231,964	146,456	182,106	60,145	62,860
Subtotal Business-Type Activities	17,225,698	17,442,067	16,661,364	19,963,022	20,995,740	19,900,785	19,358,960	20,151,627	20,134,903	19,908,288
Total Primary Government	\$ 31,393,600	\$ 33,519,539	\$ 32,688,674	\$ 37,264,810	\$ 33,045,303	\$ 31,818,561	\$ 31,143,539	\$ 36,813,261	\$ 36,990,494	\$ 32,788,192

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
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		7,626,786		41,513,202
2013		9,032,450		24,586,225		7,977,264		41,595,939
2014		9,158,540		25,948,421		8,122,547		43,229,508
2015		10,336,969		26,856,143		8,377,236		45,570,348
Change 2006-2015		-8%		51%		70%		34%

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
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
2013	1,219,256,962	271,875,981	23,977,251	1,515,110,194	\$ 0.5512	6,703,939,098
2014	1,238,899,765	276,239,383	24,209,274	1,539,348,422	\$ 0.5512	6,816,342,940
2015	1,325,309,114	286,646,872	26,159,704	1,638,115,690	\$ 0.5846	7,284,798,818

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City of O'Fallon (1)										
General	\$ 0.3438	\$ 0.3562	\$ 0.3562	\$ 0.3562	\$ 0.3562	\$ 0.3562	\$ 0.3553	\$ 0.3324	\$ 0.3324	\$ 0.3483
Parks	-	-	-	-	-	-	-	-	0.1209	0.1267
Debt	0.2408	0.1950	0.1950	0.1950	0.1276	0.1276	0.2611	0.2840	0.2900	0.3100
Total City of O'Fallon	0.5846	0.5512	0.5512	0.5512	0.4838	0.4838	0.6164	0.6164	0.7433	0.7850
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
St. Charles County	-	0.0016	0.0016	0.0016	0.0016	0.0016	0.0016	0.0020	0.0020	0.0025
St. Charles County Road and Bridge	0.1962	0.2025	0.2025	0.2025	0.2025	0.2025	0.2025	0.2025	0.2025	0.2148
Fort Zumwalt School District (2)	4.7446	4.8438	4.8438	4.7936	4.7611	4.5968	4.5967	4.3811	4.3789	4.5629
St. Charles County Library District	0.2200	0.2270	0.2270	0.2181	0.2181	0.2065	0.2064	0.1946	0.1946	0.2064
O'Fallon Fire Protection District	0.6665	0.7004	0.6999	0.6148	0.6148	0.5936	0.5936	0.5517	0.5517	0.5814
St. Charles County Handicapped	0.1410	0.1455	0.1455	0.1398	0.1398	0.1324	0.1323	0.1247	0.1247	0.1323
St. Charles County Ambulance	0.2619	0.2628	0.1565	0.1477	0.1421	0.1439	0.1441	0.1366	0.1334	0.1441
St. Charles County Alarm and Dispatch	0.0378	0.0390	0.0390	0.0390	0.0390	0.0390	0.0390	0.0390	0.0390	0.0413
St. Charles County Community College	0.2140	0.2196	0.2196	0.2196	0.2196	0.2196	0.2196	0.2094	0.2094	0.2196
Total	\$ 7.0966	\$ 7.2234	\$ 7.1166	\$ 6.9579	\$ 6.8524	\$ 6.6497	\$ 6.7822	\$ 6.4880	\$ 6.6095	\$ 6.9203

(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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General 1% city sales tax	\$ 12,090,369	\$ 11,683,103	\$ 11,064,829	\$ 11,013,368	\$ 10,404,517	\$ 9,778,073	\$ 9,408,810	\$ 9,866,460	\$ 10,650,960	\$ 10,632,966
Transportation 0.5% city sales tax	5,698,315	5,500,231	5,202,396	5,184,882	4,875,321	4,611,645	4,432,646	4,664,704	5,069,621	5,074,929
State motor fuel tax	3,108,935	3,018,928	2,886,937	2,844,056	1,917,835	1,770,701	1,738,195	1,790,382	1,927,548	1,910,637
Parks tax 0.5%	5,695,955	5,495,831	5,203,498	5,182,422	4,871,673	4,601,966	4,403,674	944,452	n/a	n/a
Regional parks sales tax	262,569	250,328	228,564	226,219	207,794	169,446	174,323	178,849	182,863	140,302
Total	\$ 26,856,143	\$ 25,948,421	\$ 24,586,225	\$ 24,450,948	\$ 22,277,140	\$ 20,931,831	\$ 20,157,648	\$ 17,444,847	\$ 17,830,992	\$ 17,758,834

City direct sales tax rate is 2.0% = 1% for general, 0.5% for transportation and 0.5% for parks
Parks sales tax began in October 2008

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

Taxpayer	2015			2006		
	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	\$ 21,667,637	1	1.32 %	\$ 12,309,945	2	0.88 %
Sunedison Semiconductor	13,959,187	2	0.85	-		-
Citi Mortgage	9,048,024	3	0.55	6,708,377	3	0.48
Garden Villas of O'Fallon/Delmar Gardens	9,017,909	4	0.55	-		-
Mastercard Intl Tax	7,354,085	5	0.45	-		-
Aldi, Inc	5,367,787	6	0.33	4,246,581	8	0.30
Darlington Enclave at Winghaven UI LLC	5,221,086	7	0.32	-		-
DP II LLC (Caplaco Five, Inc)	5,156,315	8	0.31	6,160,010	4	0.44
IBM	5,070,333	9	0.31	-		-
American Power Conversion Corp	4,778,040	10	0.29	-		-
DNS Electronics	-		-	16,321,727	1	1.17
IBT O'Fallon LLC	-		-	5,808,060	5	0.42
Winghaven Hotel Partners LLC	-		-	4,510,970	6	0.32
St. Louis Enclave Apartments LTD	-		-	4,418,500	7	0.32
Pheasant Point LLC	-		-	3,572,910	9	0.26
SFT Venturer LLC	-		-	3,151,690	10	0.23
	\$ 86,640,403		5.29 %	\$ 67,208,770		4.81 %

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
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
2013	8,177,364	7,627,112	93.27	314,145	7,941,257	97.11
2014	8,308,174	7,827,773	94.22	242,050	8,069,823	97.13
2015	9,377,002	8,608,857	91.81	405,130	9,013,987	96.13

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	General Obligation Bonds	Tax Increment Financing Bonds	Special Obligation Bonds	Certificates of Participation	Revenue Bonds	Certificates of Participation	Special Obligation Bonds	Capital Lease Obligation			
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	1,795
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	1,526
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	6,511,212	112,749,450	5	1,371
2013	43,507	2,772,282	23,515,000	-	18,905,850	6,423,200	-	9,786,800	37,714,150	905,889	100,066,678	4	1,217
2014*	13,895	2,495,902	21,035,264	-	15,773,409	6,398,112	-	9,351,666	35,916,159	594,092	91,578,499	4	1,098
2015*	2,737	2,212,088	18,095,762	-	13,481,923	5,245,129	-	8,090,704	32,850,855	244,833	80,224,031	3	939

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

*Presented net of discounts and premiums in 2014 and going forward

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

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)				
2006	\$ 53,745,000	\$ -		\$53,745,000	3.85	\$721.58
2007	66,075,000	-		66,075,000	4.22	859.41
2008	47,440,000	-		47,440,000	2.93	607.75
2009	45,630,000	-		45,630,000	2.98	576.44
2010	41,770,000	-		41,770,000	2.69	520.49
2011	27,690,000	-		27,690,000	1.81	342.44
2012 *	25,995,000	2,480,000		23,515,000	1.51	316.18
2013 *	23,515,000	2,680,000		20,835,000	1.38	286.02
2014 *	21,035,264	2,885,000		18,150,264	1.18	252.29
2015 *	18,095,762	3,100,000		14,995,762	0.92	211.90

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

*Net General Obligation Bonds was used in 2012 and going forward

(1) This is the general bonded debt of the governmental activities, net of discounts and premiums starting in 2014

(2) This is the amount restricted for debt service principal payments starting in 2012 and going forward

City of O'Fallon, Missouri
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
St. Charles County	-	20.12 %	-
St. Charles County Ambulance	5,960,000	20.12	1,199,152
St. Charles Community College	29,380,000	20.12	5,911,256
Fort Zumwalt School District	149,614,907	71.00	106,226,584
Francis Howell School District	148,983,196	11.00	16,388,152
Wentzville School District	170,928,677	18.00	30,767,162
Subtotal, overlapping debt			160,492,306
City Direct Debt			39,037,639
Total Direct And Overlapping Debt			\$ 199,529,945

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 139,734,540	\$ 156,617,545	\$ 162,022,768	\$ 153,248,613	\$ 155,484,460	\$ 152,626,187	\$ 156,031,457	\$ 151,511,019	\$ 153,934,842	\$ 163,811,569
Total net debt applicable to limit	32,795,429	29,966,797	26,803,068	24,007,097	23,042,816	22,289,218	20,383,440	18,172,010	15,914,896	12,619,192
Legal Debt Margin	\$ 106,939,111	\$ 126,650,748	\$ 135,219,700	\$ 129,241,516	\$ 132,441,644	\$ 130,336,969	\$ 135,648,017	\$ 133,339,009	\$ 138,019,946	\$ 151,192,377
Total net debt applicable to the limit as a percentage of debt limit	23.47%	19.13%	16.54%	15.67%	14.82%	14.60%	13.06%	11.99%	10.34%	7.70%

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

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

Fiscal Year	Water & Sewer Revenue Bonds							Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service				
				Principal	Interest			
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	
2013	12,455,187	5,940,001	6,515,186	3,069,864	1,644,489		1.38	
2014	12,722,432	5,910,951	6,811,481	3,509,600	1,945,866		1.25	
2015	12,925,101	5,883,817	7,041,284	3,585,000	1,626,939		1.35	

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		
2006	74,482	\$ 1,868,157,524	\$ 25,082	32.7	90.4	27.2	18,703	3.8
2007	76,884	2,069,654,865	26,919	33.0	90.4	27.2	17,638	4.0
2008	78,058	2,545,315,264	32,608	32.2	90.4	27.2	18,776	5.2
2009	79,158	2,613,638,844	33,018	32.3	90.4	27.2	18,742	7.5
2010	80,252	2,454,828,428	30,589	32.3	94.4	37.5	18,840	7.2
2011	80,860	2,597,546,640	32,124	35.1	94.4	37.5	18,719	6.2
2012	82,215	2,486,839,320	30,248	35.0	94.4	37.5	18,733	5.1
2013	83,377	2,605,030,988	31,244	35.0	94.4	37.5	18,625	4.9
2014	84,381	2,753,183,268	32,628	35.0	94.4	37.5	18,381	4.7
2015	85,397	2,717,844,922	31,826	37.7	94.4	37.5	18,159	3.5

Note: Population, Per Capital Personal Income, Median Age, and Unemployment figures are reported from the Economic Development Department, City of O'Fallon, MO.
School enrollment for 2015 is based on Fort Zumwalt School enrollment for the 2014-2015 school year. Educational Attainment is based on the U.S. Census Bureau from 2010.

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Citigroup	3,800	1	8.96 %	4,500	1	15.33 %
Fort Zumwalt School District	2,006	2	4.73	2,350	2	8.01
MasterCard Intl.	1,960	3	4.62	2,200	3	7.50
True Manufacturing	N/A*	4	N/A*	N/A*	4	N/A*
City of O'Fallon	703	5	1.66	486	6	1.66
Allianz Fireman's Fund Insurance Company	624	6	1.47	-		-
Sunedison, Inc. (fka: MEMC)	550	7	1.30	1,182	5	4.03
Wentzville School District	421	8	0.99	-		-
Progresss West HealthCare Center	396	9	0.93	-		-
Synergetics, USA, Inc.	375	10	0.88	281	9	0.96
Wal-mart	-		-	300	7	1.02
Schnucks Markets/Kitchen	-		-	292	8	0.99
Paric Corporation	-		-	254	10	0.87
	10,835		25.77 %	11,845		40.37 %

Source: City of O'Fallon, MO Economic Development Department
Labor Force, December 2015 = 46,645

*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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration Department	7.00	7.00	5.00	5.15	5.00	9.00	8.00	8.00	9.00	9.00
Administrative Services Department										
Citizens First Center	2.00	2.00	2.00	2.00	2.00	n/a	n/a	n/a	n/a	n/a
Facilities maintenance	6.00	6.00	5.15	8.90	8.90	9.00	10.00	10.00	11.60	11.60
Fleet maintenance	4.25	5.00	5.00	5.00	5.00	5.00	6.00	7.00	7.00	7.00
Human resources	6.00	5.00	5.00	5.00	5.00	3.00	4.00	4.25	5.25	5.25
Information Technologies	4.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Safety and risk management	-	1.00	1.00	1.00	1.00	1.00	n/a	n/a	n/a	n/a
Volunteer services	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.45	2.45
Communications Department										
Communications	5.25	5.40	5.50	5.50	5.50	5.50	5.50	5.60	5.60	5.60
Public relations	5.10	3.85	3.85	3.85	4.00	4.00	4.00	4.00	4.00	4.00
Economic Development Department	3.15	3.15	3.15	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Finance Department										
Finance	13.00	12.00	12.00	12.00	12.00	12.00	15.00	15.00	15.00	15.00
Municipal court	4.85	5.25	5.25	5.25	5.25	5.25	5.25	5.25	6.25	6.25
Parks and Recreational Department										
Landscaping	4.00	5.15	6.15	6.65	6.65	7.50	8.00	7.50	9.00	8.00
Parks	24.00	24.15	24.85	24.75	24.55	22.00	23.20	23.00	23.25	23.25
Recreation	13.25	31.65	29.50	26.70	25.85	23.75	26.00	26.60	26.90	25.00
Renaud Spirit Center Fund	36.00	33.55	33.80	34.60	34.60	33.05	37.60	37.25	37.30	36.40
Public Venue	3.00	1.50	n/a							
Tourism and festivals	2.25	4.80	4.50	4.35	3.60	3.60	3.60	3.60	3.60	3.60
Planning & Development Department										
Administration	6.00	3.00	3.00	3.00	2.65	2.00	n/a	n/a	n/a	n/a
Building & Code Enforcement	20.75	14.75	14.75	13.75	13.75	12.75	12.00	12.00	13.00	13.00
Planning & GIS	10.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.50	7.00
Police Department	133.50	138.25	143.50	145.50	145.50	144.25	146.50	152.50	156.35	156.60
Public Works Department										
Engineering	n/a	13.00	12.00	11.00	10.00	10.00	12.00	12.33	13.05	12.75
Environmental Services	26.00	26.80	24.75	26.75	27.25	27.00	26.00	26.00	26.00	26.00
Project management	6.50	5.25	6.00	6.00	5.20	7.00	7.50	7.50	7.50	7.50
Sewer System	0.50	-	-	16.00	19.75	16.00	15.00	16.00	16.00	16.00
Storm Water	n/a	n/a	1.00	4.00	4.95	4.00	4.00	5.00	6.00	6.00
Streets	32.25	27.75	27.00	27.00	27.00	28.60	32.80	38.10	37.85	34.75
Water System	0.50	-	-	22.00	18.90	20.25	16.00	16.00	16.00	16.00
Total	380.85	399.25	396.70	440.70	438.85	430.50	442.95	458.48	473.45	466.00

Source: Finance Department

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen and Officers	102	103	104	108	108	106	105	115	115	118
Transit										
Miles of Streets	285	285	300	295	298	303	301	301	307	307
Number of Street Lights	5,322	5,322	5,063	5,063	4,624	4,626	4,626	4,634	4,634	4,634
Municipal Water Department										
Number of Households/Dwellings	11,400	11,700	11,986	12,086	12,245	12,250	12,200	11,772	11,965	12,146
Average Daily Consumption	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	3.65 M gal/day	3.51 M gal/day	3.48 M gal/day
Miles of Water Mains	153	161	174	174	175	175	174	174	174	174
Building										
Residential Building Permits Issued	794	806	394	369	367	274	310	394	432	434
Commercial Building Permits Issued	256	220	194	143	190	157	143	215	229	244
Recreation and Culture										
Park Acreage	452	460	460	460	460	460	460	453	453	453
City of OFallon Employees										
Permanent Full-Time	334	347	339	374	371	366	374	382	402	413
Part-Time and Seasonal	90	93	208	186	220	229	300	278	291	290

Source: Various City Departments

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	29	30	31	33	33	33	35	36	38	35
Patrol Motorcycles (started reporting in 2012)	n/a	n/a	n/a	n/a	n/a	n/a	2	3	3	3
Communications										
Programs Produced	287	225	252	377	334	342	292	284	268	294
Streets										
Square Yards of Concrete Replaced	9,128	10,000	16,472	16,472	12,154	24,000	35,182	30,633	29,332	19,000
Tons of Asphalt Replaced	3,957	500	975	975	1,076	363	366	221	333	797
Miles of Street Swept	11,713	12,000	6,083	6,083	5,102	5,054	3,235	5,840	7,588	6,075
Municipal Water Department										
Power Consumption Dollars/Million Gallon Pumped	\$ 228	\$ 229	\$ 250	\$ 270	\$ 287	\$ 305	\$ 299	\$ 321	\$ 322	\$ 332
Salt Consumption/Million Gallon Pumped	0.64	0.65	0.62	0.61	0.65	0.66	0.65	0.62	0.66	0.63
Chlorine Consumption mg/C/Finished Water Pumped	2.3	2.5	2.6	2.7	2.7	2.9	2.5	2.5	2.8	3.0
Wastewater										
Biosolids Treatment Facility (Nature's Bend Fertilizer)	1	1	1	1	1	1	1	1	1	1
Power Consumption Dollars/Million Gallon Treated	\$ 86	\$ 87	\$ 97	\$ 104	\$ 175	\$ 155	\$ 100	\$ 118	\$ 111	\$ 113
Line Cleaning 127 miles/3 years = 42.3	55.2	56.8	56.5	57.4	68.7	70.3	59.8	66.7	85.6	70.0
Recreation and Culture										
Pools	2	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	1	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	17	17	18	18	18	19	19	19	19	19

Source: Various City Departments

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