

2010 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2010 • City of O'Fallon



City of O'Fallon, Missouri
Comprehensive Annual Financial Report



Fiscal Year Ended
December 31, 2010

Prepared By: Department of Finance

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Introduction

2010 Comprehensive Annual Financial Report

City of O'Fallon, Missouri



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

June 30, 2011

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, 2010 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, 2010, 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, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

The City of O'Fallon encompasses 29.59 square miles. The City of O'Fallon is located in St. Charles County, Missouri, about 30 minutes west of the St. Louis City limits on Interstate 70. The City is bisected in a north-south direction by Missouri State Highways M and K and in an east-west direction by Interstates 70 and 40/61. The population of the City, as provided by the 2010 census, is 79,329 persons.

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

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

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

Economic Condition

The economic condition and outlook for the City is positive. The economic base is diverse and consists of a mix of residential, manufacturing, financial services, governmental services, education and healthcare. Essentially a "bedroom community" in the early 1980's to the St. Louis Metropolitan area, the City's economic growth now supports over 1,500 businesses. Our major employers consist of Citigroup, 4,000 employees; Fort Zumwalt School District, 2,700 employees; and MasterCard Intl. with 1,845 employees.

The national economy was in an economic recession from December 2007 to June 2009 (The Great Recession) according to the National Bureau of Economic Research's business cycle dating committee. This recession was officially the longest U.S. economic downturn of the post-World War II era. The City has been impacted with a decline in assessed valuation and higher than average unemployment rates. Due to the City continuing to pay off general obligation bonds, the general property tax rate was preserved for continued funding of general operations while the total property tax rate has declined 21% reducing taxes to our residents. The retail sales in O'Fallon declined by 11% from 2007 to 2009 due to the economic downturn; although, the City has experienced a 4% increase in sales tax revenue over the past year. The increase is most likely due to the recovering economy and the City's *Keep it in the 'O'* campaign. The campaign was marketed to encourage residents to buy in O'Fallon.

The City's commercial growth is continuing with the addition of SAK Construction, a company that uses trenchless technology to renew damaged sewer pipes and water mains; and Centene Corporation, a company who administers health benefits who will house their data center in O'Fallon. Residential permits have remained constant with 367 homes built in 2010. This growth rate is expected to continue for the next few years.

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 2010, City Council adopted a Strategic Plan prioritizing the City's goals. The goals listed are as follows: 1) fiscal responsibility, 2) focus on infrastructure, 3) provide local and regional leadership and innovation, 4) delivery of exceptional services and 5) improved communications, responsiveness and openness.

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

Relevant Financial Policies

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

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

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

Major Initiatives

The City is promoting economic development through a campaign called 'Keep it in the O!' As it suggests, the slogan is reminding people to keep our tax dollars within our own community. As part of this campaign, the City performed a retail study through a local firm which was completed in May 2009. The retail study was able to identify the gaps in available types of retail offered in O'Fallon and provide suggestions to allow existing retail to remain competitive.

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, 2009. 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 2010. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,

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

Vicki M. Boschert, CPA
Director of Finance

City of O’Fallon City Officials

Mayor

William Hennessy (2013*)

City Council

Ward 1

Bill Gardner (2011*)

Rick Lucas (2013*)

Ward 3

John Haman, Pres Pro Tem (2011*)

Open (2013*)

Ward 5

Mark Perkins (2011*)

Mike Phenev (2013*)

Ward 2

Rose Mack (2011*)

Jim Pepper (2013*)

Ward 4

Robert Howell (2011*)

Jeff Schwentker (2013*)

City Administrator

Keith J. Riesberg

City Attorney

Kevin O’Keefe

City Judge

Earl W. Drennen

Robert M. Wohler

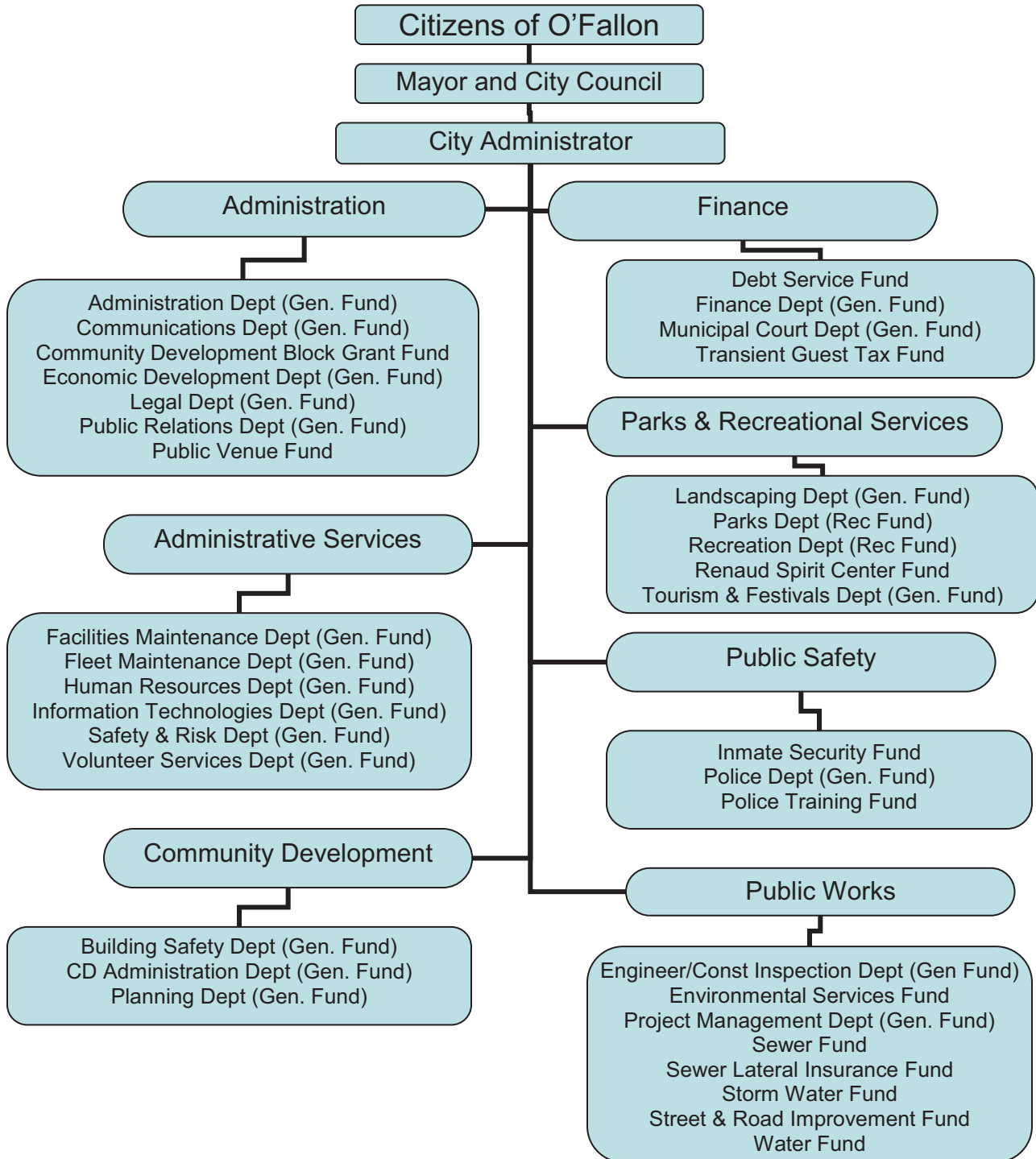
Director of Finance

Vicki M. Boschert, CPA

City Clerk Pam Clement
Director of Citizens First Conan Stott
Community Development Managing Director Open
Public Works Managing Director Steve Bender
Planning & Development Director David Woods
Public Safety Managing Director (Chief of Police) Roy J. Joachimstaler
Administrative Services Group Managing Director John Griesenauer
Parks and Recreation Managing Director Cindy Springer
Information Technologies Director Brian Bazzell
Economic Development Director Shashi Pathak
Public Relations Director Tom Drabelle

* Denotes term expiration, all terms expire in April

**City of O’Fallon, Missouri
Organizational Chart
2010 CAFR**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of O'Fallon
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director



Financials

2010 Comprehensive Annual Financial Report

City of O'Fallon, Missouri



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

INDEPENDENT AUDITORS' REPORT

June 13, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF O'FALLON, MISSOURI** (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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

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

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2011 on our consideration the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, therefore, express no opinions thereon.


CERTIFIED PUBLIC ACCOUNTANTS



*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

City of O’Fallon, Missouri

Management’s Discussion and Analysis

Fiscal Year Ended December 31, 2010

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 2010. We encourage readers to use this document in conjunction with the transmittal letter in the Introductory Section of this report and with the City’s financial statements that follow this section.

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

Financial Highlights

- On a government-wide basis, the assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$150,359,081 (net assets). Of this amount, \$28,205,147 is considered unrestricted. The unrestricted net assets of the City’s governmental activities are \$17,205,529 and may be used to meet the City’s ongoing obligations. The unrestricted net assets of the City’s business-type activities are \$10,999,618 and may be used to meet the ongoing obligations of the City’s water, sewer, environmental services, Renaud Spirit Center, and public venue activities.
- The net assets of the City (assets less liabilities) at December 31, 2010 increased \$11,231,907 from \$139,127,174 to \$150,359,081 or 8% from the prior year.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$44,853,966. Approximately 38% of this total amount, \$16,967,602, is *available for spending* at the City’s discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$13,043,268, or 53% of total General Fund expenditures.
- The City’s total long-term debt decreased by a net amount of \$3,768,910, or 3%, during the current fiscal year.

Overview of the Financial Statements

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

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

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2010

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

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

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

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

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

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

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2010

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 four Agency Funds, a fiduciary fund type, to account for the WingHaven TDD, Mexico Road TDD, Kingsmill TDD and 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, 2010

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

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$150,359,081 at the close of the most recent fiscal year.

The City’s net assets invested in capital assets (land, construction in progress, buildings, equipment, improvements, and infrastructure) less all outstanding debt that was issued totals \$91,703,321. 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, 2010

City of O'Fallon's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 53,102,374	\$ 52,633,437	\$ 28,539,512	\$ 29,020,322	\$ 81,641,886	\$ 81,653,759
Long-term receivables	9,054,560	8,835,335	-	-	9,054,560	8,835,335
Capital assets	123,532,834	122,422,348	92,537,537	83,115,638	216,070,371	205,537,986
Total Assets	185,689,768	183,891,120	121,077,049	112,135,960	306,766,817	296,027,080
Liabilities						
Long-term liabilities outstanding	83,551,072	88,120,335	61,735,541	58,506,025	145,286,613	146,626,360
Other liabilities	6,854,091	7,221,965	4,267,032	3,051,581	11,121,123	10,273,546
Total Liabilities	90,405,163	95,342,300	66,002,573	61,557,606	156,407,736	156,899,906
Net Assets						
Invested in capital assets, net of related debt	60,791,444	53,073,876	30,911,877	24,039,067	91,703,321	77,112,943
Restricted	17,287,632	22,235,210	13,162,981	15,860,188	30,450,613	38,095,398
Unrestricted	17,205,529	13,239,734	10,999,618	10,679,099	28,205,147	23,918,833
Total Net Assets	\$ 95,284,605	\$ 88,548,820	\$ 55,074,476	\$ 50,578,354	\$ 150,359,081	\$ 139,127,174

An additional portion of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$28,205,147 is explained further below.

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

Changes in net assets. The City's total net assets increased by \$11,231,907. This increase in net assets is a result of continued economic growth. The City's population increased by an estimated 171 residents. There were 367 residential construction permits issued along with 190 commercial construction units. Key elements to the changes in net assets follow:

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2010

City of O'Fallon's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 4,220,518	\$ 4,050,253	\$ 19,970,992	\$ 18,444,340	\$ 24,191,510	\$ 22,494,593
Operating grants and contributions	951,205	489,331	25,036	3,510	976,241	492,841
Capital grants and contributions	6,877,840	12,762,204	999,712	1,515,172	7,877,552	14,277,376
General revenues:						
Property taxes	8,236,247	10,459,668	-	-	8,236,247	10,459,668
Sales taxes	20,931,831	20,157,649	-	-	20,931,831	20,157,649
Franchise and public	7,123,949	6,737,104	-	-	7,123,949	6,737,104
Other	1,350,597	1,474,935	215,563	285,458	1,566,160	1,760,393
Total Revenues	49,692,187	56,131,144	21,211,303	20,248,480	70,903,490	76,379,624
Expenses						
General government	12,050,421	9,824,376	-	-	12,050,421	9,824,376
Public safety	11,670,576	11,371,519	-	-	11,670,576	11,371,519
Highways and streets	7,520,942	7,440,583	-	-	7,520,942	7,440,583
Community development	2,934,448	2,862,339	-	-	2,934,448	2,862,339
Parks and recreation	4,783,669	4,792,267	-	-	4,783,669	4,792,267
Municipal court	387,866	439,415	-	-	387,866	439,415
Interest on long-term debt	3,266,353	3,939,462	-	-	3,266,353	3,939,462
Water	-	-	3,862,013	3,941,437	3,862,013	3,941,437
Sewer	-	-	6,510,469	5,643,528	6,510,469	5,643,528
Environmental services	-	-	3,918,999	3,637,368	3,918,999	3,637,368
Renaud Spirit Center	-	-	2,198,121	2,086,691	2,198,121	2,086,691
Public venue	-	-	567,706	578,160	567,706	578,160
Total Expenses	42,614,275	40,669,961	17,057,308	15,887,184	59,671,583	56,557,145
Increase in Net Assets						
Before Transfers	7,077,912	15,461,183	4,153,995	4,361,296	11,231,907	19,822,479
Transfers	(342,127)	(540,425)	342,127	540,425	-	-
Increase in Net Assets	6,735,785	14,920,758	4,496,122	4,901,721	11,231,907	19,822,479
Net Assets - Beginning of Year, as Previously Stated	88,548,820	77,921,904	50,578,354	45,801,984	139,127,174	123,723,888
Prior Period Adjustment	-	(4,293,842)	-	(125,351)	-	(4,419,193)
Net Assets - Beginning of Year as Restated	88,548,820	73,628,062	50,578,354	45,676,633	139,127,174	119,304,695
Net Assets - End of Year	\$ 95,284,605	\$ 88,548,820	\$ 55,074,476	\$ 50,578,354	\$ 150,359,081	\$ 139,127,174

City of O'Fallon, Missouri

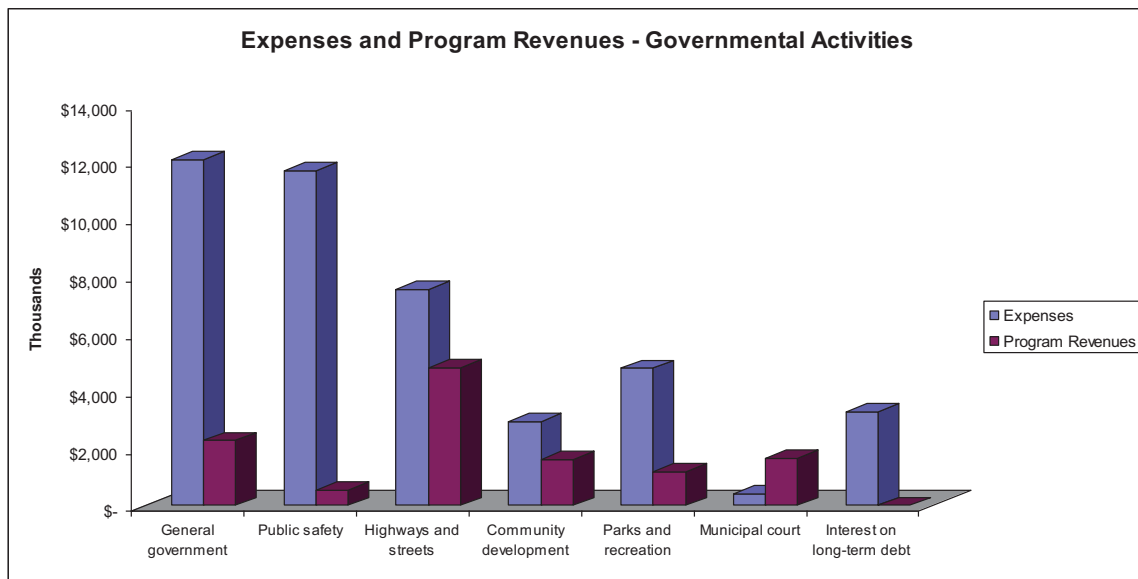
Management's Discussion and Analysis

Fiscal Year Ended December 31, 2010

Governmental activities. Governmental activities increased the City's net assets by \$6,735,785, thereby accounting for 60% of the total growth in the net assets of the City.

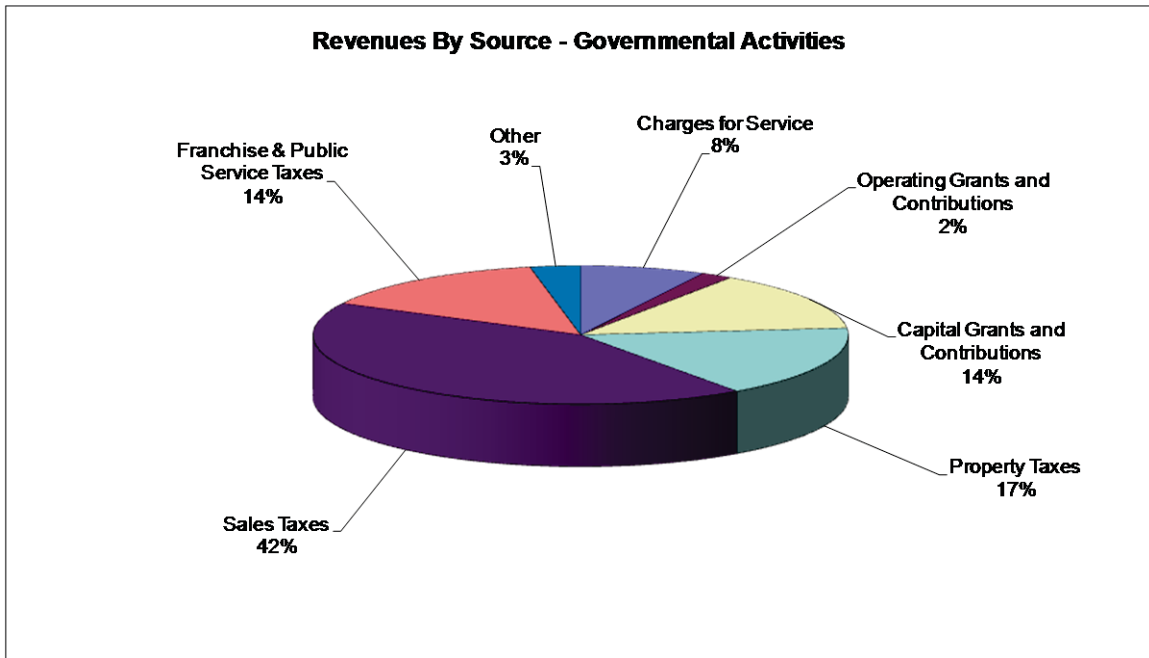
- The City lowered the property tax rate for fiscal year 2010. This resulted in a decrease in property tax revenue of \$2,223,421.
- There was an increase in sales tax revenue of \$774,182 due to an increase in sales in 2010.
- The City has received monies from the County Transportation Fund to reimburse itself for costs relating to Guthrie Road, Laura Hill/Feise, Veterans Memorial Parkway, the Hwy 79 Outer Road, West Terra phase 1, and the I-70/Hwy K study. During fiscal year 2010 this amounted to \$818,127 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, 2010



Business-type activities. Business-type activities increased the City’s net assets by \$4,496,122 accounting for 40% of the total growth in the City’s net assets.

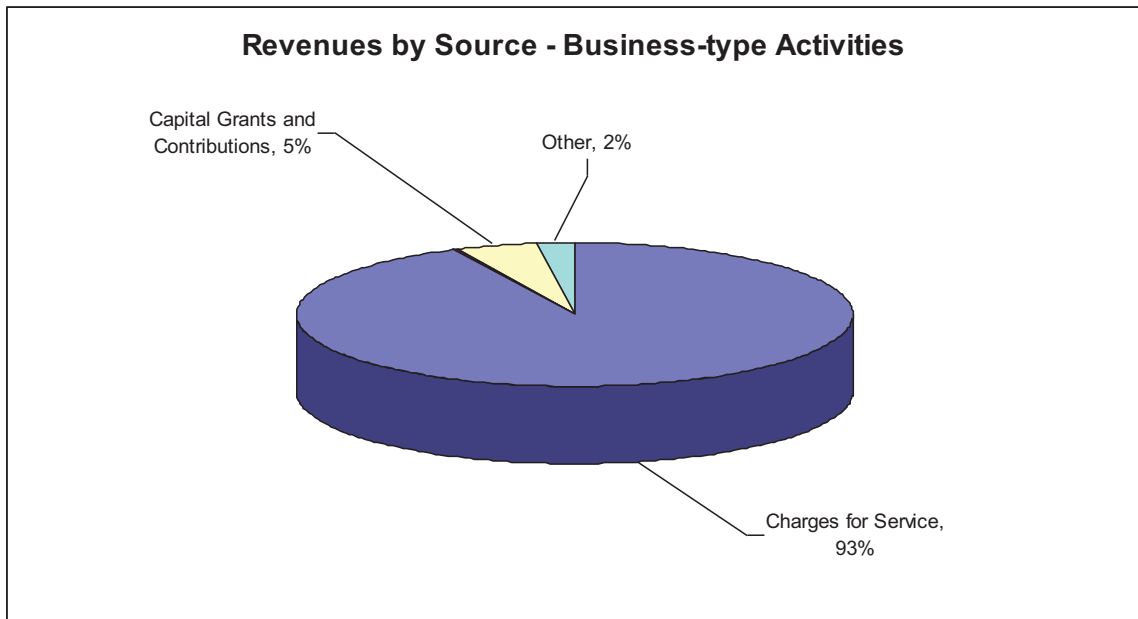
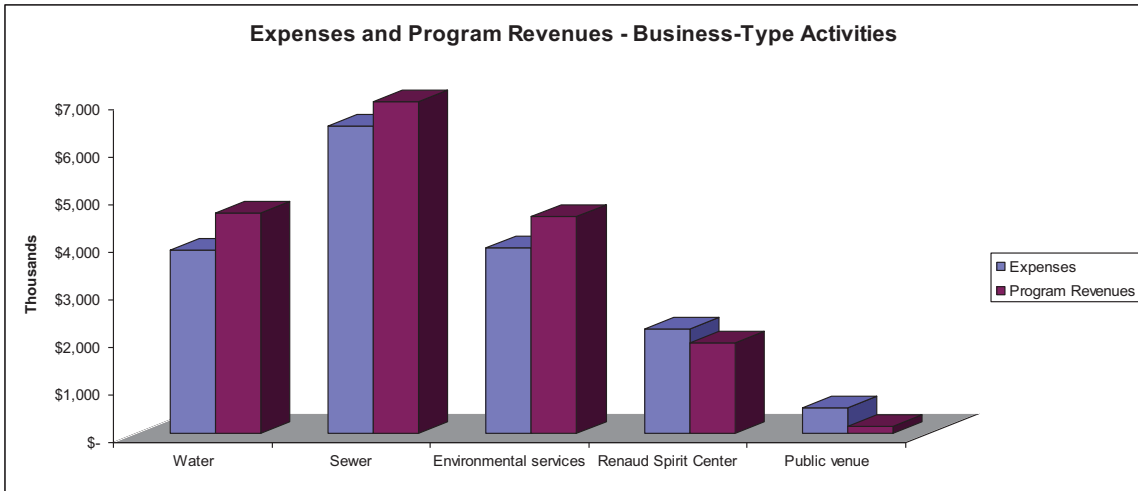
Following are charts comparing program revenues and expenses by individual business-type activity and the percent of the total for each source of revenue supporting business-type activities for the current year.

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

City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2010



City of O'Fallon, Missouri

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2010

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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,853,966, a decrease of \$35,403 in comparison with the prior year. Approximately one-third of the ending fund balance of the governmental funds is unreserved and available for appropriation for the general purposes of the funds. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed for encumbrances, debt service, and prepaid assets.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$13,043,268 while total fund balance was \$14,369,763. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 53% of total General Fund expenditures, while total fund balance represents 59% of that same amount.

The fund balance of the City's General Fund increased by \$1,266,458 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales tax revenues decreased by \$369,261.
- ◆ Gross receipts taxes on utilities increased by \$386,845

Street & Road Improvement Fund. The Street & Road Improvement Fund has a total fund balance of \$5,677,183, all of which is reserved for street improvements. Reserved fund balance represents 59% of total Street & Road Improvement Fund expenditures. Street improvement projects included improvements to Guthrie Road, Tom Ginnever Road, Laura Hill/Feise, Veterans Memorial Parkway, the Hwy 79 Outer Road, West Terra phase 1, and the I-70/Hwy K study.

The fund balance of the City's Street & Road Improvement fund increased by \$920,131 during the current fiscal year. Important factors to note are as follows:

- ◆ Intergovernmental revenue decreased by \$3,022,806 to cover the cost of certain road projects.
- ◆ Taxes increased by \$211,504.
- ◆ Spending decreased by \$3,766,835 for highway projects.

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2010

Recreation Fund. The Recreation Fund has a total fund balance of \$2,722,199, all of which is reserved for the City's parks and recreation program. Reserved fund balance represents 75% of total Recreation Fund expenditures.

The fund balance of the City's Recreation fund increased by \$1,396,299 during the current fiscal year. Important factors to note are as follows:

- ◆ Sales taxes increased by \$522,744.
- ◆ Recreation charges for service increased by \$60,348.
- ◆ Parks and Recreation operating expenditures decreased by \$91,279.

Storm Water Fund. The Storm Water Fund was created in 2009 and has a total fund balance of \$2,758,901, all of which is reserved for the City's storm water program. Reserved fund balance represents 179% of total Storm Water Fund expenditures.

The fund balance of the City's Storm Water Fund decreased by \$591,871 during the current fiscal year. Important factors to note are as follows:

- ◆ Spending increased by \$873,802 as new projects began.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$18,727,184, all of which is reserved for the payment of debt service. Reserved fund balance represents 322% of total Debt Service Fund expenditures.

The fund balance of the City's Debt Service Fund decreased by \$2,895,719 during the current fiscal year. Important factors to note are as follows:

- ◆ The 2007 General obligation crossover refunding will be called in March 2011. The funds in escrow for the crossover equal \$11,949,361.
- ◆ \$1,770,000 of the 2007 General obligation escrow was used to pay for the partial crossover in 2010.
- ◆ The City lowered the property tax rate for debt service, resulting in a decrease of \$1,899,476 in taxes.

Nonmajor Governmental Funds. The fund balance of the City's nonmajor funds decreased by \$130,701 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 \$342,127.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2010

Budgetary Highlights - General Fund. Differences between the original budget and the final amended budget for expenditures resulted in a 1% increase.

During the year, actual expenditures were less than budgetary estimates, resulting in an actual increase in fund balance of \$1,304,929. The City’s fund balance on a budget basis at the end of the current year was \$14,246,490.

Financial Analysis of the City’s Proprietary Funds

Water Fund. Unrestricted net assets of the Water Fund at the end of the year amounted to \$4,377,770. The change in unrestricted net assets for the current year was a decrease of \$1,036,758.

Sewer Fund. Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$4,985,103. The change in unrestricted net assets for the current year was an increase of \$1,199,472.

Environmental Services Fund. Unrestricted net assets of the Environmental Services Fund at the end of the year amounted to \$1,208,070. The change in unrestricted net assets for the current year was an increase of \$195,930.

Renaud Spirit Center Fund. Unrestricted net assets of the Renaud Spirit Center Fund at the end of the year amounted to \$205,960. The change in unrestricted net assets for the current year was a decrease of \$7,742.

Public Venue Fund. Unrestricted net assets of the Public Venue Fund at the end of the year amounted to \$222,715. The change in unrestricted net assets for the current year was a decrease of \$30,384.

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, 2010, amounts to \$216,070,371 (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 5% (a 1% increase for governmental activities and an 11% increase for business-type activities).

City of O'Fallon, Missouri
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2010

City of O'Fallon's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,731,233	\$ 13,700,233	\$ 1,299,747	\$ 1,292,247	\$ 15,030,980	\$ 14,992,480
Construction in progress	2,723,108	8,751,433	8,146,717	1,566,292	10,869,825	10,317,725
Buildings	9,594,285	10,028,183	41,857,048	43,701,881	51,451,333	53,730,064
Improvements	4,353,288	4,119,658	-	-	4,353,288	4,119,658
Equipment	2,415,396	2,660,346	18,635,926	13,830,840	21,051,322	16,491,186
Infrastructure	90,715,524	83,162,495	22,598,099	22,724,378	113,313,623	105,886,873
Total	\$ 123,532,834	\$ 122,422,348	\$ 92,537,537	\$ 83,115,638	\$ 216,070,371	\$ 205,537,986

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 \$144,570,378. Of this amount \$41,770,000 comprised debt backed by the full faith and credit of the City. The remainder of the debt includes \$1,025,000 in revenue bonds, \$74,580,000 in certificates of participation, \$4,216,052 in TIF obligations, \$15,310,000 in Special Obligation bonds, and \$7,156,826 in capital lease obligations. The TIF obligations are secured solely by payments in lieu of taxes collected by the TIF District Special Revenue Fund.

City of O'Fallon's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 41,770,000	\$ 45,630,000	\$ -	\$ -	\$ 41,770,000	\$ 45,630,000
Revenue bonds	-	-	1,025,000	1,325,000	1,025,000	1,325,000
Certificates of participation	21,634,500	23,380,900	52,945,500	55,819,100	74,580,000	79,200,000
TIF obligations	4,216,052	4,178,379	-	-	4,216,052	4,178,379
Special Obligation bonds	14,205,000	15,255,000	1,105,000	1,290,000	15,310,000	16,545,000
Capital lease obligations	-	55,058	7,156,826	1,225,881	7,156,826	1,280,939
Due to Other Govt Entities	-	-	512,500	662,500	512,500	662,500
Total	\$ 81,825,552	\$ 88,499,337	\$ 62,744,826	\$ 60,322,481	\$ 144,570,378	\$ 148,821,818

The City's total debt decreased by \$4,251,440 (3%) during the current fiscal year.

City of O’Fallon, Missouri
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2010

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 \$155,484,460, which is significantly in excess of the City’s outstanding general obligation debt of \$41,770,000.

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

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

Economic Factors and Next Year’s Budgets

During the preparation of the budget for the ensuing fiscal year, the City took into consideration the continued residential and retail growth and current economic conditions. Following are the assumptions made in preparing the City’s budget for the 2011 fiscal year:

- ◆ Property tax values will decrease by 21%
- ◆ The Cost of Living Adjustment will approximate 0%
- ◆ Interest rates on investments will be less than 1%

Requests for Information

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



BASIC FINANCIAL STATEMENTS

City of O'Fallon, Missouri
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 23,742,086	\$ 11,571,092	\$ 35,313,178
Receivables (net):			
Taxes	7,962,610	-	7,962,610
Services	-	2,648,130	2,648,130
Municipal court	788,110	-	788,110
Intergovernmental	708,764	-	708,764
Other	364,356	-	364,356
Prepaid assets	478,697	188,670	667,367
Inventories	5,029	-	5,029
Cash and investments - restricted	18,356,373	13,217,516	31,573,889
Long-term receivables	9,054,560	-	9,054,560
Capital assets:			
Nondepreciable	16,454,341	9,446,464	25,900,805
Depreciable, net	107,078,493	83,091,073	190,169,566
Deferred charges	696,349	914,104	1,610,453
Total Assets	185,689,768	121,077,049	306,766,817
Liabilities			
Accounts payable	4,792,636	3,130,888	7,923,524
Accrued interest	959,636	599,378	1,559,014
Other accrued liabilities	146,018	-	146,018
Unearned revenues	955,801	262,966	1,218,767
Deposits and escrow funds	-	273,800	273,800
Long-term liabilities:			
Due within one year	5,637,012	4,389,785	10,026,797
Due in more than one year	75,997,397	57,345,756	133,343,153
Due in more than one year - OPEB obligation	1,916,663	-	1,916,663
Total Liabilities	90,405,163	66,002,573	156,407,736
Net Assets			
Invested in capital assets, net of related debt	60,791,444	30,911,877	91,703,321
Restricted for:			
Debt service	8,233,072	13,162,981	21,396,053
Waterbury CID	219,225	-	219,225
Transportation	8,835,335	-	8,835,335
Unrestricted	17,205,529	10,999,618	28,205,147
Total Net Assets	\$ 95,284,605	\$ 55,074,476	\$ 150,359,081

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Activities
For The Year Ended December 31, 2010

Functions	Program Revenues				Net Revenue (Expense) And Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 12,050,421	\$ 116,483	\$ -	\$ 2,139,840	\$ (9,794,098)	\$ -	\$ (9,794,098)
Public safety	11,670,576	160,487	382,051	-	(11,128,038)	-	(11,128,038)
Highways and streets	7,520,942	-	100,419	4,738,000	(2,682,523)	-	(2,682,523)
Community development	2,934,448	1,152,925	448,080	-	(1,333,443)	-	(1,333,443)
Parks and recreation	4,783,669	1,144,262	20,655	-	(3,618,752)	-	(3,618,752)
Municipal court	387,866	1,646,361	-	-	1,258,495	-	1,258,495
Interest on long-term debt	3,266,353	-	-	-	(3,266,353)	-	(3,266,353)
Total Governmental Activities	42,614,275	4,220,518	951,205	6,877,840	(30,564,712)	-	(30,564,712)
Business-Type Activities							
Water	3,862,013	4,569,665	-	87,078	-	794,730	794,730
Sewer	6,510,469	9,020,008	101	678,484	-	3,188,124	3,188,124
Environmental services	3,918,999	4,342,768	-	234,150	-	657,919	657,919
Renaud Spirit Center	2,198,121	1,889,540	24,935	-	-	(283,646)	(283,646)
Public venue	567,706	149,011	-	-	-	(418,695)	(418,695)
Total Business-Type Activities	17,057,308	19,970,992	25,036	999,712	-	3,938,432	3,938,432
Total Government	\$ 59,671,583	\$ 24,191,510	\$ 976,241	\$ 7,877,552	(30,564,712)	3,938,432	(26,626,280)
General Revenues							
Property taxes levied for:							
General purposes					5,876,206	-	5,876,206
Sewer Lateral					163,484	-	163,484
Debt service					2,196,557	-	2,196,557
Sales tax levied for:							
General purposes					9,778,073	-	9,778,073
Transportation purposes					6,382,346	-	6,382,346
Recreation					3,827,971	-	3,827,971
Storm Water					943,441	-	943,441
Franchise and public service taxes					7,123,949	-	7,123,949
Earnings on investments					707,151	184,853	892,004
Gain on sale of capital assets					20,342	30,710	51,052
Other revenues					623,104	-	623,104
Transfers					(342,127)	342,127	-
Total General Revenues and Transfers					37,300,497	557,690	37,858,187
Changes in Net Assets					6,735,785	4,496,122	11,231,907
Net Assets - Beginning of Year					88,548,820	50,578,354	139,127,174
Net Assets - End of Year					\$ 95,284,605	\$ 55,074,476	\$ 150,359,081

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Balance Sheet
Governmental Funds
December 31, 2010

	Major Funds					Nonmajor Funds			Total Governmental Funds
	General	Street & Road Improvement	Recreation	Storm Water	Debt Service	Governmental Funds	Other Governmental Funds	Total Governmental Funds	
Assets									
Cash and investments:									
Held by trustee	\$ 846,435	\$ 2,488,045	\$ 31,408	\$ -	\$ 11,949,361	\$ -	\$ -	\$ 15,315,249	
Restricted	400,679	-	-	2,640,445	-	-	-	3,041,124	
Unrestricted	11,990,313	2,722,623	2,158,178	61,523	6,059,739	749,710	-	23,742,086	
Supplies on hand	5,029	-	-	-	-	-	-	5,029	
Receivables:									
Property taxes	2,478,924	-	-	-	950,085	8,412	-	3,437,421	
Other taxes	2,538,699	1,077,960	623,129	160,681	-	160,383	-	4,560,852	
Municipal court	788,110	-	-	-	-	-	-	788,110	
Intergovernmental	105,138	593,133	9,050	-	-	1,443	-	708,764	
Other	9,019	28,996	76,627	-	-	89,154	-	203,796	
Due from other funds	330,930	-	-	-	-	-	-	330,930	
Prepaid assets	356,787	58,277	59,691	3,910	-	32	-	478,697	
Total Assets	\$ 19,850,063	\$ 6,969,034	\$ 2,958,083	\$ 2,866,559	\$ 18,959,185	\$ 1,009,134	\$ -	\$ 52,612,058	
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 2,526,428	\$ 963,980	\$ 116,631	\$ 94,935	\$ -	\$ 63,041	\$ -	\$ 3,765,015	
Accrued wages and leave payable	839,889	90,206	83,001	12,723	-	1,802	-	1,027,621	
Municipal court appearance bonds payable	146,018	-	-	-	-	-	-	146,018	
Due to other funds	-	-	-	-	-	330,930	-	330,930	
Unearned revenue	-	-	5,898	-	-	-	-	5,898	
Deferred revenue:									
Property taxes	497,971	-	-	-	232,001	14,625	-	744,597	
Municipal court receivable	788,110	-	-	-	-	-	-	788,110	
Gross receipts taxes	605,747	-	-	-	-	-	-	605,747	
Program	76,137	237,665	30,354	-	-	-	-	344,156	
Total Liabilities	5,480,300	1,291,851	235,884	107,658	232,001	410,398	-	7,758,092	
Fund Balances									
Reserved for:									
Encumbrances	123,273	3,197,642	749,398	1,214,231	-	30,051	-	5,314,595	
Debt service	846,435	2,488,045	31,408	-	18,727,184	-	-	22,093,072	
Prepaid assets	356,787	58,277	59,691	3,910	-	32	-	478,697	
Unreserved, reported in:									
General Fund	13,043,268	-	-	-	-	-	-	13,043,268	
Special Revenue Funds	-	(66,781)	1,881,702	1,540,760	-	568,653	-	3,924,334	
Total Fund Balances	14,369,763	5,677,183	2,722,199	2,758,901	18,727,184	598,736	-	44,853,966	
Total Liabilities and Fund Balances	\$ 19,850,063	\$ 6,969,034	\$ 2,958,083	\$ 2,866,559	\$ 18,959,185	\$ 1,009,134	\$ -	\$ 52,612,058	

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Assets
December 31, 2010

Total fund balance - governmental funds \$ 44,853,966

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

Long-term receivables applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as receivables within the governmental fund financial statements. 9,054,560

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$183,868,084 and the accumulated depreciation is \$60,335,250. 123,532,834

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. 1,497,044

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

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

Balances as of December 31, 2010 are:

Accrued compensated absences and vacation	(720,612)
Accrued interest on outstanding debts	(959,636)
Accrued interest receivable on outstanding debts	160,560
Debt and notes payable	(81,825,552)
Unamortized debt costs	696,349
Unamortized debt premium	(336,156)
Unamortized deferred refunding	1,247,911
	1,247,911

Total Net Assets Of Governmental Activities **\$ 95,284,605**

*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, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Street & Road Improvement	Recreation	Storm Water	Debt Service	Governmental Funds	Other Governmental Funds	
Revenues								
Taxes	\$ 22,303,279	\$ 6,382,346	\$ 3,828,157	\$ 943,441	\$ 2,363,782	\$ 686,148	\$ 36,507,153	
Intergovernmental	382,051	3,449,803	20,655	-	-	459,060	4,311,569	
Licenses and permits	981,681	-	-	-	-	-	981,681	
Charges for services	419,234	-	1,033,121	-	-	-	1,452,355	
Fines and forfeitures	1,596,948	-	-	-	-	40,969	1,637,917	
Interest	82,174	86,731	3,643	3,083	553,867	1,365	730,863	
Miscellaneous	379,452	143,360	96,594	45	-	3,653	623,104	
Total Revenues	26,144,819	10,062,240	4,982,170	946,569	2,917,649	1,191,195	46,244,642	
Expenditures								
Current:								
General government	8,183,886	-	-	390,288	3,119	123,442	8,700,735	
Public safety	11,159,201	-	-	-	-	54,934	11,214,135	
Highways and streets	-	4,196,277	-	-	-	-	4,196,277	
Community development	2,415,070	-	-	-	-	451,414	2,866,484	
Parks and recreation	936,044	-	3,384,560	-	-	75,774	4,396,378	
Municipal court	376,941	-	-	-	-	-	376,941	
Capital outlay	514,579	2,485,479	212,535	837,259	-	224,205	4,274,057	
Debt service:								
Principal retirement	620,000	1,895,000	26,400	255,000	3,860,000	-	6,656,400	
Interest	185,340	1,074,306	19,049	55,893	1,950,249	-	3,284,837	
Total Expenditures	24,391,061	9,651,062	3,642,544	1,538,440	5,813,368	929,769	45,966,244	
Revenues Over (Under) Expenditures	1,753,758	411,178	1,339,626	(591,871)	(2,895,719)	261,426	278,398	
Other Financing Sources (Uses)								
Transfers in	-	504,000	50,000	-	-	-	554,000	
Transfers out	(504,000)	-	-	-	-	(392,127)	(896,127)	
Sale of capital assets	16,700	4,953	6,673	-	-	-	28,326	
Total Other Financing Sources (Uses)	(487,300)	508,953	56,673	-	-	(392,127)	(313,801)	
Net Changes in Fund Balances	1,266,458	920,131	1,396,299	(591,871)	(2,895,719)	(130,701)	(35,403)	
Fund Balances								
Beginning of year	13,103,305	4,757,052	1,325,900	3,350,772	21,622,903	729,437	44,889,369	
End of Year	\$ 14,369,763	\$ 5,677,183	\$ 2,722,199	\$ 2,758,901	\$ 18,727,184	\$ 598,736	\$ 44,853,966	

*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, 2010

Net change in fund balances - total governmental funds \$ (35,403)

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	3,408,650	
Donated capital assets	3,309,230	
Depreciation expense	(5,599,410)	
	1,118,470	1,118,470

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net assets. (7,984)

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

TIF notes issued - accrued interest	(37,673)	
Repayment of capital lease payable	55,058	
Repayment of debt principal	6,656,400	
	6,673,785	6,673,785

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

Accrued interest on bonds	215,789	
Compensated absences	(94,090)	
Amortization expense	(183,344)	
	(61,645)	(61,645)

Long-term receivable for advanced funding for the Waterbury CID project. 219,225

OPEB expense was recorded in compliance with GASB 45. (1,093,119)

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. (77,544)

Change in Net Assets of Governmental Activities \$ 6,735,785

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Assets						
Current assets:						
Cash and cash equivalents:						
Held by trustee	\$ 3,863,126	\$ 8,413,145	\$ 216,585	\$ 54,535	\$ 458,625	\$ 13,006,016
Restricted	-	211,500	-	-	-	211,500
Unrestricted	5,996,232	4,708,386	413,953	343,865	108,656	11,571,092
Receivables:						
Charges for services:						
Billed	186,830	665,956	98,003	-	-	950,789
Unbilled	191,646	441,726	808,240	-	-	1,441,612
Other	34,300	50,550	44,914	34,261	91,704	255,729
Prepaid assets	44,356	63,406	58,337	17,631	4,940	188,670
Total Current Assets	10,316,490	14,554,669	1,640,032	450,292	663,925	27,625,408
Noncurrent assets:						
Capital assets	38,239,637	73,949,695	7,637,700	10,706,590	5,948,895	136,482,517
Less: Accumulated depreciation	10,166,273	24,782,653	3,798,263	1,810,588	3,387,203	43,944,980
Capital assets - net	28,073,364	49,167,042	3,839,437	8,896,002	2,561,692	92,537,537
Deferred charges	218,920	569,140	66,484	-	59,560	914,104
Total Noncurrent Assets	28,292,284	49,736,182	3,905,921	8,896,002	2,621,252	93,451,641
Total Assets	38,608,774	64,290,851	5,545,953	9,346,294	3,285,177	121,077,049
Liabilities						
Current liabilities:						
Accounts payable	1,902,101	884,983	224,361	117,028	2,415	3,130,888
Interest payable	158,034	378,554	23,060	-	39,730	599,378
Deposits payable	162,000	57,265	-	54,535	-	273,800
Accrued compensated absences	38,079	28,709	34,440	8,653	-	109,881
Deferred revenue: connection charges	34,300	164,550	-	-	-	198,850
Deferred revenue: program revenue	-	-	-	64,116	-	64,116
Current portion of due to other governmental entities	-	160,000	-	-	-	160,000
Current portion of revenue bonds payable	-	320,000	-	-	-	320,000
Current portion of certificates of participation payable	686,439	1,658,561	210,000	-	333,600	2,888,600
Current portion of special obligation payable	-	-	180,000	-	-	180,000
Current portion of capital leases payable	294,298	-	437,006	-	-	731,304
Total Current Liabilities	3,275,251	3,652,622	1,108,867	244,332	375,745	8,656,817
Noncurrent liabilities:						
Due to other governmental entities	-	352,500	-	-	-	352,500
Revenue bonds payable, less current maturities and bond discount	-	705,000	-	-	-	705,000
Certificates of participation payable, less current maturities and bond discount	17,611,627	28,327,714	603,192	-	2,502,613	49,045,146
Special Obligation payable, less current maturities and bond discount	-	-	817,588	-	-	817,588
Capital leases payable, less current portion	5,508,445	-	917,077	-	-	6,425,522
Total Noncurrent Liabilities	23,120,072	29,385,214	2,337,857	-	2,502,613	57,345,756
Total Liabilities	26,395,323	33,037,836	3,446,724	244,332	2,878,358	66,002,573
Net Assets						
Invested in capital assets, net of related debt	3,972,555	17,643,267	674,574	8,896,002	(274,521)	30,911,877
Restricted for:						
Debt service	3,863,126	8,624,645	216,585	-	458,625	13,162,981
Unrestricted	4,377,770	4,985,103	1,208,070	205,960	222,715	10,999,618
Total Net Assets	\$ 12,213,451	\$ 31,253,015	\$ 2,099,229	\$ 9,101,962	\$ 406,819	\$ 55,074,476

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For The Year Ended December 31, 2010

	Major Enterprise Funds					Total
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	
Operating Revenues						
Refuse and recycling service charges	\$ -	\$ -	\$ 4,313,163	\$ -	\$ -	\$ 4,313,163
Recreation program sales	-	-	-	1,872,120	-	1,872,120
Water sales	3,731,121	-	-	-	-	3,731,121
Connection charges	751,073	605,513	-	-	-	1,356,586
Sewer service charges	-	8,129,153	-	-	-	8,129,153
Lease payments	85,109	83,513	-	1,500	100,000	270,122
Miscellaneous	2,362	201,829	29,605	15,920	49,011	298,727
Total Operating Revenues	4,569,665	9,020,008	4,342,768	1,889,540	149,011	19,970,992
Operating Expenses						
Contractual services	246,080	295,138	20,875	20,771	27,139	610,003
General government	1,204,237	1,559,272	1,940,467	1,700,864	17,966	6,422,806
Utilities	429,797	797,100	809,960	168,454	4,963	2,210,274
Repairs and maintenance	94,423	176,171	190,987	32,742	9,489	503,812
Small equipment	5,814	87,523	83,929	-	-	177,266
Depreciation and amortization	998,593	2,127,593	794,702	275,290	357,080	4,553,258
Miscellaneous	2,258	6,300	5,594	-	751	14,903
Total Operating Expenses	2,981,202	5,049,097	3,846,514	2,198,121	417,388	14,492,322
Operating Income (Loss)	1,588,463	3,970,911	496,254	(308,581)	(268,377)	5,478,670
Nonoperating Revenues (Expenses)						
Intergovernmental revenue	-	101	234,150	24,935	-	259,186
Interest income	76,313	107,037	144	429	930	184,853
Interest expense	(879,404)	(1,422,420)	(72,485)	-	(133,016)	(2,507,325)
Gain/(loss) on capital asset disposal	(1,407)	(38,952)	30,525	185	(17,302)	(26,951)
Total Nonoperating Revenues (Expenses)	(804,498)	(1,354,234)	192,334	25,549	(149,388)	(2,090,237)
Income (Loss) Before Transfers and Contributions	783,965	2,616,677	688,588	(283,032)	(417,765)	3,388,433
Transfers in	-	-	-	-	342,127	342,127
Capital contributions	87,078	678,484	-	-	-	765,562
Change in Net Assets	871,043	3,295,161	688,588	(283,032)	(75,638)	4,496,122
Net Assets - Beginning of Year	11,342,408	27,957,854	1,410,641	9,384,994	482,457	50,578,354
Net Assets - End of Year	\$ 12,213,451	\$ 31,253,015	\$ 2,099,229	\$ 9,101,962	\$ 406,819	\$ 55,074,476

*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, 2010

	Major Enterprise Funds					
	Water	Sewer	Environmental Services	Renaud Spirit Center	Public Venue	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 4,538,663	\$ 8,985,970	\$ 4,267,848	\$ 1,894,014	\$ 100,000	\$ 19,786,495
(Payment to) refunds from suppliers	(760,279)	(1,317,435)	(1,788,011)	(651,433)	(58,387)	(4,575,545)
Payment to employees	(1,046,295)	(1,346,173)	(1,253,802)	(1,233,228)	-	(4,879,498)
Other receipts	2,362	201,829	29,605	15,920	49,011	298,727
Net Cash Provided By Operating Activities	2,734,451	6,524,191	1,255,640	25,273	90,624	10,630,179
Cash Flows Provided By Noncapital Financing Activities:						
Transfers in	-	-	-	-	342,127	342,127
Cash Flows From Capital And Related Financing Activities:						
Principal paid on debt	(660,719)	(1,904,282)	(920,809)	-	(323,600)	(3,809,410)
Interest paid on debt	(884,228)	(1,441,040)	(74,041)	-	(136,690)	(2,535,999)
Deferred revenue	(3,700)	(43,013)	-	(8,514)	-	(55,227)
Due to other governmental entities	-	(150,000)	-	-	-	(150,000)
Proceeds from capital grant	-	101	234,150	24,935	-	259,186
Proceeds from sale of capital assets	108	21,150	30,526	185	-	51,969
Proceeds from capital lease in escrow account	5,802,743	-	-	-	-	5,802,743
Acquisition and construction of capital assets	(4,155,592)	(6,545,287)	(362,929)	-	-	(11,063,808)
Net Cash Provided By (Used In) Capital and Related Financing Activities	98,612	(10,062,371)	(1,093,103)	16,606	(460,290)	(11,500,546)
Cash Flows Provided By Investing Activities:						
Interest on investments	76,313	107,037	144	429	930	184,853
Net Increase (Decrease) in Cash and Cash Equivalents	2,909,376	(3,431,143)	162,681	42,308	(26,609)	(343,387)
Cash and Cash Equivalents - Beginning of Year	6,949,982	16,764,174	467,857	356,092	593,890	25,131,995
Cash and Cash Equivalents - End of Year	\$ 9,859,358	\$ 13,333,031	\$ 630,538	\$ 398,400	\$ 567,281	\$ 24,788,608
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities						
Operating income (loss)	\$ 1,588,463	\$ 3,970,911	\$ 496,254	\$ (308,581)	\$ (268,377)	\$ 5,478,670
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	998,593	2,127,593	794,702	275,290	357,080	4,553,258
Change in assets and liabilities:						
(Increase) decrease in services receivable	(25,991)	163,891	(47,154)	-	-	90,746
(Increase) decrease in miscellaneous receivables	4,191	7,090	21,857	(34,141)	-	(1,003)
(Increase) decrease in prepaid assets	(1,626)	(3,741)	(25,220)	(1,158)	(106)	(31,851)
Increase (decrease) in accounts payable	170,460	256,947	12,291	36,202	2,027	477,927
Increase (decrease) in customer deposits	(6,840)	(3,190)	-	54,535	-	44,505
Increase (decrease) in accrued compensated absences	7,201	4,690	2,910	3,126	-	17,927
Total Adjustments	1,145,988	2,553,280	759,386	333,854	359,001	5,151,509
Net Cash Provided By Operating Activities	\$ 2,734,451	\$ 6,524,191	\$ 1,255,640	\$ 25,273	\$ 90,624	\$ 10,630,179

Noncash Investing, Capital, and Financing Activities:

The Water and Sewer Funds received \$87,078 and \$678,484, respectively, in contributed water lines and sewer lines from developers.

The Water Fund purchased \$1,439,420 of capital assets included in accounts payable at year end.

The Environmental Services Fund purchased equipment totaling \$579,012 with a capital lease.

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2010

		<u>Agency Funds</u>
Assets		
Cash	\$	2,435
Accounts receivable		5,296
<hr/>		
Total Assets	\$	7,731
<hr/>		
Liabilities		
Accounts Payable	\$	1,443
Due to Waterbury Storm CID		6,288
<hr/>		
Total Liabilities	\$	7,731
<hr/>		

*See the accompanying notes to the financial statements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

1. Summary of Significant Accounting Policies

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

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

Government-Wide and Fund Financial Statements

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

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

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

activities as shown on the statement of net assets.

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

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

General

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

Street & Road Improvement

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

Recreation

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

Storm Water

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

Debt Service

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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 and the Capital Projects Funds which account for financial resources to be used for acquisition or construction of major capital facilities.

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

Water

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

Sewer

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

Environmental Services

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

Renaud Spirit Center

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

Public Venue

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

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

Additionally, the City reports the following fund type:

Agency Fund

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

Measurement Focus and Basis of Accounting

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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

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

The City recognizes assets from derived tax revenue transactions (such as sales and utilities gross receipts taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

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

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

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Allowance

Receivables are shown net of an allowance for uncollectibles of \$262,819 for property taxes, court fines and property lease fee.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items.

Inventories

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

Capital Assets

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

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

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

City of O'Fallon, Missouri
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Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported adjusted by the applicable bond premium or discount and bond issuance costs.

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

Debt Refunding

For current and advance refundings resulting in defeasance of debt reported by government-wide and business-type activities, the difference between the 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. The deferred refunding amounts are classified as a component of bonds payable in the government-wide and proprietary fund financial statements.

City of O'Fallon, Missouri
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Compensated Absences

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

Capital Contributions

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

Interfund Activity

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

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

Net Assets

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

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

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

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

Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriations or is legally segregated for a specific future use.

Statement of Cash Flows

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

Estimates and Assumptions

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

2. Cash and Investments

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

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

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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, 2010, the City had the following investments:

Investments	Market Value	No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than Ten Years	Credit Risk
State and local government bonds	\$ 11,949,360	\$ -	\$ 11,949,360	\$ -	\$ -	\$ -	NA
Federal Home Loan Bank	1,683,756	-	840,076	843,680	-	-	AAA
Guaranteed investment contracts	3,930,940	-	-	-	-	3,930,940	AAA
Guaranteed investment contracts	721,386	-	-	721,386	-	-	AA
Certificates of deposit	5,499,988	-	3,494,022	1,191,136	814,830	-	Not rated
Money market	950,733	950,733	-	-	-	-	Not rated
Repurchase agreement	37,868,477	-	37,868,477	-	-	-	AAA
Total Investments	\$ 62,604,640	\$ 950,733	\$ 54,151,935	\$ 2,756,202	\$ 814,830	\$ 3,930,940	

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

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	<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

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

3. **Property Tax**

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

4. **Long-Term Receivable**

The City entered into a Cost Participation Agreement on November 7, 2001 with the Missouri Department of Transportation (MODOT) to reimburse the City for right-of-way costs associated with the Route N Outer Road (Page Avenue Outer Road) and the "First Supplemental Agreement" dated July 3, 2003. The City desires to accelerate the funding for the right-of-way necessary to construct this project for reimbursement to occur at July 1, 2015 or MODOT's award of the Phase III Page Avenue project. The City

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was responsible for \$9,625,335 of the \$10,684,055 estimated for this project and will be reimbursed 100% of the amount deposited by the City for the right-of-way purchase and expended by the Commission.

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

Long-term receivables at December 31, 2010 consisted of MODOT and Waterbury CID in the amount of \$9,054,560.

5. Capital Assets

Capital asset activity for the year ended December 31, 2010:

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	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 13,700,233	\$ 31,000	\$ -	\$ 13,731,233
Construction in progress	8,751,433	2,983,710	9,012,035	2,723,108
Total Capital Assets Not Being Depreciated	22,451,666	3,014,710	9,012,035	16,454,341
Capital assets being depreciated:				
Buildings	15,464,287	-	-	15,464,287
Improvements	5,888,710	694,117	13,200	6,569,627
Equipment	7,782,444	377,607	335,193	7,824,858
Infrastructure	125,911,490	11,643,481	-	137,554,971
Total Capital Assets Being Depreciated	155,046,931	12,715,205	348,393	167,413,743
Accumulated depreciation:				
Buildings	5,436,104	433,898	-	5,870,002
Improvements	1,769,052	455,867	8,580	2,216,339
Equipment	5,122,098	619,193	331,829	5,409,462
Infrastructure	42,748,995	4,090,452	-	46,839,447
Total Accumulated Depreciation	55,076,249	5,599,410	340,409	60,335,250
Total Capital Assets Being Depreciated, Net	99,970,682	7,115,795	7,984	107,078,493
Governmental Activi- ties Capital Assets, Net	\$ 122,422,348	\$ 10,130,505	\$ 9,020,019	\$ 123,532,834

City of O'Fallon, Missouri

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December 31, 2010

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Business-Type Activities				
Capital assets, not being depreciated:				
Land:				
Water	\$ 797,500	\$ -	\$ -	\$ 797,500
Sewer	494,747	7,500	-	502,247
Total Land	1,292,247	7,500	-	1,299,747
Construction in progress:				
Water	116,809	5,595,012	182,579	5,529,242
Sewer	1,449,483	6,497,756	5,329,764	2,617,475
Total Construction in Progress	1,566,292	12,092,768	5,512,343	8,146,717
Total Capital Assets Not Being Depreciated	2,858,539	12,100,268	5,512,343	9,446,464
Capital assets being depreciated:				
Buildings:				
Water	13,939,281	-	-	13,939,281
Sewer	30,418,154	-	346,214	30,071,940
Environmental services	1,163,028	20,622	-	1,183,650
Renaud Spirit Center	10,480,147	-	-	10,480,147
Public venue	5,528,886	-	-	5,528,886
Total Buildings	61,529,496	20,622	346,214	61,203,904
Equipment:				
Water	8,800,488	38,892	6,062	8,833,318
Sewer	9,276,244	5,336,963	249,367	14,363,840
Environmental services	5,941,402	921,319	408,671	6,454,050
Renaud Spirit Center	226,443	-	-	226,443
Public venue	447,509	-	27,500	420,009
Total Equipment	24,692,086	6,297,174	691,600	30,297,660
Infrastructure:				
Water	8,909,531	230,765	-	9,140,296
Sewer	25,715,709	678,484	-	26,394,193
Total Infrastructure	34,625,240	909,249	-	35,534,489
Total Capital Assets Being Depreciated	120,846,822	7,227,045	1,037,814	127,036,053
Less: Accumulated depreciation for:				
Buildings:				
Water	2,837,275	449,940	-	3,287,215
Sewer	10,628,771	833,064	325,995	11,135,840
Environmental services	174,805	31,677	-	206,482
Renaud Spirit Center	1,365,999	262,004	-	1,628,003
Public venue	2,820,765	268,551	-	3,089,316
Total Buildings	17,827,615	1,845,236	325,995	19,346,856
Equipment:				
Water	3,941,931	244,892	4,547	4,182,276
Sewer	3,210,166	439,355	242,316	3,407,205
Environmental services	3,257,004	743,447	408,670	3,591,781
Renaud Spirit Center	169,299	13,286	-	182,585
Public Venue	282,846	25,239	10,198	297,887
Total Equipment	10,861,246	1,466,219	665,731	11,661,734
Infrastructure:				
Water	2,419,227	277,555	-	2,696,782
Sewer	9,481,635	757,973	-	10,239,608
Total Infrastructure	11,900,862	1,035,528	-	12,936,390
Total Accumulated Depreciation	40,589,723	4,346,983	991,726	43,944,980
Total Capital Assets Being Depreciated, Net	80,257,099	2,880,062	46,088	83,091,073
Business-Type Activities Capital Assets, Net	\$ 83,115,638	\$ 14,980,330	\$ 5,558,431	\$ 92,537,537

City of O'Fallon, Missouri
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 1,424,542
Public safety	418,925
Highways and streets	3,314,643
Community development	55,677
Parks and recreation	377,409
Municipal court	8,214

Total Depreciation Expense –	
Governmental Activities	<u>\$ 5,599,410</u>

Business-Type Activities

Water	\$ 972,387
Sewer	2,030,392
Environmental services	775,124
Renaud Spirit Center	275,290
Public venue	293,790

Total Depreciation Expense –	
Business-Type Activities	<u>\$ 4,346,983</u>

6. Employees' Retirement System

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

Plan Description

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

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

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 9.8% of annual covered payroll for general employees and 11.8% of annual covered payroll for police employees. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

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

Annual required contribution	\$2,043,740
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual Pension cost	2,043,740
Actual contributions	2,043,740
Increase (decrease) in NPO	-
NPO, beginning of year	-
NPO, End Of Year	\$ -

The annual required contribution (ARC) was determined as a part of the February 29, 2008 and/or February 28, 2009 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually; (b) projected salary increases of 4% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0% to 6% per year, depending on age and division, attributable to seniority/merit; (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table for males projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility

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in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2008 was 15 years for the General division and 15 years for the Police division. The amortization period for February 28, 2009 was 28 years for the General division and 28 years for the Police division.

Historical Trend Information

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

Fiscal Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2010	\$2,043,740	100%	\$ -
June 30, 2009	1,774,222	100	-
June 30, 2008	1,712,773	100	-

Required Supplementary Information/Schedule of Funding Progress (unaudited)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Entry Age Actuarial Liability	(2-1) Unfunded Accrued Liability	(1/2) Funded Ratio	(3) Annual Covered Payroll	((2-1)/3) Unfunded Accrued Liability as a Percentage of Covered Payroll
Feb. 28, 2010	\$19,570,452	\$25,763,913	\$6,193,461	76%	\$20,519,029	30%
Feb. 28, 2009	17,404,542	23,328,355	5,923,813	75	18,140,171	33
Feb. 29, 2008	19,340,211	20,724,671	1,384,460	93	17,325,496	8

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS' office in Jefferson City, Missouri.

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, 2010, the date of the latest actuarial valuation:

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

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

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

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

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

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

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

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

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

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

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

8. Risk Management

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

On January 1, 2001, the City became self-insured with respect to medical insurance. A third-party administers the plan and provides information to the City regarding the claims incurred, reported and nonreported, but unpaid at year-end. The City's estimated liability on December 31, 2010 was \$214,368. The City maintains a stop-loss provision for excess liability claims. All expenditures relating to medical insurance are reported in the respective funds.

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

		<u>Medical</u>
Balance on January 1, 2009	\$	230,500
Add: Prior year claims and changes in estimate		3,133,018
Less: Prior year claim payments		(3,185,894)
Balance on December 31, 2009		177,624
Add: Current year claims and changes in estimate		2,931,055
Less: Current year claim payments		(2,894,311)
Balance on December 31, 2010	\$	214,368

City of O'Fallon, Missouri
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9. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2010:

	Original Amount	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Current Portion
Governmental Activities						
2000 Parks Improvement Bonds	\$ 5,000,000	\$ 2,045,000	\$ -	\$ 2,045,000	\$ -	\$ -
2001 Certificates of Participation	24,715,000	14,625,900	-	951,400	13,674,500	986,400
2001 GO Parks Improvement and Refunding Bonds	13,015,000	12,210,000	-	130,000	12,080,000	140,000
2002 GO Street Refunding Bonds	4,620,000	1,465,000	-	620,000	845,000	670,000
2003 Certificates of Participation	4,165,000	3,180,000	-	175,000	3,005,000	175,000
2003 GO Refunding Bonds	1,140,000	105,000	-	105,000	-	-
2004 Certificates of Participation	8,505,000	5,575,000	-	620,000	4,955,000	640,000
2005 GO Refunding Bonds	16,755,000	15,945,000	-	960,000	14,985,000	975,000
2007 GO Refunding Bonds	13,860,000	13,860,000	-	-	13,860,000	355,000
2009 Special Obligation Bonds	15,255,000	15,255,000	-	1,050,000	14,205,000	975,000
Tax increment revenue notes:						
Tax-exempt - Series 1992	-	288,107	-	14,972	273,135	-
Taxable - Series 1992	-	3,890,272	52,645	-	3,942,917	-
Capital lease - 2007 voice recorder	53,433	4,768	-	4,768	-	-
Capital lease - 2008 high lift	148,000	50,290	-	50,290	-	-
Accrued compensated absences*	-	626,522	1,057,743	963,653	720,612	720,612
		<u>\$ 89,125,859</u>	<u>\$ 1,110,388</u>	<u>\$ 7,690,083</u>	82,546,164	<u>\$ 5,637,012</u>
Plus: Unamortized premium, net					336,156	
Less: Deferred amount on refunding					(1,247,911)	
Total Governmental Activities					<u>\$ 81,634,409</u>	

*General Fund typically used to liquidate liability

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December 31, 2010

	Original Amount	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Current Portion
Business-Type Activities						
1991 Water Pollution Control Revenue Refunding Bonds	\$ 4,225,000	\$ 1,325,000	\$ -	\$ 300,000	\$ 1,025,000	\$ 320,000
2001 Certificates of Participation	31,045,000	25,564,100	-	703,600	24,860,500	728,600
2003A Certificates of Participation	3,910,000	2,325,000	-	285,000	2,040,000	205,000
2006A Certificates of Participation	11,420,000	8,710,000	-	800,000	7,910,000	835,000
2006B Certificates of Participation	4,415,000	3,350,000	-	310,000	3,040,000	320,000
2007A Certificates of Participation	700,000	550,000	-	85,000	465,000	90,000
2008 Certificates of Participation	9,220,000	8,810,000	-	335,000	8,475,000	340,000
2009A Certificates of Participation	5,525,000	5,240,000	-	210,000	5,030,000	220,000
2009B Certificates of Participation	1,405,000	1,270,000	-	145,000	1,125,000	150,000
2009 Special Obligation Bonds	1,290,000	1,290,000	-	185,000	1,105,000	180,000
Capital lease - 2006 trash trucks	789,982	257,034	-	167,740	89,294	89,294
Capital lease - 2008 trash trucks	606,310	445,379	-	118,351	327,028	122,524
Capital lease - 2009 trash trucks	586,485	523,468	-	111,214	412,254	115,365
Capital lease - 2010 trash trucks	579,012	-	579,012	53,505	525,507	109,823
Capital lease - 2010 water meters	5,802,743	-	5,802,743	-	5,802,743	294,298
Due to other governmental entities						
SRF - 1991, no interest	2,112,500	662,500	-	150,000	512,500	160,000
Accrued compensated absences	-	91,954	189,045	171,118	109,881	109,881
		<u>\$ 60,414,435</u>	<u>\$ 6,570,800</u>	<u>\$ 4,130,528</u>	62,854,707	<u>\$ 4,389,785</u>
Less: Unamortized discount, net					(251,738)	
Less: Deferred amount on refunding					(867,428)	
Total Business-Type Activities					<u>\$ 61,735,541</u>	

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

Debt Service Requirements to Maturity

The annual principal requirements to maturity of bonded debt outstanding as of December 31, 2010 are as follows:

Year Ending 12/31	Governmental Activities	
	General Obligation and Other Governmental Debt	
	Principal	Interest
2011	\$ 4,916,400	\$ 3,173,793
2012	4,839,700	3,011,738
2013	5,674,700	2,823,004
2014	6,139,700	2,583,975
2015	7,063,000	2,317,801
2016-2020	45,303,100	6,514,266
2021-2022	3,672,900	167,019
Total	\$ 77,609,500	\$ 20,591,596

Year Ending 12/31	Business-Type Activities	
	Revenue Bonds and Other Business-Type Debt	
	Principal	Interest
2011	\$ 3,388,600	\$ 2,402,569
2012	3,680,300	2,280,833
2013	3,425,300	2,139,455
2014	3,060,300	2,020,353
2015	3,172,000	1,902,254
2016-2020	14,756,900	7,411,379
2021-2025	10,467,100	4,645,635
2026-2030	11,325,000	1,980,781
2031	1,800,000	85,500
Total	\$ 55,075,500	\$ 24,868,759

General Obligation Bonds

General obligation bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net assets, were issued to finance various capital projects. \$18,727,184 is available in the City's Debt Service Funds to repay general obligation bonds. The remainder of the general obligation bonds is to be repaid from future property tax levies. The bonds bear interest at rates ranging from 1.75% to 5.125% and mature through 2020.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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 and the transportation sales tax for the governmental activities portion and from net revenues derived from the operations of environmental services for the business-type activities portion. The bonds bear interest at rates ranging from 2% to 3.5% and mature through 2021.

Revenue Bonds

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

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

Legal Debt Margin

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

<u>Assessed valuation - 2010 tax year</u>	<u>\$</u>	<u>1,554,844,598</u>
<u>Debt limit - 10% of assessed valuation</u>	<u>\$</u>	<u>155,484,460</u>
Amount of debt applicable to debt limit:		
Total general obligation bonded debt		41,770,000
Less: Amount available in Debt Service Fund		18,727,184
<u>Bond indebtedness applicable to debt limit</u>		<u>23,042,816</u>
<u>Legal Debt Margin</u>	<u>\$</u>	<u>132,441,644</u>

Tax Increment Financing (TIF) Notes Payable

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

Year Ending 12/31	Governmental Activities	
	Tax Increment Financing Notes Payable	
	1992 A	1992 B
2011	\$ 17,071	\$ 354,863
2012	18,138	386,800
2013	19,271	421,612
Total	\$ 54,480	\$ 1,163,275

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.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
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The Certificates evidence proportionate ownership interest in the right to receive rental payments to be paid by the City under various lease/purchase agreements between various financial institutions, as lessor, and the City, as lessee. The related indentures require the establishment of certain cash reserve accounts, which are described in Note 12. These Certificates bear interest at rates ranging from 1.1% to 5.5% and mature through 2031.

Capital Leases

The City is obligated under four lease agreements for trash trucks that are accounted for as capital leases. Under the 2006 lease, the aggregate cost of the vehicles is \$882,355 less accumulated depreciation of \$728,953 results in a carrying value of \$153,402. The interest rate on the lease is 4.36%. 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, 2010:

For The Years Ended December 31	Amount
2011	\$ 90,763
Less: Amount representing interest	1,469
Present Value of Net Minimum Lease Payments	\$ 89,294

Under the 2008 lease for trash trucks, the aggregate cost of the vehicles is \$606,310 less accumulated depreciation of \$272,840 results in a carrying value of \$333,470. The interest rate on the lease is 3.47%. The following is a schedule of future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2010:

For The Years Ended December 31	Amount
2011	\$ 132,260
2012	132,260
2013	78,797
Total minimum lease payments	343,317
Less: Amount representing interest	16,289
Present Value of Net Minimum Lease Payments	\$ 327,028

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

Under the 2009 lease for trash trucks, the aggregate cost of the equipment is \$586,485 less accumulated depreciation of \$166,171 results in a carrying value of \$420,314. The interest rate on the lease is 3.67%. The following is a schedule of the future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2010:

For The Years Ended December 31	Amount
2011	\$ 128,567
2012	128,567
2013	128,567
2014	53,569
Total minimum lease payments	439,270
Less: Amount representing interest	27,016
Present Value of Net Minimum Lease Payments	\$ 412,254

Under the 2010 lease for trash trucks, the aggregate cost of the equipment is \$612,012 less accumulated depreciation of \$30,601 results in a carrying value of \$581,411. The interest rate on the lease is 3.46%. The following is a schedule of the future minimum lease payments, together with the net present value of the minimum lease payments as of December 31, 2010:

For The Years Ended December 31	Amount
2011	\$ 126,274
2012	126,274
2013	126,274
2014	126,274
2015	63,137
Total minimum lease payments	568,233
Less: Amount representing interest	42,726
Present Value of Net Minimum Lease Payments	\$ 525,507

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

For The Years Ended December 31	Amount
2011	\$ 505,350
2012	505,350
2013	505,350
2014	505,350
2015	505,350
2016	505,350
2017	505,350
2018	505,350
2019	505,350
2020	505,350
2021	505,350
2022	505,350
2023	505,350
2024	505,350
2025	505,350
Total minimum lease payments	7,580,250
Less: Amount representing interest	1,777,507
Present Value of Net Minimum Lease Payments	\$ 5,802,743

Due to Other Governmental Entities

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

10. Conduit Debt Activity

The City issued Industrial Revenue Bonds during 2002 to provide financial 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.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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, 2010, the principal amount payable for CitiMortgage, Inc. Project was approximately \$78,612,000.

The City issued Industrial Revenue Bonds during 2009 to provide financial assistance to the private sector entity, Firemen's Fund Insurance Project, for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The 2009 Series is structured to pay the principal balance at maturity, December 1, 2019. At December 31, 2010, the principal amount payable for Firemen's Fund Insurance Project was approximately \$20,520,000.

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

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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, 2010, the principal amount payable for Centene Construction Project was approximately \$4,604,500.

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. As of December 31, 2010, \$5,390,000 of defeased debt is outstanding.

12. Debt Requirements

Cash and cash equivalents and investments restricted at December 31, 2010 are as follows:

	December 31, 2010
Series 1991 State Revolving Fund Replacement Reserve	\$ 211,500
Series 2001 Certificates of Participation Reserve	4,027,497
Series 2003 Certificates of Participation Reserve	317,344
Series 2003A Certificates of Participation Reserve	336,473
Series 2004 Certificates of Participation Reserve	830,631
Series 2006A Certificates of Participation Reserve	1,146,939
Series 2006B Certificates of Participation Reserve	441,263
Series 2007A Certificates of Participation Reserve	70,005
Series 2008 Certificates of Participation Reserve	622,121
Series 2009A Certificates of Participation Reserve	530,499
Series 2009B Certificates of Participation Reserve	142,501
	\$ 8,676,773

Series 1991 State Revolving Fund

The State Revolving Fund Program for the Water Pollution Control Revenue Bonds issued in 1992 requires that separate accounts be maintained for (i) bond proceeds to be used for the costs of the wastewater treatment expansion project, (ii) the debt service reserve deposits which serve as additional security for these bonds, and (iii) \$211,500 to be used for emergency repairs and replacements. At December 31, 2010, the City had met all significant revenue bond requirements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

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, 2010, the City had met all significant requirements.

Series 2003 Certificates of Participation

The Series 2003 Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2010, the City had met all significant requirements.

Series 2003A Certificates of Participation

The Series 2003A Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2010, the City had met all significant requirements.

Series 2004 Certificates of Participation

The Series 2004 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, 2010, the City had met all significant requirements.

Series 2006 A & B Certificates of Participation

The Series 2006 A & B Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2010, the City had met all significant requirements.

Series 2007 A Certificates of Participation

The Series 2007 A Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2010, the City had met all significant requirements.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

Series 2008 Certificates of Participation

The Series 2008 Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2010, the City had met all significant requirements.

Series 2009 A & B Certificates of Participation

The Series 2009 A & B Certificates of Participation issued require that a separate bond reserve fund be maintained for the payment of principal and interest on the Certificates to the extent of any deficiency in the bond fund for such purpose. At December 31, 2010, the City had met all significant requirements.

13. Interfund Balances and Transfers

Individual fund interfund receivable and payable balances as of December 31, 2010 represent \$80,930 advanced to the Community Development Block Grant Fund and \$250,000 advanced to the Waterbury CID Fund from the General Fund. These amounts represent overdraws of pooled cash balances by each respective fund.

Interfund transfers for the year ended December 31, 2010 are as follows:

	<u>Transfers From</u>	<u>Transfers To</u>	<u>Net Transfers</u>
Major Governmental Funds			
General Fund	\$ 504,000	\$ -	\$ (504,000)
Street & Road Improvement Fund	-	504,000	504,000
Recreation Fund	-	50,000	50,000
Nonmajor Governmental Funds			
Transient Guest Tax Fund	342,127	-	(342,127)
Parks & Recreation Fund	50,000	-	(50,000)
Major Enterprise Funds			
Public Venue Fund	-	342,127	342,127
	<u>\$ 896,127</u>	<u>\$ 896,127</u>	<u>\$ -</u>

Interfund transfers for \$504,000 and \$50,000 were to cover operations for the street & road improvement fund and recreation fund, respectively.

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

Interfund transfers for \$342,127 were to cover bond payments and operations for the public venue fund.

14. Other Required Fund Disclosures

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

Deficit net assets for governmental-type activities are reported in the Community Development Block Grant Fund in the amount of \$1,454. 2011 program income was applied to the reimbursement that was submitted in January 2011 for December 2010 expenses in the amount of \$1,667.

Deficit net assets for governmental-type activities are reported in the Waterbury CID Fund in the amount of \$217,782. In 2010, there was an interfund loan between the General Fund and the Waterbury CID Fund in the amount of \$250,000 to forward fund the storm water project for the CID. The actual cost of the project will be repaid by the Waterbury CID.

15. Commitments and Contingencies

Litigation

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

Tap-Ons

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

City of O'Fallon, Missouri
Notes to Basic Financial Statements
December 31, 2010

Federal Grants

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

Stadium Lease

The City entered into an agreement in February 2007 with PS&J Professional Baseball Club, LLC, which was amended in August 2009. The lease, as amended, provides for rental payments to the City in varying amounts through 2014. The City has an agreement to forego certain rent amounts for the year 2009. The receivable not expected to be collected on this agreement is \$75,000 for 2009. PS&J is in negotiations with the City in 2011 to forgive \$50,000 that has not been collected for the 2010 rent. (\$100,000 of the \$150,000 was collected.) The receivable is not expected to be collected.

Future minimum lease payments to be received under the noncancelable lease at December 31, 2010 are as follows:

<u>Year Ending 12/31</u>	<u>Lease Payments</u>
2011	\$ 150,000
2012	175,000
2013	175,000
2014	175,000
Total	\$ 675,000

16. Federal Forfeiture Activity

For the year ended December 31, 2010, the City had revenues of \$88,227, expenses of \$19,156, and ending balance of \$98,039 as of December 31, 2010.

17. Subsequent Events

In March 2011 the City issued \$7,925,000 in Special Obligation Bonds to refund the 2003 Certificates of Participation in the amount of \$2,660,000, the 2003 series A Certificates of Participation in the amount of \$1,765,000 and the 2004 Certificates of Participation in the amount of \$3,500,000.



*REQUIRED SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - General Fund
For The Year Ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 21,153,147	\$ 21,760,261	\$ 22,303,280	\$ 543,019
Intergovernmental	150,000	292,032	382,051	90,019
Licenses and permits	872,074	948,074	981,681	33,607
Charges for services	309,484	320,379	419,234	98,855
Fines and forfeitures	1,786,698	1,512,069	1,596,948	84,879
Interest	110,542	110,542	82,174	(28,368)
Miscellaneous	261,806	352,137	379,452	27,315
Total Revenues	24,643,751	25,295,494	26,144,821	849,327
Expenditures				
Current:				
General government:				
Administration	971,167	1,010,113	888,589	121,524
Economic development	246,623	247,035	241,913	5,122
Public relations	280,550	280,550	282,147	(1,597)
Information systems	404,118	412,440	383,526	28,914
Communications	388,946	392,577	371,775	20,802
Legal	461,000	488,800	535,924	(47,124)
Citizens first	134,947	137,743	137,344	399
Volunteer services	155,551	157,637	155,127	2,510
Finance	1,777,999	1,870,095	1,845,248	24,847
Human resources	2,299,728	2,510,542	2,627,501	(116,959)
Fleet maintenance	890,597	902,497	802,452	100,045
Facilities maintenance	684,064	741,137	733,306	7,831
Safety and risk	179,493	179,493	138,872	40,621
Public safety	11,795,046	11,733,806	11,482,162	251,644
Community development:				
Administration	294,402	321,802	318,386	3,416
Public works	28,711	28,711	28,051	660
Construction Inspection	714,896	714,997	683,241	31,756
Planning	615,700	556,628	529,002	27,626
Building	961,037	934,929	854,940	79,989
Parks and recreation:				
Landscaping	397,063	398,990	387,308	11,682
Tourism and festivals	563,711	563,711	548,837	14,874
Municipal court	407,631	409,873	376,941	32,932
Total Expenditures	24,652,980	24,994,106	24,352,591	641,515
Revenues Over (Under) Expenditures	(9,229)	301,388	1,792,229	1,490,841
Other Financing Sources (Uses)				
Transfers In	-	(504,000)	(504,000)	-
Advance to Waterbury CID fund	-	(250,000)	-	250,000
Sale of capital assets	30,000	38,400	16,700	(21,700)
Total Other Financing Sources (Uses)	30,000	(715,600)	(487,300)	228,300
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	20,771	(414,212)	1,304,929	1,719,141
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	12,941,561	12,941,561	12,941,561	-
Budget Basis, End of Year	\$ 12,962,332	\$ 12,527,349	14,246,490	\$ 1,719,141
Encumbrances, End of Year			123,273	
GAAP Basis, End of Year			\$ 14,369,763	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Street & Road Improvement Fund
For The Year Ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,995,079	\$ 6,256,483	\$ 6,382,346	\$ 125,863
Intergovernmental	9,125,852	5,800,412	3,449,803	(2,350,609)
Interest	175,000	106,693	86,731	(19,962)
Miscellaneous	200	120,200	143,360	23,160
Total Revenues	15,296,131	12,283,788	10,062,240	(2,221,548)
Expenditures				
Current:				
Highways and streets	4,298,404	4,530,779	4,393,620	137,159
Capital outlay	7,624,808	4,672,211	4,377,811	294,400
Debt service:				
Principal retirement	1,850,000	1,895,000	1,895,000	-
Interest	1,428,523	1,074,307	1,074,306	1
Total Expenditures	15,201,735	12,172,297	11,740,737	431,560
Revenues Over (Under) Expenditures	94,396	111,491	(1,678,497)	(1,789,988)
Other Financing Sources				
Transfer in	-	504,000	504,000	-
Sale of capital assets	9,000	9,000	4,953	(4,047)
Total Other Financing Sources	9,000	513,000	508,953	(4,047)
Revenues and Other Financing Sources Over (Under) Expenditures	103,396	624,491	(1,169,544)	(1,794,035)
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	3,649,085	3,649,085	3,649,085	-
Budget Basis, End of Year	\$ 3,752,481	\$ 4,273,576	2,479,541	\$ (1,794,035)
Encumbrances, End of Year			3,197,642	
GAAP Basis, End of Year			\$ 5,677,183	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Recreation Fund
For The Year Ended December 31, 2010

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,508,961	\$ 3,727,051	\$ 3,828,157	\$ 101,106
Intergovernmental	120,000	120,000	20,655	(99,345)
Charges for services	991,007	1,066,182	1,033,121	(33,061)
Interest	3,000	3,000	3,643	643
Miscellaneous	42,264	42,264	96,594	54,330
Total Revenues	4,665,232	4,958,497	4,982,170	23,673
Expenditures				
Current:				
Facilities	188,639	205,639	196,296	9,343
Recreation	1,643,949	1,557,310	1,464,900	92,410
Parks	1,757,455	1,757,455	1,719,770	37,685
Capital outlay	907,800	1,040,600	928,555	112,045
Debt service:				
Principal retirement	26,400	26,400	26,400	-
Interest	19,050	19,050	19,049	1
Total Expenditures	4,543,293	4,606,454	4,354,970	251,484
Revenues Over Expenditures	121,939	352,043	627,200	275,157
Other Financing Sources				
Transfers In	50,000	50,000	50,000	-
Sale of capital assets	1,000	1,000	6,673	5,673
Total Other Financing Sources	51,000	51,000	56,673	5,673
Revenues and Other Financing Sources Over Expenditures	172,939	403,043	683,873	280,830
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	1,288,928	1,288,928	1,288,928	-
Budget Basis, End of Year	\$ 1,461,867	\$ 1,691,971	1,972,801	\$ 280,830
Encumbrances, End of Year			749,398	
GAAP Basis, End of Year			\$ 2,722,199	

City of O'Fallon, Missouri
Required Supplementary Information
Budgetary Comparison Information
Budget Basis - Storm Water Fund
For The Year Ended December 31, 2010

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 860,615	\$ 916,708	\$ 943,441	\$ 26,733
Interest	500	500	3,083	2,583
Miscellaneous	-	-	45	45
Total Revenues	861,115	917,208	946,569	29,361
Expenditures				
Current:				
General Government	459,012	461,512	397,443	64,069
Capital Outlay:	274,600	2,996,600	1,689,211	1,307,389
Debt service:				
Principal retirement	-	255,000	255,000	-
Interest	-	55,893	55,893	-
Total Expenditures	733,612	3,769,005	2,397,547	1,371,458
Revenues Over Expenditures	127,503	(2,851,797)	(1,450,978)	1,400,819
Fund Balances				
Budget basis:				
Reserved:				
Beginning of year	2,995,648	2,995,648	2,995,648	-
Budget Basis, End of Year	\$ 3,123,151	\$ 143,851	1,544,670	\$ 1,400,819
Encumbrances, End of Year			1,214,231	
GAAP Basis, End of Year			\$ 2,758,901	



*OTHER SUPPLEMENTARY
INFORMATION*

City of O'Fallon, Missouri
Notes to Budgetary Comparison Information
December 31, 2010

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, 2010, the Community Development Block Grant Fund and the Parks & Recreation Fund expenditures exceeded appropriations by \$66,414 and \$416, respectively. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future years' revenues.

City of O'Fallon, Missouri
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2010

Special Revenue Funds

	Special Revenue Funds							Total
	Waterbury Storm Water CID	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation	
Assets								
Cash and investments:								
Unrestricted	\$ 73,442	\$ 32,641	\$ 232,087	\$ 281,416	\$ -	\$ 64,615	\$ 65,509	\$ 749,710
Receivables:								
Property taxes	-	-	-	-	-	-	8,412	8,412
Other taxes	-	-	128,926	31,457	-	-	-	160,383
Intergovernmental	1,443	-	-	-	-	-	-	1,443
Other	-	10	-	-	89,144	-	-	89,154
Prepaid assets	-	-	14	-	18	-	-	32
Total Assets	\$ 74,885	\$ 32,651	\$ 361,027	\$ 312,873	\$ 89,162	\$ 64,615	\$ 73,921	\$ 1,009,134
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 42,667	\$ -	\$ 9,140	\$ 2,495	\$ 8,173	\$ 566	\$ -	\$ 63,041
Accrued wages and leave payable	-	-	289	-	1,513	-	-	1,802
Deferred Revenue: Taxes	-	-	6,345	-	-	-	8,280	14,625
Due to other funds	250,000	-	-	-	80,930	-	-	330,930
Total Liabilities	292,667	-	15,774	2,495	90,616	566	8,280	410,398
Fund Balances								
Reserved for:								
Encumbrances	-	-	-	30,051	-	-	-	30,051
Prepaid assets	-	-	14	-	18	-	-	32
Unreserved - undesignated	(217,782)	32,651	345,239	280,327	(1,472)	64,049	65,641	568,653
Total Fund Balances	(217,782)	32,651	345,253	310,378	(1,454)	64,049	65,641	598,736
Total Liabilities and Fund Balances	\$ 74,885	\$ 32,651	\$ 361,027	\$ 312,873	\$ 89,162	\$ 64,615	\$ 73,921	\$ 1,009,134

City of O'Fallon, Missouri
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year ended December 31, 2010

	Special Revenue Funds										Total	
	Waterbury Storm Water CID	Police Training	Sewer Lateral Insurance	Transient Guest Tax	Community Development Block Grant	Biometric Verification	Parks & Recreation					
Revenues												
Taxes	\$ -	\$ -	\$ 167,154	\$ 517,997	\$ -	\$ -	\$ 997	\$ -	\$ -	\$ -	\$ 686,148	
Intergovernmental	1,443	9,537	-	-	448,080	-	-	-	-	-	459,060	
Fines and forfeitures	-	20,136	-	-	-	20,833	-	-	-	-	40,969	
Interest	-	29	212	363	-	56	715	-	-	-	1,365	
Miscellaneous	-	4	3,580	63	-	6	-	-	-	-	3,653	
Total Revenues	1,443	29,706	170,946	518,413	448,080	20,895	1,712	20,895	1,712	1,191,195		
Expenditures												
Current:												
General government	-	-	123,442	-	-	-	-	-	-	-	123,442	
Community development	-	-	-	-	451,414	-	-	-	-	-	451,414	
Parks and recreation	-	-	-	75,358	-	-	416	-	-	-	75,774	
Public safety	-	45,101	-	-	-	9,833	-	-	-	-	54,934	
Capital outlay	219,225	-	-	-	-	4,980	-	-	-	-	224,205	
Total Expenditures	219,225	45,101	123,442	75,358	451,414	14,813	416	14,813	416	929,769		
Revenues Over (Under) Expenditures	(217,782)	(15,395)	47,504	443,055	(3,334)	6,082	1,296	6,082	1,296	261,426		
Other Financing Uses												
Transfers out	-	-	-	(342,127)	-	-	(50,000)	-	-	-	(392,127)	
Net Changes in Fund Balances	(217,782)	(15,395)	47,504	100,928	(3,334)	6,082	(48,704)	6,082	(48,704)	(130,701)		
Fund Balances												
Beginning of year	-	48,046	297,749	209,450	1,880	57,967	114,345	57,967	114,345	729,437		
End of Year	\$ (217,782)	\$ 32,651	\$ 345,253	\$ 310,378	\$ (1,454)	\$ 64,049	\$ 65,641	\$ 64,049	\$ 65,641	\$ 598,736		

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, 2010

	Waterbury Storm Water CID			Police Training Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Intergovernmental	\$ 20,000	\$ 1,443	\$ (18,557)	\$ 10,000	\$ 9,537	\$ (463)
Fines and forfeitures	-	-	-	23,000	20,136	(2,864)
Interest	-	-	-	200	29	(171)
Miscellaneous	-	-	-	-	4	4
Total Revenues	20,000	1,443	(18,557)	33,200	29,706	(3,494)
Expenditures						
Current:						
Public safety	-	-	-	52,655	45,101	7,554
Capital outlay	250,000	219,225	30,775	-	-	-
Total Expenditures	250,000	219,225	30,775	52,655	45,101	7,554
Revenues Over (Under) Expenditures	(230,000)	(217,782)	12,218	(19,455)	(15,395)	4,060
Other Financing Sources (Uses)						
Advance from General Fund	250,000	-	(250,000)	-	-	-
Net Changes in Fund Balances	20,000	(217,782)	(237,782)	(19,455)	(15,395)	4,060
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	-	-	-	48,046	48,046	-
Budget Basis, End of Year	20,000	(217,782)	(237,782)	28,591	32,651	4,060
Encumbrances, End of Year						
GAAP Basis, End of Year	\$	(217,782)	\$	\$	32,651	\$

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, 2010

	Sewer Lateral Insurance			Transient Guest Tax Fund		
	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues						
Taxes	\$ 112,258	\$ 167,154	\$ 54,896	\$ 456,170	\$ 517,997	\$ 61,827
Interest	3,727	212	(3,515)	2,000	353	(1,647)
Miscellaneous	-	3,580	3,580	-	63	63
Total Revenues	115,985	170,946	54,961	458,170	518,413	60,243
Expenditures						
Current:						
General Government	136,584	123,442	13,142	-	-	-
Parks and Recreation	-	-	-	83,000	75,358	7,642
Capital outlay	-	-	-	10,000	9,530	470
Total Expenditures	136,584	123,442	13,142	93,000	84,888	8,112
Revenues Over (Under) Expenditures	(20,599)	47,504	68,103	365,170	433,525	68,355
Other Financing Sources (Uses)						
Transfers out	-	-	-	(342,127)	(342,127)	-
Net Changes in Fund Balances	(20,599)	47,504	68,103	23,043	91,398	68,355
Fund Balances						
Budget basis:						
Unreserved:						
Beginning of year	297,749	297,749	-	188,929	188,929	-
Budget Basis, End of Year	277,150	345,253	68,103	211,972	280,327	68,355
Encumbrances, End of Year					30,051	
GAAP Basis, End of Year		\$ 345,253		\$	310,378	

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, 2010

	Community Development Block Grant Fund				Biometric Verification Fund			
	Revised Final Budget	Actual	Positive	Variance With Final Budget - (Negative)	Revised Final Budget	Actual	Positive	Variance With Final Budget - Positive (Negative)
Revenues								
Intergovernmental	\$ 385,000	\$ 448,080	\$	63,080	\$	\$	\$	-
Fines and forfeitures	-	-	-	-	23,000	20,833	-	(2,167)
Interest	-	-	-	-	200	56	-	(144)
Miscellaneous	-	-	-	-	-	6	-	6
Total Revenues	385,000	448,080		63,080	23,200	20,895		(2,305)
Expenditures								
Current:								
Community Development	385,000	451,414		(66,414)	-	-		-
Public Safety	-	-		-	15,500	9,833		5,667
Capital outlay	-	-		-	5,900	4,980		920
Total Expenditures	385,000	451,414		(66,414)	21,400	14,813		6,587
Net Changes in Fund Balances	-	(3,334)		(3,334)	1,800	6,082		4,282
Fund Balances								
Budget basis:								
Unreserved:								
Beginning of year	1,880	1,880		-	57,967	57,967		-
Budget Basis, End of Year	1,880	(1,454)		(3,334)	59,767	64,049		4,282
Encumbrances, End of Year								
GAAP Basis, End of Year		\$ (1,454)				\$ 64,049		

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, 2010

	Parks & Recreation Fund			
	Revised Final Budget	Actual	Positive Final Budget - Actual	Variance With Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 5,000	\$ 997	\$	(4,003)
Interest	100	715		615
Total Revenues	<u>5,100</u>	<u>1,712</u>		<u>(3,388)</u>
Expenditures				
Current:				
Parks and recreation	-	416		(416)
Total Expenditures	<u>-</u>	<u>416</u>		<u>(416)</u>
Revenues Over (Under) Expenditures	5,100	1,296		(3,804)
Other Financing Sources (Uses)				
Transfers out	(50,000)	(50,000)		-
Net Changes in Fund Balances	(44,900)	(48,704)		(3,804)
Fund Balances				
Budget basis:				
Unreserved:				
Beginning of year	114,345	114,345		-
Budget Basis, End of Year	69,445	65,641		(3,804)
Encumbrances, End of Year		-		
GAAP Basis, End of Year		\$ 65,641		

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, 2010

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,371,503	\$ 4,371,503	\$ 2,363,782	\$ (2,007,721)
Interest	602,816	602,816	553,867	(48,949)
Total Revenues	4,974,319	4,974,319	2,917,649	(2,056,670)
Expenditures				
Current:				
General government	20,600	20,600	3,119	17,481
Debt service:				
Principal repayment	2,090,000	3,860,000	3,860,000	-
Interest	1,991,362	1,991,362	1,950,249	41,113
Total Expenditures	4,101,962	5,871,962	5,813,368	58,594
Net Change in Fund Balances	872,357	(897,643)	(2,895,719)	(1,998,076)
Fund Balances				
Budget basis				
Reserved:				
Beginning of year	21,622,903	21,622,903	21,622,903	-
Budget Basis, End of Year	\$ 22,495,260	\$ 20,725,260	18,727,184	\$ (1,998,076)
Encumbrances, End of Year			-	
GAAP Basis, End of Year			\$ 18,727,184	

City of O'Fallon, Missouri
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Year Ended December 31, 2010

	Balance December 31, 2009	Additions	Deletions	Balance December 31, 2010
<u>WingHaven - Transportation Development District</u>				
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Accounts receivable	13,510	-	13,510	-
Total Assets	\$ 13,510	\$ -	\$ 13,510	\$ -
Liabilities				
Due to WingHaven Transportation Development District	\$ 13,510	\$ -	\$ 13,510	\$ -
<u>Mexico Road - Transportation Development District</u>				
Assets				
Cash	\$ 6,101	\$ -	\$ 6,101	\$ -
Accounts receivable	6,786	-	6,786	-
Total Assets	\$ 12,887	\$ -	\$ 12,887	\$ -
Liabilities				
Due to Mexico Road Transportation Development District	\$ 12,887	\$ -	\$ 12,887	\$ -
<u>Kingsmill - Transportation Development District</u>				
Assets				
Cash	\$ 4,269	\$ -	\$ 4,269	\$ -
Accounts receivable	4,079	-	4,079	-
Total Assets	\$ 8,348	\$ -	\$ 8,348	\$ -
Liabilities				
Due to Kingsmill Transportation Development District	\$ 8,348	\$ -	\$ 8,348	\$ -
<u>Waterbury Storm CID</u>				
Assets				
Cash	\$ -	\$ 2,435	\$ -	\$ 2,435
Accounts receivable	-	5,296	-	5,296
Total Assets	\$ -	\$ 7,731	\$ -	\$ 7,731
Liabilities				
Accounts Payable	\$ -	\$ 1,443	\$ -	\$ 1,443
Due to Waterbury Storm CID	-	6,288	-	6,288
Total Liabilities	\$ -	\$ 7,731	\$ -	\$ 7,731
<u>Total</u>				
Assets				
Cash	\$ 10,370	\$ 2,435	\$ 10,370	\$ 2,435
Accounts receivable	24,375	5,296	24,375	5,296
Total Assets	\$ 34,745	\$ 7,731	\$ 34,745	\$ 7,731
Liabilities				
Accounts payable	\$ -	\$ 1,443	\$ -	\$ 1,443
Due to WingHaven Transportation Development District	13,510	-	13,510	-
Due to Mexico Road Transportation Development District	12,887	-	12,887	-
Due to Kingsmill Transportation Development District	8,348	-	8,348	-
Due to Waterbury Storm CID	-	6,288	-	6,288
Total Liabilities	\$ 34,745	\$ 7,731	\$ 34,745	\$ 7,731

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Statistics

2010 Comprehensive Annual Financial Report

City of O'Fallon, Missouri

Statistical Section

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

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

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

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

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

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

**infrastructure was not retroactively reported until 2004

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities								
General government	\$ 8,744,170	\$ 7,961,544	\$ 13,620,802	\$ 9,213,858	\$ 10,851,428	\$ 11,830,133	\$ 9,824,376	\$ 12,050,421
Public safety	7,772,952	9,129,922	9,336,614	9,863,027	10,507,629	11,026,658	11,371,519	11,670,576
Highways and streets	15,901,329	4,977,965	4,029,559	5,288,765	6,232,449	8,297,404	7,440,583	7,520,942
Community development	2,451,939	2,545,389	2,255,948	2,542,462	2,710,472	2,919,583	2,862,339	2,934,448
Parks and recreation	3,950,949	4,851,622	5,812,659	4,428,452	4,545,407	5,120,974	4,792,267	4,783,669
Municipal court	187,241	216,232	301,599	360,033	408,997	465,704	439,415	387,866
Interest on long-term debt	4,716,746	3,511,891	4,396,551	4,943,260	5,281,797	4,464,381	3,939,462	3,266,353
Total Governmental Activities Expenses	43,725,326	33,194,565	39,753,732	36,639,857	40,538,179	44,124,837	40,669,961	42,614,275
Business-Type Activities								
Water	5,833,135	5,957,824	4,071,761	4,157,069	4,448,417	4,419,802	3,941,437	3,862,013
Sewer	2,919,296	3,805,690	6,003,669	6,106,315	6,020,412	6,093,316	5,643,528	6,510,469
Environmental services	2,814,898	3,620,169	3,650,420	3,612,537	4,067,771	3,712,504	3,637,368	3,918,999
Renaud Spirit Center	-	-	-	1,701,769	1,824,010	1,989,884	2,086,691	2,198,121
Public venue	734,179	590,211	581,120	769,865	645,915	549,671	578,160	567,706
Total Business-Type Activities Expenses	12,301,508	13,973,894	14,306,970	16,347,555	17,006,525	16,765,177	15,887,184	17,057,308
Total Primary Government Expenses	\$ 56,026,834	\$ 47,168,459	\$ 54,060,702	\$ 52,987,412	\$ 57,544,704	\$ 60,890,014	\$ 56,557,145	\$ 59,671,583
Program Revenues								
Governmental Activities								
Charges for service								
General government	\$ 97,763	\$ 59,624	\$ 68,994	\$ 251,727	\$ 110,142	\$ 143,443	\$ 108,103	\$ 116,483
Public safety	33,896	36,068	46,559	17,746	-	-	94,229	160,487
Community development	1,187,174	1,428,169	1,852,104	1,989,860	1,628,280	1,185,227	1,018,439	1,152,925
Parks and recreation	969,950	1,297,287	2,126,525	870,151	1,087,896	988,441	1,053,468	1,144,262
Municipal court	1,280,088	1,687,466	1,749,704	1,985,589	1,703,148	1,801,769	1,776,014	1,646,361
Operating grants and contributions	13,118,889	291,147	541,792	526,136	448,926	449,984	489,331	951,205
Capital grants and contributions	9,204,791	7,647,446	4,259,147	8,526,693	11,099,080	11,458,446	12,762,204	6,877,840
Total Governmental Activities Program Revenues	25,892,551	12,447,207	10,644,825	14,167,902	16,077,472	16,027,310	17,301,788	12,049,563
Business-Type Activities								
Charges for service								
Water	\$ 4,215,695	\$ 6,478,143	\$ 4,236,275	\$ 4,969,603	\$ 4,431,010	\$ 3,744,110	\$ 3,781,577	\$ 4,569,665
Sewer	3,098,417	3,719,443	5,425,013	6,131,070	5,566,978	6,194,023	8,512,336	9,020,008
Environmental Services	2,891,435	3,432,478	3,681,486	3,695,392	4,230,046	4,256,852	4,253,279	4,342,768
Renaud Spirit Center	240,729	53,870	241,199	1,469,372	1,599,356	1,738,826	1,788,979	1,889,540
Public Venue	-	-	-	171,910	172,653	206,657	108,169	149,011
Operating grants and contributions	-	-	-	-	24,231	2,815	3,510	25,036
Capital grants and contributions	1,197,701	1,867,258	2,523,236	788,351	1,417,793	518,081	1,515,172	999,712
Total Business-Type Activities Program Revenues	11,643,977	15,551,192	16,107,209	17,225,698	17,442,067	16,661,364	19,963,022	20,995,740
Total Primary Governmental Program Revenues	\$ 37,536,528	\$ 27,998,399	\$ 26,752,034	\$ 31,393,600	\$ 33,519,539	\$ 32,688,674	\$ 37,264,810	\$ 33,045,303
Net (Expense)/Revenue								
Governmental Activities	\$ (17,832,775)	\$ (20,747,358)	\$ (29,108,907)	\$ (22,471,955)	\$ (24,460,707)	\$ (28,097,527)	\$ (23,368,173)	\$ (30,564,712)
Business-Type Activities	(657,531)	1,577,298	1,800,239	878,143	435,542	(103,813)	4,075,838	3,938,432
Total Primary Government Net Expense	\$ (18,490,306)	\$ (19,170,060)	\$ (27,308,668)	\$ (21,593,812)	\$ (24,025,165)	\$ (28,201,340)	\$ (19,292,335)	\$ (26,626,280)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes:								
Property tax	\$ 9,077,791	\$ 9,254,281	\$ 10,950,579	\$ 11,327,636	\$ 11,968,958	\$ 10,096,818	\$ 10,459,668	\$ 8,236,247
Sales tax	13,799,335	15,304,539	17,963,371	17,758,834	17,830,992	17,444,847	20,157,649	20,931,831
Franchise and public service taxes	3,802,342	4,072,856	4,386,468	4,934,511	5,568,575	8,494,004	6,737,104	7,123,949
Investment earnings	609,326	360,386	620,248	1,726,723	2,304,865	1,275,818	925,437	707,151
Other revenues	61,674	1,080,093	437,253	314,766	918,247	809,464	549,498	643,446
Transfers	(88,000)	(110,000)	(127,500)	(11,162,503)	(662,558)	(300,000)	(540,425)	(342,127)
Total Governmental Activities	27,262,468	29,962,155	34,230,419	24,899,967	37,929,079	37,820,951	38,288,931	37,300,497
Business-Type Activities								
Investment earnings	568,256	355,829	453,707	710,441	728,890	438,303	256,853	184,853
Other revenues	134,099	266,051	-	-	-	146,920	28,605	30,710
Transfers	88,000	110,000	127,500	11,162,503	662,558	300,000	540,425	342,127
Total Business-Type Activities	790,355	731,880	581,207	11,872,944	1,391,448	885,223	825,883	557,690
Total Primary Government	\$ 28,052,823	\$ 30,694,035	\$ 34,811,626	\$ 36,772,911	\$ 39,320,527	\$ 38,706,174	\$ 39,114,814	\$ 37,858,187
Change in Net Assets								
Governmental Activities	\$ 9,429,693	\$ 9,214,797	\$ 5,121,512	\$ 2,428,012	\$ 13,468,372	\$ 9,723,424	\$ 14,920,758	\$ 6,735,785
Business-Type Activities	132,824	2,309,178	2,381,446	12,751,087	1,826,990	781,410	4,901,721	4,496,122
Total Primary Government	\$ 9,562,517	\$ 11,523,975	\$ 7,502,958	\$ 15,179,099	\$ 15,295,362	\$ 10,504,834	\$ 19,822,479	\$ 11,231,907

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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 646,482	\$ 1,448,122	\$ 1,365,299	\$ 1,346,920	\$ 489,821	\$ 1,895,034	\$ 1,335,393	\$ 1,326,495
Unreserved	6,633,387	6,176,786	8,554,403	9,448,353	11,492,137	12,059,421	11,767,912	13,043,268
Total General Fund	\$ 7,279,869	\$ 7,624,908	\$ 9,919,702	\$ 10,795,273	\$ 11,981,958	\$ 13,954,455	\$ 13,103,305	\$ 14,369,763
All Other Governmental Funds								
Reserved	\$ 16,940,742	\$ 9,232,733	\$ 27,073,141	\$ 28,743,725	\$ 42,744,904	\$ 27,600,337	\$ 25,767,191	\$ 26,559,869
Unreserved, reported in:								
Special Revenue Fund	166,408	231,412	404,949	1,791,794	1,265,918	1,047,440	6,018,873	3,924,334
Capital Projects Fund	289,213	361,893	(8,277)	205,899	254,175	12,331	-	-
Total All Other Governmental Funds	\$ 17,396,363	\$ 9,826,038	\$ 27,469,813	\$ 30,741,418	\$ 44,264,997	\$ 28,660,108	\$ 31,786,064	\$ 30,484,203

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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes	\$ 26,303,330	\$ 28,672,937	\$ 32,812,937	\$ 33,988,342	\$ 35,084,561	\$ 36,406,531	\$ 37,198,460	\$ 36,507,153
Intergovernmental	13,118,889	7,938,593	3,695,935	2,881,466	4,870,460	10,428,104	6,923,299	4,311,569
Licenses and permits	1,211,392	1,448,706	1,502,535	1,802,744	1,374,395	945,880	915,809	981,681
Charges for services	1,030,746	1,350,380	2,551,302	1,256,239	1,390,394	1,371,231	1,294,775	1,452,355
Fines and forfeitures	1,431,493	1,709,528	1,789,553	1,879,336	1,824,454	1,866,841	1,763,427	1,637,917
Interest	609,326	360,386	620,248	1,503,333	2,084,960	1,534,839	925,437	730,863
Miscellaneous	875,540	1,170,443	1,124,122	371,969	901,674	783,088	507,390	623,104
Total Revenues	44,580,716	42,650,973	44,096,632	43,663,429	47,530,898	53,336,514	49,528,597	46,244,642
Expenditures								
General government	7,810,362	7,932,399	8,775,969	7,531,351	7,793,739	8,441,667	8,312,320	8,700,735
Public safety	7,641,546	8,882,058	9,064,121	9,585,496	10,310,364	10,764,057	11,178,931	11,214,135
Highways and streets	21,653,774	11,857,977	2,173,501	3,487,472	4,054,439	4,353,931	4,229,866	4,196,277
Community development	2,442,470	2,540,890	2,239,466	2,529,738	2,690,006	2,881,744	2,807,987	2,866,484
Parks and recreation	3,558,226	4,378,594	5,126,467	4,052,115	4,187,359	4,790,156	4,417,328	4,396,378
Municipal court	186,000	212,035	300,362	357,558	397,422	448,024	418,697	376,941
Capital outlay	6,442,468	5,144,396	4,991,143	3,368,714	8,306,488	9,875,027	8,659,069	4,274,057
Debt service:								
Principal retirement	5,384,800	4,748,100	3,913,100	3,538,100	3,796,100	20,971,400	4,231,400	6,656,400
Interest	4,343,860	4,121,976	4,021,255	4,445,565	4,674,364	4,353,083	3,787,741	3,284,837
Bond issue costs	-	134,695	81,969	-	197,537	-	166,239	-
Total Expenditures	59,463,506	49,953,120	40,687,353	38,896,109	46,409,818	66,879,089	48,209,578	45,966,244
Revenues Over (Under)	(14,882,790)	(7,302,147)	3,409,279	4,787,320	1,121,080	(13,542,575)	1,319,019	278,398
Other Financing Sources (Uses)								
Transfers in	617,251	1,296,596	661,922	1,862,071	697,950	1,032,345	18,435	554,000
Transfers out	(705,252)	(1,406,596)	(789,422)	(2,532,884)	(1,360,508)	(1,332,345)	(558,860)	(896,127)
Sale of capital assets	-	-	-	13,298	200,407	62,183	46,765	28,326
General obligation bond proceeds	1,140,000	8,505,000	17,231,177	-	13,997,902	-	-	-
Certificates of participation proceeds	4,165,000	-	-	-	-	-	15,255,000	-
Premium	-	-	-	-	-	-	88,184	-
Payment to Escrow Agent	-	(8,318,139)	-	-	-	-	(13,893,737)	-
Capital lease proceeds	-	-	-	-	53,433	148,000	-	-
Total Other Financing Sources (Uses)	5,216,999	76,861	17,103,677	(657,515)	13,589,184	(89,817)	955,787	(313,801)
Net Change in Fund Balances	\$ (9,665,791)	\$ (7,225,286)	\$ 20,512,956	\$ 4,129,805	\$ 14,710,264	\$ (13,632,392)	\$ 2,274,806	\$ (35,403)
Debt Service as a percentage of noncapital expenditures	20.4%	23.1%	20.1%	22.2%	21.3%	42.6%	20.2%	23.4%

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

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

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

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

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

Fiscal Year	Property		Sales		Franchise & Public Service		Total
2003	\$	8,701,653	\$	15,692,111	\$	1,909,566	26,303,330
2004		9,295,542		16,953,359		2,424,036	28,672,937
2005		10,466,940		17,703,937		4,642,060	32,812,937
2006		11,294,997		17,758,834		4,934,511	33,988,342
2007		11,684,994		17,830,992		5,568,575	35,084,561
2008		10,467,680		17,444,847		8,494,004	36,406,531
2009		10,303,708		20,157,648		6,737,104	37,198,460
2010		8,451,187		20,932,017		7,123,949	36,507,153
Change 2003-2010		-3%		33%		273%	39%

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

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

Fiscal Year	Real Property	Personal Property	Railroad & Utility	Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value
2001	613,764,670	153,132,444	14,107,665	781,004,779	0.8900	3,401,012,733
2002	682,033,670	168,854,801	13,906,434	864,794,905	0.8800	3,783,119,241
2003	817,299,210	176,971,575	14,442,713	1,008,713,498	0.8400	4,466,006,100
2004	877,185,760	187,611,084	15,694,166	1,080,491,010	0.8200	4,848,417,694
2005	1,072,976,100	213,663,158	16,918,147	1,303,557,405	0.7850	5,799,946,064
2006	1,154,004,950	225,405,005	17,935,445	1,397,345,400	0.7850	6,221,991,637
2007	1,305,217,140	242,914,750	18,043,555	1,566,175,445	0.7433	7,004,432,643
2008	1,359,283,677	242,763,885	18,180,116	1,620,227,678	0.6164	7,254,416,771
2009	1,283,827,630	229,404,127	19,254,377	1,532,486,134	0.6164	6,842,731,437
2010	1,307,567,116	227,626,579	19,650,903	1,554,844,598	0.4838	6,959,053,642

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 \$100 of Assessed Value

Taxing Authority	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
City of O'Fallon (1)	\$ 0.4838	\$ 0.6164	\$ 0.6164	\$ 0.7433	\$ 0.7850	\$ 0.7850	\$ 0.8200	\$ 0.84	\$ 0.88	\$ 0.89
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.03	0.03	0.03
St. Charles County	0.0016	0.0016	0.0020	0.0020	0.0025	0.0030	0.0040	0.01	0.01	0.01
St. Charles County Road and Bridge	0.2025	0.2025	0.2025	0.2025	0.2148	0.2150	0.2250	0.23	0.24	0.24
Fort Zumwalt School District (2)	4.5968	4.5967	4.3811	4.3789	4.5629	4.5520	4.9538	4.25	4.25	4.25
St. Charles County Library District	0.2065	0.2064	0.1946	0.1946	0.2064	0.2060	0.2221	0.22	0.24	0.24
O'Fallon Fire Protection District	0.5936	0.5936	0.5517	0.5517	0.5814	0.5810	0.6341	0.63	0.69	0.70
St. Charles County Handicapped	0.1324	0.1323	0.1247	0.1247	0.1323	0.1320	0.1422	0.14	0.15	0.15
St. Charles County Ambulance	0.1439	0.1441	0.1366	0.1334	0.1441	0.1440	0.1535	0.16	0.16	0.14
St. Charles County Alarm and Dispatch	0.0390	0.0390	0.0390	0.0390	0.0413	0.0410	0.0444	0.04	0.05	0.05
St. Charles County Community College	0.2196	0.2196	0.2094	0.2094	0.2196	0.2200	0.2318	0.23	0.25	0.25
Total	\$ 6.6497	\$ 6.7822	\$ 6.4880	\$ 6.6095	\$ 6.9203	\$ 6.9090	\$ 7.4609	\$ 6.78	\$ 6.95	\$ 6.95

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

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

Source: St. Charles County Assessor

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General 1% city sales tax	\$ 9,778,073	\$ 9,408,810	\$ 9,866,460	\$ 10,650,960	\$ 10,632,966	\$ 10,558,348	\$ 10,225,136	\$ 9,190,704	\$ 8,671,605	\$ 8,016,914
Transportation 0.5% city sales tax	4,611,645	4,432,646	4,664,704	5,069,621	5,074,929	5,042,330	4,648,562	4,420,137	4,175,271	3,839,959
State motor fuel tax	1,770,701	1,738,195	1,790,382	1,927,548	1,910,637	1,928,624	1,914,287	1,892,776	1,830,637	903,301
Parks/Stormwater tax 0.5%	4,601,966	4,403,674	944,452	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Regional parks sales tax	169,446	174,323	178,849	182,863	140,302	174,635	165,374	188,494	158,500	59,476
Total	\$ 20,931,831	\$ 20,157,648	\$ 17,444,847	\$ 17,830,992	\$ 17,758,834	\$ 17,703,937	\$ 16,953,359	\$ 15,692,111	\$ 14,836,013	\$ 12,819,650

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

Regional parks sales tax began in 2001

Parks sales tax began in October 2008

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

Taxpayer	2010			2001		
	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	\$ 18,449,888	1	1.19 %	\$ 7,609,959	2	0.97 %
DNS Electronics	13,101,505	2	0.84	12,898,028	1	1.65
Mastercard Intl Tax	9,296,818	3	0.60	-	-	-
THF O'Fallon Development	7,797,040	4	0.50	-	-	-
Citi Mortgage	7,599,576	5	0.49	-	-	-
DP II LLC (Caplaco Five, Inc)	6,390,270	6	0.41	3,694,440	3	0.47
American Power Conversion Corp	6,120,862	7	0.39	-	-	-
MEPT West 70 Commerce Center LLC	5,822,512	8	0.37	-	-	-
Darlington Enclave at Winghamen UI LLC	5,149,110	9	0.33	-	-	-
IBT O'Fallon LLC	5,024,740	10	0.32	-	-	-
SFI, LLC	-	-	-	3,651,853	4	0.47
Aldi, Inc	-	-	-	3,564,699	5	0.46
Home Depot USA, Inc.	-	-	-	3,392,867	6	0.43
Lowe's Home Centers, Inc	-	-	-	3,378,266	7	0.43
Mallard's Landing Apartments, LLC	-	-	-	3,246,900	8	0.42
Multi Employer Property Trust - Lear Seating	-	-	-	2,964,791	9	0.38
Dayton Hudson Corp - Target	-	-	-	2,902,764	10	0.37
	\$ 84,752,321		5.44 %	\$ 47,304,567		6.05 %

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
2001	\$ 6,831,734	\$ 6,103,564	89.34 %	114,132	\$ 6,217,696	91.01 %
2002	7,450,381	6,575,795	88.26	111,470	6,687,265	89.76
2003	8,295,256	7,703,991	92.87	136,868	7,840,859	94.52
2004	8,754,244	8,284,520	94.63	97,400	8,381,920	95.75
2005	10,018,034	9,456,893	94.40	111,648	9,568,541	95.51
2006	10,738,809	10,144,009	94.46	140,957	10,284,966	95.77
2007	11,396,913	10,413,493	91.37	132,067	10,545,560	92.53
2008	9,777,355	9,066,340	92.73	114,157	9,180,497	93.90
2009	9,247,873	8,528,972	92.23	83,792	8,612,764	93.13
2010	7,364,369	6,853,802	93.07	218,369	7,072,171	96.03

Source: St. Charles County Assessor

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of personal income	Per Capita	
	Capital Lease Obligation	Leasehold Revenue Bonds	General Obligation Bonds	Tax Increment Financing Bonds	Special Obligation Bonds	Certificates of Participation	Leasehold Revenue Bonds	Revenue Bonds	Certificates of Participation	Special Obligation Bonds				Capital Lease Obligation
2001	\$ -	\$ 9,065,000	\$ 43,163,437	\$ 2,165,817	\$ -	\$ 55,760,000	\$ 18,045,000	\$ 6,935,000	\$ -	\$ -	\$ -	\$ 135,134,254	11 %	\$ 2,352
2002	-	8,675,000	42,500,144	2,355,862	-	40,855,900	17,365,000	6,620,000	34,379,100	-	-	152,751,006	12	2,472
2003	-	8,270,000	41,426,374	2,562,707	-	42,301,100	16,655,000	6,285,000	37,413,900	-	-	154,914,081	11	2,353
2004	-	-	40,032,927	2,787,844	-	47,898,000	15,910,000	5,935,000	36,212,000	-	-	148,775,771	10	2,152
2005	133,312	-	55,070,000	3,032,899	-	45,709,900	15,130,000	5,565,000	35,030,100	-	-	159,671,211	8	2,214
2006	-	-	53,745,000	3,244,326	-	43,496,800	-	5,170,000	48,963,200	718,604	-	155,337,930	8	2,086
2007	40,822	-	66,075,000	3,529,660	-	41,228,700	-	4,760,000	46,791,300	571,358	-	162,996,840	8	2,120
2008	121,884	-	47,440,000	3,840,262	-	38,892,300	-	4,320,000	53,697,700	977,342	-	149,289,488	6	1,913
2009	55,058	-	45,630,000	4,178,379	15,255,000	23,380,900	-	1,325,000	55,819,100	1,225,881	1,290,000	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	7,156,826	1,105,000	144,057,878	6	1,816

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

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

Fiscal Year	General Bonded Debt Outstanding	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2001	\$	43,163,437	5.53 %	\$ 751.27
2002		42,500,144	4.91	687.75
2003		41,426,374	4.11	629.26
2004		40,032,927	3.71	579.05
2005		55,070,000	4.22	763.63
2006		53,745,000	3.85	721.58
2007		66,075,000	4.22	859.41
2008		47,440,000	2.93	607.75
2009		45,630,000	2.98	576.44
2010		41,770,000	2.69	526.54

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

City of O'Fallon, Missouri
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

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	10,455,000	20.12	2,103,546
St. Charles Community College	39,860,000	20.12	8,019,832
Fort Zumwalt School District	125,229,997	77.00	96,427,098
Francis Howell School District	183,663,987	11.00	20,203,039
Wentzville School District	204,398,677	11.00	22,483,854
Subtotal, overlapping debt			149,237,369
City Net Direct Debt			23,042,816
Total Direct And Overlapping Debt			\$ 172,280,185

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 156,200,956	\$ 172,968,981	\$ 100,871,350	\$ 109,049,101	\$ 130,355,741	\$ 139,734,540	\$ 156,617,545	\$ 162,022,768	\$ 153,248,613	\$ 155,484,460
Total net debt applicable to limit	41,810,148	41,022,379	39,693,306	38,056,802	35,494,371	32,795,429	29,966,797	26,803,068	24,007,097	23,042,816
Legal Debt Margin	\$ 114,390,808	\$ 131,936,602	\$ 61,178,044	\$ 70,992,299	\$ 94,861,370	\$ 106,939,111	\$ 126,650,748	\$ 135,219,700	\$ 129,241,516	\$ 132,441,644
Total net debt applicable to the limit as a percentage of debt limit	26.77%	23.72%	39.35%	34.90%	27.23%	23.47%	19.13%	16.54%	15.67%	14.82%

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

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

Water & Sewer Revenue Bonds											
Fiscal Year	Utility Service		Less: Operating		Net Available		Debt Service		Coverage		
	Charges		Expenses		Revenue		Principal	Interest			
2001	\$	6,145,964	\$	3,711,848	\$	2,434,116	\$	830,000	\$	1,208,629	1.19
2002		7,399,778		4,042,707		3,357,071		870,000		1,047,338	1.75
2003		7,353,466		4,876,296		2,477,170		910,000		1,160,872	1.20
2004		10,242,194		5,670,905		4,571,289		950,000		2,966,910	1.17
2005		9,661,288		5,414,579		4,246,709		995,000		2,910,142	1.09
2006		11,100,673		5,546,340		5,554,333		1,570,000		2,066,588	1.53
2007		9,997,988		5,589,350		4,408,638		1,820,000		1,988,784	1.16
2008		10,408,145		5,864,864		4,543,281		1,900,000		1,969,382	1.17
2009		12,539,658		4,356,141		8,183,517		2,620,000		2,343,582	1.65
2010		13,773,023		4,904,113		8,868,909		2,565,000		2,301,824	1.82

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
					% Graduate Or Higher	% High School	% Bachelor's Degree Or Higher		
2001	57,454	\$ 1,234,399,190	\$ 21,485	31.1	90.4 %	27.2 %	13,698	3.6	
2002	61,796	1,327,687,060	21,485	31.1	90.4	27.2	13,698	4.5	
2003	65,834	1,414,443,490	21,485	31.1	90.4	27.2	13,698	4.6	
2004	69,136	1,485,386,960	21,485	31.1	90.4	27.2	13,698	4.2	
2005	72,116	2,049,104,024	28,414	31.1	90.4	27.2	18,496	4.1	
2006	74,482	1,868,157,524	25,082	32.7	90.4	27.2	18,703	3.7	
2007	76,884	2,069,654,865	26,919	33.0	90.4	27.2	17,638	3.9	
2008	78,058	2,545,315,264	32,608	32.2	90.4	27.2	18,776	6.3	
2009	79,158	2,613,638,844	33,018	32.3	90.4	27.2	18,742	8.2	
2010	79,329	2,426,594,781	30,589	32.3	90.4	27.2	18,840	7.0	

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 2010 is based on Fort Zumwalt School enrollment for the 2009-2010 school year. Enrollment from 2000-2004 is based on the 2000 census. Median Age and Educational Attainment is based on the U.S. Census Bureau from 2000.

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Citigroup	4,000	1	9.92 %	-	-	-
Fort Zumwalt School District	2,700	2	6.70	2,000	2	6.71 %
MasterCard Intl.	1,845	3	4.58	2,175	1	7.30
True Manufacturing	1,294	4	3.21	400	4	1.34
MEMC Electronic Materials, Inc	879	5	2.18	1,000	3	3.36
Fireman's Fund Insurance Company	606	6	1.50	-	-	-
City of O'Fallon	591	7	1.47	250	6	0.84
Walmart	436	8	1.08	-	-	-
Synergetics	377	9	0.94	-	-	-
BJC Progress West Healthcare Center	361	10	0.90	-	-	-
Marconi Communications Sol.	-	-	-	300	5	1.01
True Fitness Technology	-	-	-	200	7	0.67
American Mail-Well Envelope	-	-	-	200	8	0.67
Drug Package, Inc	-	-	-	175	9	0.59
Nordyne, Inc.	-	-	-	160	10	0.54
	13,089		32.48 %	6,860		23.03 %

Source: City of O'Fallon, MO Economic Development Department
Labor Force, December 2010 = 40,311

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration Group										
Administration	5.00	5.00	7.00	7.00	7.00	7.00	7.00	5.00	5.15	5.00
Communications	4.40	4.00	5.10	5.10	5.50	5.25	5.40	5.50	5.50	5.50
Economic development	3.00	3.00	3.00	3.00	3.00	3.15	3.15	3.15	3.00	3.00
Public relations	2.10	2.35	4.10	4.25	4.25	4.25	3.00	3.00	3.00	3.15
Administrative Services Group										
Citizens First Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Facilities maintenance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.10	6.10	6.40
Fleet maintenance	3.00	4.00	4.00	4.00	4.00	4.25	4.00	4.00	4.00	4.00
Human resources	4.00	6.50	6.00	5.75	6.00	6.00	5.00	5.00	5.00	5.00
Information Technologies	3.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
Safety and risk management	n/a	n/a	n/a	1.00	1.00	-	1.00	1.00	1.00	1.00
Volunteer services	n/a	1.00	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.00
Community Development Group										
Administration	3.00	3.00	3.00	3.25	3.50	6.00	3.00	3.00	3.00	2.65
Building	10.00	14.00	14.00	14.00	13.00	20.75	14.75	14.75	13.75	13.75
Code enforcement	3.00	3.00	3.00	3.00	n/a	n/a	n/a	n/a	n/a	n/a
Construction inspection	n/a	n/a	n/a	n/a	n/a	n/a	8.00	8.00	7.00	10.00
Construction management	4.00	6.00	6.00	6.00	1.34	n/a	n/a	n/a	n/a	n/a
Design	4.00	5.00	5.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Engineering	n/a	n/a	n/a	n/a	n/a	n/a	5.00	4.00	4.00	n/a
Highway (moved to S&RI Fund)	27.00	26.00	25.00	25.00	n/a	n/a	n/a	n/a	n/a	n/a
Planning	8.00	8.25	6.00	6.00	6.00	10.00	8.00	8.00	7.00	7.00
Project management (fka:Public works)	n/a	n/a	3.00	6.25	10.00	6.50	5.25	0.75	0.75	0.30
Finance Group										
Finance	10.25	10.25	11.25	11.50	12.00	13.00	12.00	12.00	12.00	12.00
Municipal court	4.00	3.60	3.85	3.85	4.85	4.85	5.25	5.25	5.25	5.25
Parks and Recreational Group										
Landscaping	3.00	3.00	4.00	5.25	4.75	4.00	5.15	6.15	5.15	5.15
Tourism and festivals	n/a	n/a	n/a	n/a	2.45	2.25	4.80	4.50	4.35	3.60
Public Safety Group										
Police	100.25	129.20	131.00	133.00	133.50	133.50	138.25	143.50	145.50	145.50
Enterprise Funds										
Environmental Services Fund	n/a	n/a	17.00	22.00	26.00	26.00	26.80	24.75	26.75	27.25
Public Venue Fund (Athletics)	9.50	12.50	3.00	3.00	3.00	3.00	1.50	n/a	n/a	n/a
Renaud Spirit Center Fund	n/a	n/a	n/a	25.50	36.50	36.00	33.55	33.80	29.50	29.50
Renaud Spirit Center Fund (Fac Maint)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.10	5.10
Sewer System Fund	n/a	n/a	n/a	n/a	2.33	0.50	-	-	16.00	19.75
Water System Fund	n/a	n/a	n/a	n/a	0.84	0.50	-	-	22.00	18.90
Special Revenue Funds										
Community Development Block Grant Fund	n/a	n/a	n/a	n/a	1.00	0.85	0.85	0.85	0.85	0.85
Recreation Fund (Parks)	13.50	13.50	24.00	24.00	24.00	24.00	24.15	24.85	24.75	24.55
Recreation Fund (Rec.)	10.50	10.75	12.00	11.50	9.92	13.25	31.65	29.50	26.70	25.85
Recreation Fund (Facilities)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.80	2.50
Sewer Lateral Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.10
Storm Water Fund	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.00	4.00	4.95
Street and Rd Impr Fund (Fleet)	n/a	n/a	n/a	n/a	n/a	n/a	1.00	1.00	1.00	1.00
Street and Rd Impr Fund (Landscaping)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.50	1.50
Street and Rd Impr Fund (Proj Mgmt)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.25	5.25	4.80
Street and Rd Impr Fund (Streets)	n/a	n/a	n/a	n/a	32.00	32.25	27.75	27.00	27.00	27.00
Total	242.50	285.90	313.80	346.70	371.23	380.85	399.25	396.70	440.70	438.85

Source: Finance Department

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Policemen and Officers	80	97	102	102	102	102	103	104	108	108
Fire										
Number of Stations	5	5	5	5	5	5	5	5	5	5
Number of Firemen and Officers	54	54	54	54	54	54	54	54	51	51
Transit										
Miles of Streets	232	285	313	285	285	285	285	300	295	298
Number of Street Lights	4,825	3,990	3,990	3,990	3,990	5,322	5,322	5,063	5,063	4,624
Municipal Water Department										
Number of Households/Dwellings	8,880	9,587	10,369	10,241	11,400	11,400	11,700	11,986	12,086	12,245
Average Daily Consumption	2.9M gal/day	3.1M gal/day	3.1M gal/day	3.1M gal/day	3.5M gal/day	6 M gal/day	6 M gal/day	5.32 M gal/day	3.32 M gal/day	3.62 M gal/day
Miles of Water Mails	137	144	135	149	153	153	161	174	174	175
Building										
Residential Building Permits Issued	1,369	1,457	1,260	1,108	1,000	794	806	394	369	367
Commercial Building Permits Issued	120	119	158	223	258	256	220	194	143	190
Recreation and Culture										
Park Acreage	432	452	452	460	460	452	460	460	453	453
Number of Libraries	2	2	2	2	2	2	2	3	3	3
Number of Volumes	236,417	224,120	271,819	271,819	272,000	271,098	271,098	304,570	303,724	303,769
City of O'Fallon Employees										
Permanent Full-Time	244	292	305	338	333	334	347	339	374	371
Part-Time and Seasonal	38	28	12	105	79	90	93	208	186	220

Source: Various City Departments

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles (est until 2004)	20	20	20	20	21	29	30	31	33	33
Communications										
Programs Produced	104	125	161	214	217	287	225	252	377	334
Transit										
Square Yards of Concrete Replaced	9,258	19,903	20,898	18,000	6,805	9,128	10,000	16,472	16,472	12,154
Tons of Asphalt Replaced	3,331	1,177	667	1,400	342	3,957	500	975	975	1,076
Miles of Street Swept	6,043	4,000	2,530	10,100	11,741	11,713	12,000	6,083	6,083	5,102
Municipal Water Department										
Power Consumption Dollars/Million Gallon Pumped	\$ 186	\$ 190	\$ 211	\$ 204	\$ 222	\$ 228	\$ 229	\$ 250	\$ 270	\$ 287
Salt Consumption/Million Gallon Pumped	1.26	0.50	0.28	0.35	0.32	0.64	0.65	0.62	0.61	0.61
Chlorine Consumption mg/C/Finished Water Pumped	1.4	1.8	2.4	2.3	1.6	2.3	2.5	2.6	2.7	2.7
Wastewater										
Biosolids Treatment Facility (Nature's Bend Fertilizer)	1	1	1	1	1	1	1	1	1	1
Power Consumption Dollars/Million Gallon Treated	\$ 69	\$ 73	\$ 74	\$ 80	\$ 83	\$ 86	\$ 87	\$ 97	\$ 104	\$ 175
Line Cleaning 127 miles/3 years = 42.3	31.1	23.0	31.8	41.0	45.3	55.2	56.8	56.5	57.4	68.8
Recreation and Culture										
Pools	1	1	1	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	n/a	n/a	n/a	1	1	1	1	1	1	1
Transfer Station	n/a	1	1	1	1	1	1	1	1	1
Trash/Recycling trucks	n/a	14	14	14	14	17	17	18	18	18

Source: Various City Departments

