

**City of O'Fallon
St. Clair County, Illinois**

**ANNUAL FINANCIAL REPORT
Year Ended April 30, 2011**

**AND
INDEPENDENT AUDITOR'S REPORT**



**ALLISON KNAPP &
SIEKMANN, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

City of O'Fallon
St. Clair County, Illinois

ANNUAL FINANCIAL REPORT

April 30, 2011

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City of O'Fallon
St. Clair County, Illinois

April 30, 2011

CITY OFFICIALS

MAYOR
Gary L. Graham

CLERK
Philip Goodwin

TREASURER
David Hursey

CITY COUNCIL

Nila Grogan
Ed True
Rick Reckamp, Jr.
John T. Drolet
Michael Bennett
Steve Engler
Jerry Albrecht

Gene McCoskey
Daniel Polites
Jerry Mouser
David Snyder
Dennis Renner
Ned Drolet
David Cozad

CITY ADMINISTRATOR
Walter Denton

CHIEF FINANCIAL OFFICER
Dean Rich



**ALLISON KNAPP &
SIEKMANN, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

November 21, 2011

Honorable Mayor and City Council
City of O'Fallon, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of O'Fallon, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of O'Fallon's management. Our responsibility is to express opinions on these financial statements based on our audit.

The prior year summarized comparative information has been derived from the City's April 30, 2010 financial statements and, in our report dated November 23, 2010, we expressed unqualified opinions on the respective financial statements of the aggregate discretely presented component units and each major fund. We expressed a qualified opinion on the governmental activities, business-type activities and each major proprietary fund for not determining the net pension obligation funding status and not recognizing the other post-employment benefit (OPEB) expense or obligation and on the aggregate remaining fund information, because the City did not disclose descriptive information about OPEB and because the fiduciary fund omitted a portion of the Policemen's Pension disclosures.

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We conducted our audit in accordance with U. S. generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

The City has not determined whether the annual pension costs for the Policemen's Pension Fund are over or underfunded in accordance with U. S. generally accepted accounting principles, which require an asset or liability to be recorded in the government-wide statement of net assets for the governmental activities based on the aggregate annual pension cost in relation to annual contributions made, which would change the expense in the governmental activities. The amount by which this departure would affect the assets, liabilities and expenses of the governmental activities is not reasonably determinable.

The City has also excluded a portion of the Policemen's Pension disclosures. In our opinion, disclosure of this information is required by U. S. generally accepted accounting principles.

The City has not recognized the other post-employment benefit (OPEB) expense or obligation which is required in accordance with U. S. generally accepted accounting principles and under Government Accounting Standards Board (GASB) Statement No. 45, to be recorded in the government-wide financial statements and in the proprietary fund financial statements. The effects of that departure on the financial statements are not reasonably determinable. The City has also not disclosed the descriptive information about the other post-employment benefits required by standards.

In our opinion, except for the effects of the omission of a portion of the Police Pension Fund disclosures as described in paragraph five, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the City of O'Fallon, Illinois, as of April 30, 2011, and the respective changes in financial position, thereof, for the year then ended in conformity with U. S. generally accepted accounting principles.

In our opinion, except for the matters discussed in paragraphs four, five and six, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City of O'Fallon, Illinois, as of April 30, 2011, and the respective changes in net assets, thereof, for the year then ended in conformity with U. S. generally accepted accounting principles.

In addition, in our opinion, except for the matters discussed in paragraph six, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major proprietary fund of the City of O'Fallon, Illinois, as of April 30, 2011, and the respective changes in net assets and cash flows, where applicable, thereof, for the year then ended in conformity with U. S. generally accepted accounting principles.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units and each major governmental fund of the City of O'Fallon, Illinois, as of April 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with U. S. generally accepted accounting principles.

U. S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, IMRF Trend Information and Police Pension Trend Information, presented on pages MDA-1 through 10 and Schedules A through C, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to

express an opinion or provide any assurance. The City of O'Fallon, Illinois has not presented the Police Pension Annual Pension Cost in the Schedule of Employer Contributions or the schedule of funding progress for the other post-employment benefits that U. S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Allison Knapp & Siekmann, P.C.



CERTIFIED PUBLIC ACCOUNTANTS

November 21, 2011

Honorable Mayor and City Council
City of O'Fallon, Illinois

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
TAX INCREMENT FINANCING ACT

We have audited the basic financial statements of the City of O'Fallon, Illinois, for the year ended April 30, 2011, and have issued our report thereon dated November 21, 2011, which was qualified for not determining whether the annual pension costs for the Policeman's Pension are over or underfunded, an omission of a portion of the Policeman's Pension disclosures, not determining a cost or liability for other post-employment benefit costs and the omission of the other post-employment benefits disclosures. The financial statements are the responsibility of management for the City of O'Fallon. Our responsibility is to express opinions on the financial statements based on our audit.

Our audit was made in accordance with U. S. generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

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The management of the City of O'Fallon, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the accounting provisions in Subsection (q) of Section 11-74.4-3 of Public Act 85-1142 insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the City Council and management of the City of O'Fallon, Illinois and the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Allison Knapp + Siekmann, Ltd.

The City of O'Fallon, Illinois**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)****April 30, 2011**

This section of the City of O'Fallon's annual financial report presents an easily readable analysis of the government's financial performance for the fiscal year ended April 30, 2011.

The MD&A provides an analysis of the overall financial position and results of the previous year's operations in order to assess whether the City's finances have improved or deteriorated. The analysis describes capital asset and long-term debt activity and concludes with information regarding currently known facts, decisions or conditions that are expected to have a significant effect on the City's future financial position and operations. Please read this analysis in conjunction with the City's financial statements including all supplementary information and note disclosures.

Using this Annual Report

The new financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison and enhance the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The government-wide statements consist of a statement of net assets and a statement of activities and are prepared using the economic resources measurement focus and accrual basis of accounting. These statements will report all of the assets, liabilities, revenues and expenses of the government. Each statement distinguishes between the governmental and business-type activities of the primary government and presents a total primary government in a separate column. Fiduciary activities, (such as the police pension funds), whose resources are not available to finance the government's programs, are excluded from the government-wide financial statements.

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type) that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Fund-based Financial Statements

The fund-based financial statements consist of a series of statements that provide information about the government's major and non-major governmental, proprietary (enterprise/business-type), and fiduciary funds.

Governmental fund financial statements (including the general fund, special revenue, capital projects and debt service) are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balance.

Proprietary fund financial statements (enterprise/business-type) and fiduciary fund financial statements (police pension) are prepared using the economic resources measurement focus and the accrual basis of accounting. The statements consist of a statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows. The fiduciary fund statements include a statement of net assets and a statement of changes in net assets.

The fund financial statements include a reconciliation between the government-wide and fund financial statements because of the difference in basis of accounting. The differences are primarily in how fixed assets and debt are treated and the timing for recording some revenues and expenses.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure-roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This new statement requires that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) that periodically measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has chosen to depreciate assets over their useful life.

Financial Analysis of the City as a Whole

See Net Assets (Chart 2)

The City's combined net assets increased by \$5,505,286. Governmental activities had an increase of \$3,772,652 and business activities had an increase of \$1,732,634. Net assets of the City's governmental activities total \$70.3 million with almost 50% of that being invested in capital assets (buildings, roads, equipment, etc.) net of related debt. The net assets of the business-type activities total \$33.3 million with 84% invested in capital assets net of related debt.

See Changes in Net Assets (Chart 3)

As noted, net assets from governmental activities increased \$3,772,652 (6% growth). Total revenues increased by \$2,129,473, 9% compared to last year as well as expenses increasing by 9%. Significant revenue changes were:

- Franchise fees increased by almost 4%. Franchise fees are collected for both telephone and cable realizing revenue of \$1,320,132.
- Our parks and recreation department continues to grow each year. Fees and concessions for that department increased again over last year by 4%, generating \$949,203 in revenue. This is due to the addition of new programs and the increase in use of those programs by the citizens.
- Revenue from property taxes increased by 2% - \$129,951 bringing the total property tax to \$5,430,751. This increase is due to the County applying an automatic 4% increase in anticipation of bad debt.
- Sales tax increased by \$240,098 or almost 3% from last year. This slight increase is attributed to the increase in car sales, which comprises the majority of our sales tax revenue.
- Utility tax increased by \$256,444 or 22% from last year. This increase is due to the results of the utility audit finding approximately 2,100 residences not being collected by Ameren.

As noted, expenses also increased by 9% during fiscal year 2011. Significant expense changes were:

- Interest expense on long-term debt increased \$1,288,366 over last year. This was due to interest paid on the Park Bonds and the 2009 Bond issues.
- Public Safety experienced a 5% increase. A portion of the increase was due to the purchase of several new, replacement emergency vehicles for the fire department as well as EMS.
- Highways and streets saw a 10% increase in expenses while general government expenses decreased by 1%.

Business-type Activities

As noted, net assets from business-type activities increased by \$1,732,634. Operating revenues of the City's business-type activities increased by \$1,941,951 or 15%. Operating expenses increased by \$1,481,660 or 13%. Fund net asset balances for the City's business-type activities are \$33.2 million for fiscal year 2011, with \$4.47 million being unrestricted.

Financial Analysis of the City's Fund Financial Statements

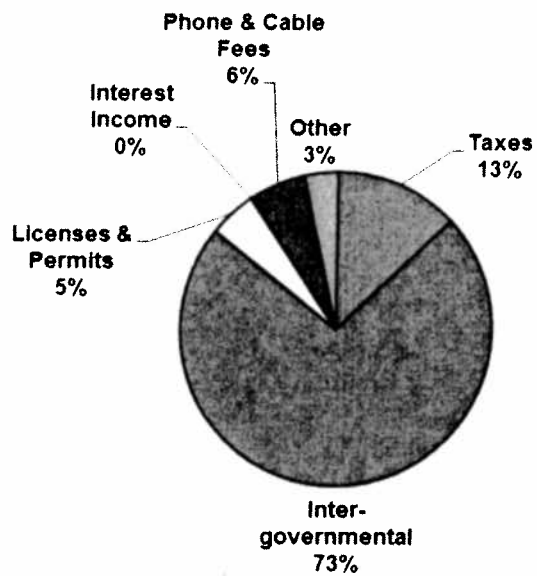
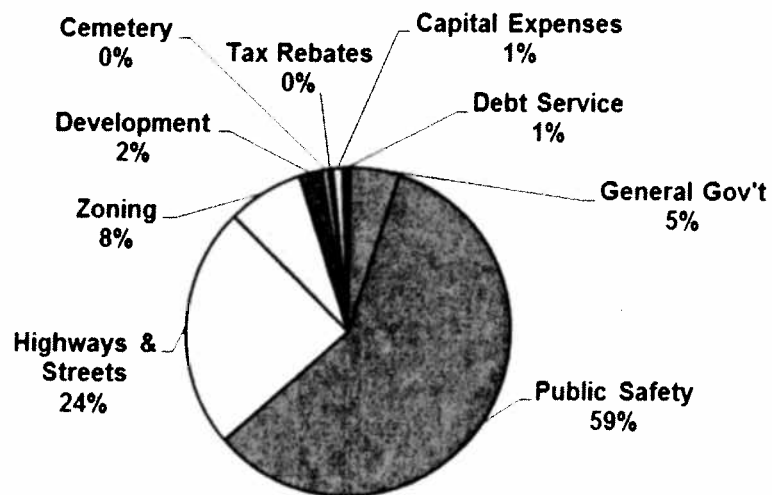
For the fiscal year ended April 30, 2011 the Governmental Funds reflect a \$3,469,853 decrease in fund balance. The Governmental Fund's cash and investments decreased by \$3,037,153. Most of the decrease in cash is attributable to the expansion to the Family Sports Park. The Governmental Fund revenues increased 14% (\$3,238,153), while the expenses increased by 51% (\$10,413,878) over last year; leaving a deficiency of revenues over expenditures of \$4,444,137 before other financing sources (uses). The primary reason for the Governmental Fund revenues showing a decrease is because Governmental funds report capital outlays as expenditures which for this fiscal year amounted to over \$10 million partly due to the addition to the Family Sports Park.

Status of Reserves

	Fiscal Year 5/1/10-4/30/11	Fiscal Year 5/1/09-4/30/10	Increase/ Decrease
<u>Governmental Funds</u>			
General	\$ 10,625,362	\$ 8,794,820	\$ 1,830,542
Fire	1,278,532	759,420	519,112
Ambulance	3,647,093	2,927,080	720,013
Capital Improvements	605,716	987,090	(381,374)
2002 Bond Issue Capital Projects	426,214	426,939	(725)
Sports Park	2,733,086	9,713,396	(6,980,310)
2002 Bond Issue Debt Service	287,192	277,200	9,992
Non-Major	14,313,756	13,500,859	812,897

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$3,545,779. Proceeds from the issuance of long-term debt increased the fund balance by \$34,537. Planned transfers to various other funds reduced the fund balance by \$1,749,774. The ending fund balance in the General Fund account is \$10,625,362. Management believes that this level of fund balance is acceptable.

Revenues for the City are generated from a number of sources and for the most part are dependent on different financial factors. This relative mix of different sources, as illustrated in the chart below, provides long-term stability.

Revenue by Sources- General Fund**Expenditures by Program-General Fund**

This City has one fund (a non-major fund) set up for the parks system and the City pool. During the year, revenues were \$2,873,715 and expenses were \$2,082,699, an excess of revenues of \$791,016. The City's park system is growing every year. The ending fund balance in the Park Fund is \$980,880.

The City has several Debt Service Funds. The 1997 Bond Issue was a general obligation bond in the amount of \$7,450,000. This bond was issued to complete various infrastructure and development projects within the City. These bonds were defeased in fiscal year 2002 by the issuance of additional bonds.

The City issued \$7,640,000 in general obligation bonds in September, 2001. The entire proceeds of this issue were used to liquidate the bonds described above. During fiscal year 2011, the above bonds were defeased with the Series 2010 bond issue and the City removed this liability from its account. Prior to defeasance, the City paid \$345,000 in principal and \$134,023 in interest.

The 2002 Bond Issue was a general obligation bond in the amount of \$14,000,000 in two equal subsections. This bond was issued to complete Prop S infrastructure projects and to complete the police station on Seven Hills Road. In 2007 the City defeased the Prop S portion of these bonds. During fiscal year 2011, the remaining portion of these bonds were defeased with the Series 2010 bond issue and the City removed this liability from its account.

The 2006 Bond Issue was a general obligation bond in the amount of \$20,100,000. This bond was issued to defease a portion of the 2002 bond issue and construct a convention center, sports complex and other road improvements. During the year the City made payments to retire \$99,405 of principal and paid \$884,719 in interest. In 2010 the City defeased a portion of this 2006 issue.

The 2009 Bond Issue was a general obligation bond in the amount of \$18,450,000. As stated above, this bond was issued to defease a portion of the 2006 bond issue and to finance additions to the Family Sports Park.

The City also issued \$9,295,000 in general obligation taxable bonds Series 2009A to finance additions to the Family Sports Park. These bonds are Build America Bonds which proved a federal subsidy through a refundable tax credit in an amount equal to 35 percent (35%) of the total coupon interest. These bonds are taxable and not tax-exempt.

General Fund Budgetary Highlights

Actual General Fund operating expenses are \$668,214 below the final budget amount and actual operating revenues are \$114,980 above the final budget amount. (Including Other Financing Sources (Uses)) This amounts to \$783,194 excess of revenues and other financing sources over expenditures.

Capital Asset and Debt Administration (Chart 1)

At the end of 2011 the City had \$122 million (net of accumulated depreciation) invested in a broad range of capital assets, including police, fire, park facilities, roads, water and sewer lines, etc. Governmental funds had \$84 million and business-type activities had \$38 million invested at the end of fiscal year 2011, net of depreciation.

Chart 1
Government Funds
Changes in Capital Assets
For the Year Ended April 30, 2011

	Governmental Capital Assets 05/01/10	Increases	Decreases	Governmental Capital Assets 04/30/11
Capital assets not being depreciated				
Land	\$ 26,849,483	\$ 2,563,400	\$ -	\$ 29,412,883
Construction in progress	<u>9,580,638</u>	<u>6,645,190</u>	<u>-</u>	<u>16,225,828</u>
Total capital assets not being depreciated	<u>36,430,121</u>	<u>9,208,590</u>	<u>-</u>	<u>45,638,711</u>
Capital assets being depreciated				
Land/building improvements	1,482,776	-	-	1,482,776
Buildings	18,198,496	515,889	-	18,714,385
Equipment	4,830,348	158,280	-	4,988,628
Vehicles	4,192,359	144,472	78,428	4,258,403
Infrastructure	<u>111,455,769</u>	<u>44,731</u>	<u>-</u>	<u>111,500,500</u>
Total capital assets being depreciated	140,159,748	863,372	78,428	140,944,692
Less accumulated depreciation	<u>99,711,068</u>	<u>2,805,831</u>	<u>71,063</u>	<u>102,445,836</u>
Total capital assets being depreciated, net	<u>40,448,680</u>	<u>(1,942,459)</u>	<u>7,365</u>	<u>38,498,856</u>
Governmental funds				
Total capital assets, net	<u>\$ 76,878,801</u>	<u>\$ 7,266,131</u>	<u>\$ 7,365</u>	<u>\$ 84,137,567</u>

This year's major additions to the capital assets include the following:

Governmental activities:

Savannah Hills Playground Equipment	\$ 67,688
Park Vehicle	18,440
Fire Department Vehicle	33,729
Ambulance Equipment	28,419
Police Vehicles	60,949
Ambulance Vehicle	26,764
Street mowers/Equipment	18,422
Park Mower	18,262

See Note 5 for additional information on capital assets.

Debt Outstanding

The City issued General Obligation Bonds in 1993, 2001, 2002, 2006, 2009 and 2010. In 1993, a bond was issued in the amount of \$1,500,000 for the construction of a new library. These bonds were paid off in fiscal year 2009.

In 2001, a bond was issued in the amount of \$7,640,000 for various infrastructure and development projects. During fiscal year 2011, the above bonds were defeased with the Series 2010 bond issue retiring debt of \$5,365,000. In 2002, a bond was issued in the amount of \$14,000,000 for the construction of a new police station and various road improvements. The Prop S portion of this bond was defeased and reissued as a 20 year bond under the 2006 issue. In 2006, a bond was issued in the amount of \$20,100,000 to defease a portion of the 2002 bond issue for roads and construct a Family Sports Park, Convention Center and other road improvements. The principal outstanding for this bond on April 30, 2011 is \$4,720,000. In 2009, a bond was issued in the amount of \$18,450,000 to defease a portion of the 2006 bond issue and to finance additions to the Family Sports Park. The principal outstanding on this 2009 bond at April 30, 2011 is \$18,435,000. Also in 2009, a Build America bond was issued for \$9,295,000 to finance an addition to the City library and additions to the Family Sports Park. The principal outstanding on this 2009A bond is \$9,240,000. In 2005, various bonds were issued for the City's special service areas to be used for various commercial ventures. The amount outstanding for these bonds at April 30, 2011 is \$2,990,000. In 2007, an additional \$3,850,000 in bonds was issued for new commercial ventures in the special service areas. The amount outstanding for these bonds at April 30, 2011 is \$3,545,000. The City's capital leases and notes payable for governmental activities total \$835,275, which leaves the legal debt margin remaining at \$7,398,236.

The City issued Alternate Revenue Source Waterworks Bonds in 2004. The business-type activities bond was issued in the amount of \$3,310,000 for construction and installation of new encoder water meters. The amount outstanding for this bond at April 30, 2011 is \$1,085,000. Capital leases in the business-type activities total \$21,153 and includes public works computer equipment. In addition, the business-type activities have a Construction Loan (from the IEPA for sewer plant improvements) with a balance of \$3,189,862, two additional Construction Loans (from the IEPA for water towers) one with a balance of \$857,106 and the other, \$5,277,452.

See Note 6 for additional information on long-term debt.

Economic Factors

The most recent assessed valuation for the City is \$656,365,349. The assessed valuation for the City decreased by \$1,998,957 over last year. The City's tax rate increased by \$0.0441 for a current rate of \$0.9414 in comparison to last year's rate of \$0.8973. This includes a 4% "loss in collections" increase added by St. Clair County for projected delinquent collections due to the current recession.

O'Fallon today is recognized as the fastest growing city in southwest Illinois with a population according to the 2010 Census of 28,281. Located just five minutes from Scott Air Force Base, 20 minutes from downtown St. Louis and with three I-64 interchanges, O'Fallon has an excellent central location for serving major Midwest markets. Along with outstanding access and exceptional development potential, O'Fallon is nationally recognized for its rich heritage of education excellence and is renowned for quality living.

In addition to its major employer Scott AFB, O'Fallon has a diverse retail base with several national retail businesses - Super Wal-Mart, Sam's Club, Home Depot, Petsmart, Walgreens, and Garden Ridge. O'Fallon is the Auto Mart for the St. Louis Metro Area with 19 dealers in a 2-mile area. With 11 modern hotels, O'Fallon has become a tourist location for the major sports venues in the St. Louis region. The completion of Phase 2 of the Family Sports Park and the opening of the City's Regency Conference Center is sure to bring even more activity to O'Fallon.

O'Fallon has a median family income of \$71,341 with 70% of the population working in management, professional, sales and related occupations. 72% of the residents have some college or more and 96% of our high school students go on to college. For a 150-year-old city, O'Fallon has a young population with a median age of 35 and 27% of households with an individual under 18 years.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional financial information, contact the Director of Finance, Dean Rich at (618) 624-4500 extension 1110.

Chart 2
Statement of Net Assets
April 30, 2011

	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
ASSETS								
Other assets	\$42,839,412	\$45,502,988	\$ 6,761,591	\$ 5,505,699	\$ 49,601,003	\$51,008,687	\$6,789,843	\$6,241,039
Capital assets (net of accumulated depreciation)	38,498,856	40,448,680	37,796,975	31,651,402	76,295,831	72,100,082	1,261,253	1,296,874
Capital assets, non-depreciable	45,638,711	36,430,121	585,627	6,594,746	46,224,338	43,024,867	-	-
TOTAL ASSETS	<u>126,976,979</u>	<u>122,381,789</u>	<u>45,144,193</u>	<u>43,751,847</u>	<u>172,121,172</u>	<u>166,133,636</u>	<u>8,051,096</u>	<u>7,537,913</u>
LIABILITIES								
Other liabilities	6,010,544	5,274,985	1,395,432	873,246	7,405,976	6,148,231	994,147	1,017,876
Long-term liabilities	50,687,449	50,600,470	10,487,137	11,349,611	61,174,586	61,950,081	2,072,361	2,115,520
TOTAL LIABILITIES	<u>56,697,993</u>	<u>55,875,455</u>	<u>11,882,569</u>	<u>12,222,857</u>	<u>68,580,562</u>	<u>68,098,312</u>	<u>3,066,508</u>	<u>3,133,396</u>
NET ASSETS								
Investment in capital assets, net of related debt	34,924,292	27,702,076	27,952,029	26,930,711	62,876,321	54,632,787	1,261,253	1,296,874
Restricted for	-	-	840,562	1,107,170	840,562	1,107,170	3,723,335	3,107,643
Unrestricted	35,354,694	38,804,258	4,469,033	3,491,109	39,823,727	42,295,367	-	-
TOTAL NET ASSETS	<u>\$70,278,986</u>	<u>\$66,506,334</u>	<u>\$33,261,624</u>	<u>\$31,528,990</u>	<u>\$103,540,610</u>	<u>\$98,035,324</u>	<u>\$4,984,588</u>	<u>\$4,404,517</u>

Chart 3
Statement of Changes in Net Assets
April 30, 2011

	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
REVENUES								
Program Revenues								
Charges for services	\$ 4,011,834	\$ 3,280,215	\$14,327,026	\$12,577,985	\$ 18,338,860	\$15,858,200	\$ 43,938	\$ 45,880
Operating grants	789,174	143,604	199,006	-	988,180	143,604	85,771	30,092
Capital grants	-	-	-	-	-	-	99,382	-
General Revenues								
Taxes	19,865,586	19,060,023	-	-	19,865,586	19,060,023	989,784	965,263
Franchise fees	1,320,132	1,267,959	-	-	1,320,132	1,267,959	-	-
Investment income	139,870	219,393	24,107	30,203	163,977	249,596	461,509	264,424
Donations not restricted to specific activities	6,960	8,647	-	-	6,960	8,647	21,920	19,644
Gain (loss) on abandonment of fixed assets	10,263	(43,444)	-	-	10,263	(43,444)	-	-
Miscellaneous	20,679	98,628	-	-	20,679	98,628	-	-
TOTAL REVENUES	<u>26,164,498</u>	<u>24,035,025</u>	<u>14,550,139</u>	<u>12,608,188</u>	<u>40,714,637</u>	<u>36,643,213</u>	<u>1,702,304</u>	<u>1,325,303</u>
EXPENSES								
General government	3,009,600	3,052,932	-	-	3,009,600	3,052,932	-	-
Public safety	8,890,591	8,499,526	-	-	8,890,591	8,499,526	-	-
Highways and streets	4,955,249	4,651,606	-	-	4,955,249	4,651,606	-	-
Cultural and recreation	2,629,016	2,751,684	-	-	2,629,016	2,751,684	-	-
Interest on long-term debt	2,907,390	1,519,024	-	-	2,907,390	1,519,024	-	-
Water	-	-	8,866,736	7,991,346	8,866,736	7,991,346	-	-
Sewer	-	-	3,950,769	3,344,499	3,950,769	3,344,499	-	-
Library	-	-	-	-	-	-	1,122,233	911,149
TOTAL EXPENSES	<u>22,391,846</u>	<u>20,474,772</u>	<u>12,817,505</u>	<u>11,335,845</u>	<u>35,209,351</u>	<u>31,810,617</u>	<u>1,122,233</u>	<u>911,149</u>
Excess before transfers	3,772,652	3,560,253	1,732,634	1,272,343	5,505,286	4,832,596	580,071	414,154
TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>3,772,652</u>	<u>3,560,253</u>	<u>1,732,634</u>	<u>1,272,343</u>	<u>5,505,286</u>	<u>4,832,596</u>	<u>580,071</u>	<u>414,154</u>
Net assets beginning	66,506,334	62,946,081	31,528,990	30,256,647	98,035,324	93,202,728	4,404,517	3,990,363
NET ASSETS ENDING	<u>\$70,278,986</u>	<u>\$66,506,334</u>	<u>\$33,261,624</u>	<u>\$31,528,990</u>	<u>\$103,540,610</u>	<u>\$98,035,324</u>	<u>\$4,984,588</u>	<u>\$4,404,517</u>

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET ASSETS

April 30, 2011
(With Summarized Comparative Information for April 30, 2010)

			2011
	Governmental	Business-Type	Total
	Activities	Activities	Primary
			Government
ASSETS			
Cash and cash equivalents	\$ 32,573,812	\$ 4,064,185	\$ 36,637,997
Investments	456,858	-	456,858
Restricted			
Cash and cash equivalents	-	888,166	888,166
Accounts receivable - net	-	12,080	12,080
Receivables			
Property taxes	4,293,402	-	4,293,402
Other governmental entities	1,714,848	-	1,714,848
Interest receivable	312	-	312
Other	355,012	-	355,012
Water and sewer fees	-	1,603,141	1,603,141
Service fees	247,277	-	247,277
Prepaid expenses	267,371	187,762	455,133
Due from employees	15,896	-	15,896
Due from Police Pension	-	-	-
Bond issuance costs (net of amortization)	560,391	6,257	566,648
Deferred loss on refunding of bonds	2,354,233	-	2,354,233
Capital assets, non-depreciable	45,638,711	585,627	46,224,338
Capital assets (net of accumulated depreciation)	38,498,856	37,796,975	76,295,831
Total assets	126,976,979	45,144,193	172,121,172
LIABILITIES			
Accounts payable	807,807	836,486	1,644,293
Accrued payroll	165,514	44,340	209,854
Deferred revenue			
Property taxes	3,301,634	-	3,301,634
Fees	128,656	-	128,656
Deferred credits, net	615,165	-	615,165
Pension contributions payable	991,768	-	991,768
Deposits - customers	-	3,419	3,419
Payable from restricted assets			
Long-term debt - due within one year	-	451,503	451,503
Accrued interest	-	59,684	59,684

(continued on next page)

EXHIBIT A

<u>2010</u> <u>Total</u> <u>Primary</u> <u>Government</u>	<u>2011</u> <u>Component</u> <u>Unit</u>	<u>2010</u> <u>Component</u> <u>Unit</u>
\$ 30,991,016	\$ 1,408,063	\$ 1,196,797
8,464,218	4,355,728	3,976,630
463,635	-	-
18,818	-	-
4,104,313	984,548	987,546
1,918,793	-	-
35,158	10,396	18,236
330,336	883	30,798
1,439,195	-	-
253,490	-	-
445,267	11,558	11,698
17,836	-	-
50,256	-	-
465,458	18,667	19,334
2,010,898	-	-
43,024,867	-	-
<u>72,100,082</u>	<u>1,261,253</u>	<u>1,296,874</u>
<u>166,133,636</u>	<u>8,051,096</u>	<u>7,537,913</u>
716,516	1,257	22,236
189,306	8,342	8,094
3,203,012	984,548	987,546
143,326	-	-
510,485	-	-
901,301	-	-
3,419	-	-
455,407	-	-
25,459	-	-

STATEMENT OF NET ASSETS
(continued)
April 30, 2011
(With Summarized Comparative Information for April 30, 2010)

	Governmental Activities	Business-Type Activities	2011 Total Primary Government
LIABILITIES (continued)			
Noncurrent liabilities			
Long-term debt - due within one year	1,503,645	631,300	2,134,945
Equipment notes payable	1,119,630	-	1,119,630
Compensated absences	1,474,174	508,067	1,982,241
Notes payable	-	8,612,770	8,612,770
Bonds payable	46,590,000	735,000	47,325,000
	<u>56,697,993</u>	<u>11,882,569</u>	<u>68,580,562</u>
Total liabilities			
NET ASSETS			
Investment in capital assets, net of related debt	34,924,292	27,952,029	62,876,321
Restricted for			
Library	-	-	-
Construction	-	480,629	480,629
Debt service	-	359,933	359,933
Unrestricted	35,354,694	4,469,033	39,823,727
	<u>35,354,694</u>	<u>4,469,033</u>	<u>39,823,727</u>
TOTAL NET ASSETS	<u>\$ 70,278,986</u>	<u>\$ 33,261,624</u>	<u>\$ 103,540,610</u>

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

EXHIBIT A
Page 2

<u>2010</u> <u>Total</u> <u>Primary</u> <u>Government</u>	<u>2011</u> <u>Component</u> <u>Unit</u>	<u>2010</u> <u>Component</u> <u>Unit</u>
1,706,654	85,000	55,000
807,790	-	-
1,913,326	107,361	95,520
9,282,311	-	-
48,240,000	1,880,000	1,965,000
<u>68,098,312</u>	<u>3,066,508</u>	<u>3,133,396</u>
54,632,787	1,261,253	1,296,874
-	3,723,335	3,107,643
701,298	-	-
405,872	-	-
42,295,367	-	-
<u>\$ 98,035,324</u>	<u>\$ 4,984,588</u>	<u>\$ 4,404,517</u>

STATEMENT OF ACTIVITIES

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 3,009,600	\$ 1,056,958	\$ -	\$ -
Public safety	8,890,591	942,964	175,364	-
Highways and streets	4,955,249	200,250	135,954	-
Culture and recreation	2,629,016	1,811,662	227,500	-
Interest on long-term debt	2,907,390	-	250,356	-
Total governmental activities	22,391,846	4,011,834	789,174	-
Business-type activities				
Water	8,866,736	9,360,371	34,174	-
Sewer	3,950,769	4,966,655	164,832	-
Total business-type activities	12,817,505	14,327,026	199,006	-
TOTAL PRIMARY GOVERNMENT	35,209,351	18,338,860	988,180	-
COMPONENT UNIT				
Library	1,122,233	43,938	85,771	99,382
General revenues				
Taxes				
Property				
Replacement				
Motor fuel				
Sales				
Utility				
Income				
Food and beverage				
Miscellaneous				
Other governmental entities				
Franchise fees				

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF ACTIVITIES

Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government					
Governmental Activities	Business-Type Activities	2011 Total	2010 Total	2011 Component Unit	2010 Component Unit
\$ (1,952,642)	\$ -	\$ (1,952,642)	\$ (2,356,945)	\$ -	\$ -
(7,772,263)	-	(7,772,263)	(7,490,367)	-	-
(4,619,045)	-	(4,619,045)	(4,497,385)	-	-
(589,854)	-	(589,854)	(1,187,232)	-	-
(2,657,034)	-	(2,657,034)	(1,519,024)	-	-
(17,590,838)	-	(17,590,838)	(17,050,953)	-	-
-	527,809	527,809	105,587	-	-
-	1,180,718	1,180,718	1,136,553	-	-
-	1,708,527	1,708,527	1,242,140	-	-
(17,590,838)	1,708,527	(15,882,311)	(15,808,813)	-	-
-	-	-	-	(893,142)	(835,177)
5,430,751	-	5,430,751	5,300,800	983,182	959,911
24,555	-	24,555	20,246	6,602	5,352
902,544	-	902,544	772,593	-	-
8,374,161	-	8,374,161	8,134,063	-	-
1,429,106	-	1,429,106	1,172,662	-	-
2,276,802	-	2,276,802	2,269,149	-	-
595,617	-	595,617	571,928	-	-
325,618	-	325,618	328,586	-	-
506,432	-	506,432	489,996	-	-
1,320,132	-	1,320,132	1,267,959	-	-

(continued on next page)

<u>Expenses</u>	<u>Program Revenues</u>		
	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants and Contributions</u>
General revenues (continued)			
Investment income			
Donations not restricted to specific activities			
Gain (loss) on disposition of fixed assets			
Miscellaneous			
	Total general revenues		
	Change in net assets		
	NET ASSETS - BEGINNING		
	NET ASSETS - ENDING		

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

STATEMENT OF ACTIVITIES
(continued)
Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government				2011	2010
Governmental Activities	Business-Type Activities	2011 Total	2010 Total	Component Unit	Component Unit
139,870	24,107	163,977	249,596	461,509	264,424
6,960	-	6,960	8,647	21,920	19,644
10,263	-	10,263	(43,444)	-	-
20,679	-	20,679	98,628	-	-
21,363,490	24,107	21,387,597	20,641,409	1,473,213	1,249,331
3,772,652	1,732,634	5,505,286	4,832,596	580,071	414,154
66,506,334	31,528,990	98,035,324	93,202,728	4,404,517	3,990,363
\$ 70,278,986	\$ 33,261,624	\$ 103,540,610	\$ 98,035,324	\$ 4,984,588	\$ 4,404,517

City of O'Fallon
St. Clair County, Illinois

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2011
(With Summarized Comparative Information for April 30, 2010)

	General	Fire	Ambulance	Capital Improvements	2002 Bond Issue Capital Projects
ASSETS					
ASSETS					
Cash	\$ 9,670,207	\$ 1,315,643	\$ 3,411,348	\$ 921,805	\$ 426,214
Investments	-	-	-	-	-
Prepaid expenses	204,528	6,580	43,831	-	-
Receivables					
Property taxes	282,237	1,140,763	1,335,703	-	-
Other governmental entities	1,533,921	-	-	-	-
Interest receivable	-	-	-	-	-
Other	265,315	-	-	-	-
Ambulance fees	-	-	247,277	-	-
Due from employees	15,896	-	-	-	-
Due from Police Pension	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 11,972,104	\$ 2,462,986	\$ 5,038,159	\$ 921,805	\$ 426,214
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ 340,147	\$ 30,164	\$ 30,236	\$ 316,089	\$ -
Accrued payroll	111,900	13,527	25,127	-	-
Deferred taxes	282,237	1,140,763	1,335,703	-	-
Deferred revenue	612,458	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,346,742	1,184,454	1,391,066	316,089	-
FUND BALANCE					
Reserved for					
Prepaid expenses	204,528	6,580	43,831	-	-
Due from employees	12,896	-	-	-	-

(continued on next page)

EXHIBIT C

Park Sports Complex	2002 Bond Issue Debt Service	Other Governmental Funds	2011	2010
			Total Governmental Funds	Total Governmental Funds
\$ 2,733,086	\$ 287,192	\$ 13,808,317	\$ 32,573,812	\$ 27,603,605
-	-	456,858	456,858	8,464,218
-	-	12,432	267,371	258,945
-	-	1,534,699	4,293,402	4,104,313
-	-	180,927	1,714,848	1,918,793
-	-	312	312	35,158
-	-	89,697	355,012	330,336
-	-	-	247,277	253,490
-	-	-	15,896	17,836
-	-	-	-	50,256
-	-	-	-	133,900
<u>\$ 2,733,086</u>	<u>\$ 287,192</u>	<u>\$ 16,083,242</u>	<u>\$ 39,924,788</u>	<u>\$ 43,170,850</u>
\$ -	\$ -	\$ 91,171	\$ 807,807	\$ 367,496
-	-	14,960	165,514	149,365
-	-	1,534,699	4,293,402	4,104,313
-	-	128,656	741,114	1,028,972
-	-	-	-	133,900
-	-	1,769,486	6,007,837	5,784,046
-	-	12,432	267,371	258,945
-	-	-	12,896	17,836

BALANCE SHEET
GOVERNMENTAL FUNDS

(continued)

April 30, 2011

(With Summarized Comparative Information for April 30, 2010)

	<u>General</u>	<u>Fire</u>	<u>Ambulance</u>	<u>Capital Improvements</u>	<u>2002 Bond Issue Capital Projects</u>
LIABILITIES AND FUND BALANCE (continued)					
FUND BALANCE (continued)					
Unreserved, reported in					
General fund	10,407,938	-	-	-	-
Special revenue funds	-	1,271,952	3,603,262	-	-
Capital project funds	-	-	-	605,716	426,214
Debt service funds	-	-	-	-	-
Total fund balance	<u>10,625,362</u>	<u>1,278,532</u>	<u>3,647,093</u>	<u>605,716</u>	<u>426,214</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,972,104</u>	<u>\$ 2,462,986</u>	<u>\$ 5,038,159</u>	<u>\$ 921,805</u>	<u>\$ 426,214</u>

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

EXHIBIT C

Page 2

Park Sports Complex	2002 Bond Issue Debt Service	Other Governmental Funds	2011	2010
			Total Governmental Funds	Total Governmental Funds
-	-	-	10,407,938	8,581,751
-	-	8,792,672	13,667,886	11,420,767
2,733,086	-	2,162,417	5,927,433	14,562,377
-	287,192	3,346,235	3,633,427	2,545,128
<u>2,733,086</u>	<u>287,192</u>	<u>14,313,756</u>	<u>33,916,951</u>	<u>37,386,804</u>
<u>\$ 2,733,086</u>	<u>\$ 287,192</u>	<u>\$ 16,083,242</u>	<u>\$ 39,924,788</u>	<u>\$ 43,170,850</u>

City of O'Fallon
St. Clair County, Illinois

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS

April 30, 2011

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS (EXHIBIT C)	\$ 33,916,951
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$186,583,403, net of accumulated depreciation of \$102,445,836, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	84,137,567
Deferred bond issuance costs, gain and losses on refunded bonds and bond premiums are to be amortized over the life of the bonds and are not reported in the governmental funds.	
Bond issuance costs of \$667,422, net of accumulated amortization of \$107,031.	560,391
Bond premiums of \$761,651, net of accumulated amortization of \$160,296.	(601,355)
Gain on refunded bonds of \$23,675, net of accumulated amortization of \$9,865.	(13,810)
Loss on refunded bonds of \$2,603,337, net of accumulated amortization of \$249,104.	2,354,233
Revenues reported in the statement of activities from state income tax received more than sixty days after the end of the fiscal year are not financial resources and, therefore, are reported in the governmental funds as deferred revenue.	612,458
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds (see Note 6).	(50,687,449)
NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT A)	<u>\$ 70,278,986</u>

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

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

	General	Fire	Ambulance	Capital Improvements	2002 Bond Issue Capital Projects
REVENUES					
Taxes					
Property taxes	\$ 239,261	\$ 1,023,272	\$ 1,313,012	\$ -	\$ -
Utility	892,159	-	-	-	-
2% Fire	-	-	-	-	-
Food and beverage	595,617	-	-	-	-
Rural fire district	-	-	325,618	-	-
Intergovernmental receipts					
Replacement tax	143	-	-	-	-
Motor fuel taxes	-	-	-	-	-
State sales tax	6,760,571	-	-	-	-
State income tax	2,549,990	-	-	-	-
Road and bridge tax	249,420	-	-	-	-
Grants	123,601	-	-	-	-
MEGSI	51,763	-	-	-	-
Other	-	399,643	-	-	-
Licenses and permits	657,839	4,844	-	-	-
Subdivision fees	46,210	-	-	-	-
Police reports	8,740	-	-	-	-
Combined dispatch	71,773	-	-	-	-
Fines and fees	282,205	100	-	-	-
Service fees	-	-	862,451	-	-
Recreation fees	-	-	-	-	-
Room tax	-	-	-	-	-
Interest income	18,313	2	2,029	219	-
Accrued interest on sale of bonds	-	-	-	-	-
Phone and cable television fees	777,066	-	-	-	-
Rentals	10,000	-	-	-	-
Miscellaneous revenues and reimbursements	9,050	432	460	-	-
Concession income	-	-	-	-	-
Donations	-	-	-	-	-
Annex fees	-	-	-	-	-
Park extraction fees	-	-	-	-	-
Build America bond rebates	-	-	-	-	-
Cemetery revenue	32,650	-	-	-	-
Insurance refunds and claims	61	-	-	-	-
Sale of assets	10,048	-	3,348	-	-
Total revenues	13,386,480	1,428,293	2,506,918	219	-

(continued on next page)

EXHIBIT E

Park Sports Complex	2002 Bond Issue Debt Service	Other Governmental Funds	2011	2010
			Total Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,605,786	\$ 5,181,331	\$ 5,063,333
-	-	536,947	1,429,106	1,172,662
-	-	-	-	16,729
-	-	-	595,617	571,928
-	-	-	325,618	311,857
-	-	24,412	24,555	20,246
-	-	902,544	902,544	772,593
-	-	1,613,590	8,374,161	8,134,063
-	-	-	2,549,990	1,383,503
-	-	-	249,420	237,467
-	-	363,454	487,055	108,080
-	-	-	51,763	35,524
-	-	106,789	506,432	489,996
-	-	-	662,683	302,434
-	-	12,500	58,710	34,406
-	-	-	8,740	11,749
-	-	-	71,773	-
-	-	-	282,305	310,375
-	-	-	862,451	885,527
-	-	848,381	848,381	820,938
-	-	650,782	650,782	623,294
37,951	7	81,349	139,870	219,393
-	3,424	-	3,424	30,874
-	-	543,066	1,320,132	1,267,959
-	-	-	10,000	8,460
-	-	7,252	17,194	22,954
-	-	100,822	100,822	88,905
-	-	6,960	6,960	8,647
-	-	200,250	200,250	122,500
-	-	211,677	211,677	31,315
250,356	-	-	250,356	-
-	-	10,610	43,260	40,312
-	-	-	61	44,800
-	-	4,232	17,628	14,075
<u>288,307</u>	<u>3,431</u>	<u>8,831,403</u>	<u>26,445,051</u>	<u>23,206,898</u>

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
(continued)
Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

	General	Fire	Ambulance	Capital Improvements	2002 Bond Issue Capital Projects
EXPENDITURES					
Current					
General government	474,407	-	-	-	-
Public safety	5,773,058	-	1,659,985	-	-
Fire	-	748,469	-	-	-
Highways and streets	2,341,159	-	-	-	-
Zoning	743,762	-	-	-	-
Development	224,093	-	-	-	-
Cemetery	68,632	-	-	-	-
Culture and recreation	-	-	-	499,636	-
Tax increment financing	-	-	-	-	-
Tourism	-	-	-	-	-
Tax rebates	36,054	-	-	-	-
Capital expenditures	99,142	44,038	55,183	9,688,309	-
Debt service					
Bond issuance costs	-	-	-	-	-
Principal retirement	73,501	113,989	3,373	-	344,690
Interest and fiscal charges	6,893	37,561	364	-	669,030
Total expenditures	9,840,701	944,057	1,718,905	10,187,945	1,013,720
Excess (deficiency) of revenues over expenditures	3,545,779	484,236	788,013	(10,187,726)	(1,013,720)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of notes	34,537	34,876	20,000	738,000	-
Proceeds from bond issue	-	-	-	-	-
Premium on sale of bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfer from other funds	-	-	-	9,068,352	1,012,995
Transfer (to) other funds	(1,749,774)	-	(88,000)	-	-
Total other financing sources (uses)	(1,715,237)	34,876	(68,000)	9,806,352	1,012,995
Net change in fund balance	1,830,542	519,112	720,013	(381,374)	(725)
FUND BALANCE, BEGINNING OF YEAR	8,794,820	759,420	2,927,080	987,090	426,939
FUND BALANCE, END OF YEAR	<u>\$ 10,625,362</u>	<u>\$ 1,278,532</u>	<u>\$ 3,647,093</u>	<u>\$ 605,716</u>	<u>\$ 426,214</u>

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

<u>Park Sports Complex</u>	<u>2002 Bond Issue Debt Service</u>	<u>Other Governmental Funds</u>	<u>2011 Total Governmental Funds</u>	<u>2010 Total Governmental Funds</u>
-	-	955,559	1,429,966	1,446,534
-	-	-	7,433,043	7,060,494
-	-	-	748,469	711,447
-	-	906,739	3,247,898	2,943,409
-	-	-	743,762	762,502
-	-	155,015	379,108	372,459
-	-	-	68,632	66,993
-	-	1,967,539	2,467,175	2,569,505
-	-	22,987	22,987	27,517
-	-	51,102	51,102	59,755
-	-	-	36,054	59,635
-	-	185,290	10,071,962	952,236
-	140,310	-	140,310	209,062
99,405	-	640,905	1,275,863	1,812,468
884,719	-	1,174,290	2,772,857	1,421,294
<u>984,124</u>	<u>140,310</u>	<u>6,059,426</u>	<u>30,889,188</u>	<u>20,475,310</u>
<u>(695,817)</u>	<u>(136,879)</u>	<u>2,771,977</u>	<u>(4,444,137)</u>	<u>2,731,588</u>
-	-	-	827,413	41,735
-	10,675,000	-	10,675,000	25,725,000
-	148,473	-	148,473	26,000
-	(10,676,602)	-	(10,676,602)	(15,511,735)
983,859	-	1,189,954	12,255,160	2,093,623
<u>(7,268,352)</u>	<u>-</u>	<u>(3,149,034)</u>	<u>(12,255,160)</u>	<u>(2,093,623)</u>
<u>(6,284,493)</u>	<u>146,871</u>	<u>(1,959,080)</u>	<u>974,284</u>	<u>10,281,000</u>
(6,980,310)	9,992	812,897	(3,469,853)	13,012,588
<u>9,713,396</u>	<u>277,200</u>	<u>13,500,859</u>	<u>37,386,804</u>	<u>24,374,216</u>
<u>\$ 2,733,086</u>	<u>\$ 287,192</u>	<u>\$ 14,313,756</u>	<u>\$ 33,916,951</u>	<u>\$ 37,386,804</u>

City of O'Fallon
St. Clair County, Illinois

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended April 30, 2011

NET CHANGE IN FUND BALANCE -

TOTAL GOVERNMENTAL FUNDS (EXHIBIT E)

\$ (3,469,853)

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

Governmental funds report capital outlays as expenditures.

However, they are capitalized and depreciated in the statement of
activities. This is the amount of capital outlays in the current period.

10,071,962

Income taxes received more than sixty days after the end of the fiscal
year are reported as deferred revenue in the governmental funds.

However, in the government-wide financial statements this is treated
as revenue.

(273,188)

Proceeds from the sale of assets are included in the governmental funds.

However, the cost of the assets sold is removed from capital assets and
offset against the sale proceeds in the government-wide statements.

(17,628)

Governmental funds report the proceeds from sale of property as revenue.

This is the amount of gain (loss) from disposition of fixed assets.

10,263

Governmental funds report the effect of issuance costs, premiums and
discounts and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.

Bond issuance costs

140,310

Premium on bonds

(148,473)

The repayment of long-term debt is reported as an expenditure when due
in governmental funds but as a reduction of principal outstanding in the
statement of activities.

1,275,863

The payment to refunded bond escrow agent for defeased bonds is
reported as an expenditure when due in governmental funds but as
a reduction of principal outstanding in the statement of activities.

10,676,602

The proceeds of long-term debt issuances provide current financial
resources to governmental funds but issuing debt increases long-term
liabilities in the statement of net assets.

(11,502,413)

(continued on next page)

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

(continued)

Year Ended April 30, 2011

NET CHANGE IN FUND BALANCE -

TOTAL GOVERNMENTAL FUNDS (EXHIBIT E) (continued)

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

The changes in compensated absences provide or use current financial
resources in the governmental funds but the change increases or
decreases long-term liabilities in the statement of net assets.

(50,429)

Some expenses in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Depreciation expense

(2,805,831)

Governmental funds report the effect of issuance costs, premiums,
discounts, deferred gain or loss on refunding and similar items when
debt is first issued, whereas these amounts are deferred and amortized
in the statement of activities.

Amortization reported in the government-wide statements.

(134,533)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)

\$ 3,772,652

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

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2011

(With Summarized Comparative Information for April 30, 2010)

	Business-Type Activities			
			2011	2010
	Water Funds	Sewer Funds	Total Proprietary Funds	Total Proprietary Funds
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,123,378	\$ 940,807	\$ 4,064,185	\$ 3,387,411
Prepaid expenses	59,063	128,699	187,762	186,322
Receivables				
Customers	961,947	678,186	1,640,133	1,496,727
Less allowance for doubtful accounts	(23,918)	(13,074)	(36,992)	(57,532)
Due from other funds	-	-	-	612,555
Total current assets	4,120,470	1,734,618	5,855,088	5,625,483
RESTRICTED ASSETS				
Cash and cash equivalents	64,071	824,095	888,166	463,635
Accounts receivable	12,402	-	12,402	19,376
Less allowance for doubtful accounts	(322)	-	(322)	(558)
Due from other funds	-	-	-	650,176
Total restricted assets	76,151	824,095	900,246	1,132,629
NONCURRENT ASSETS				
Capital assets				
Cost	39,341,306	24,827,316	64,168,622	62,321,741
Accumulated depreciation	14,408,846	11,377,174	25,786,020	24,075,593
Total noncurrent assets	24,932,460	13,450,142	38,382,602	38,246,148
OTHER ASSETS				
Unamortized bond issuance costs	6,257	-	6,257	10,318
Total assets	29,135,338	16,008,855	45,144,193	45,014,578
CURRENT LIABILITIES				
Accounts payable	559,756	276,730	836,486	349,020
Accrued payroll	27,271	17,069	44,340	39,941

(continued on next page)

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
(continued)
April 30, 2011
(With Summarized Comparative Information for April 30, 2010)

	Business-Type Activities		
		2011	2010
	Water Funds	Total Proprietary Funds	Total Proprietary Funds
CURRENT LIABILITIES (continued)			
Due to other funds	-	-	1,262,731
Customer deposits	3,419	3,419	3,419
Current portion of long-term debt	624,249	631,300	471,566
Total current liabilities	1,214,695	1,515,545	2,126,677
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
Current portion of long-term debt	-	451,503	455,407
Accrued interest	37,308	59,684	25,459
Total liabilities payable from restricted assets	37,308	511,187	480,866
NONCURRENT LIABILITIES			
Compensated absences	370,091	508,067	489,581
Bonds payable	735,000	735,000	1,085,000
Notes payable	5,874,411	8,612,770	9,282,311
Notes payable - fixed assets	-	-	21,153
Total noncurrent liabilities	6,979,502	9,855,837	10,878,045
Total liabilities	8,231,505	11,882,569	13,485,588
NET ASSETS			
Invested in capital assets, net of related debt	17,698,800	27,952,029	26,930,711
Restricted for			
Construction	13,982	480,629	701,298
Debt service	24,861	359,933	405,872
Unrestricted	3,166,190	4,469,033	3,491,109
TOTAL NET ASSETS	\$ 20,903,833	\$ 33,261,624	\$ 31,528,990

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

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

	Business-Type Activities			
	Water Funds	Sewer Funds	2011 Total Proprietary Funds	2010 Total Proprietary Funds
OPERATING REVENUES				
Charges for services				
Sales	\$ 8,172,558	\$ 4,461,262	\$ 12,633,820	\$ 11,259,153
Tap-on fees	837,525	97,337	934,862	527,769
Service charges and fees	211,391	405,806	617,197	664,293
Sprinklers and hydrants	101,466	-	101,466	96,875
Miscellaneous refunds and rebates	37,431	2,250	39,681	29,895
Total operating revenues	9,360,371	4,966,655	14,327,026	12,577,985
OPERATING EXPENSES				
Personal services	2,030,733	1,125,007	3,155,740	3,213,110
Contractual services	4,960,446	1,850,866	6,811,312	5,077,495
Commodities	426,669	194,503	621,172	1,010,782
Miscellaneous	817	296	1,113	4,216
Depreciation and amortization	1,284,135	677,314	1,961,449	1,831,854
Total operating expenses	8,702,800	3,847,986	12,550,786	11,137,457
Operating income	657,571	1,118,669	1,776,240	1,440,528
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(163,936)	(102,783)	(266,719)	(198,388)
Interest income	23,841	266	24,107	30,203
Grant income	34,174	164,832	199,006	-
Total nonoperating revenues (expenses)	(105,921)	62,315	(43,606)	(168,185)
Change in net assets	551,650	1,180,984	1,732,634	1,272,343
TOTAL NET ASSETS, BEGINNING OF YEAR	20,352,183	11,176,807	31,528,990	30,256,647
TOTAL NET ASSETS, END OF YEAR	<u>\$ 20,903,833</u>	<u>\$ 12,357,791</u>	<u>\$ 33,261,624</u>	<u>\$ 31,528,990</u>

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

EXHIBIT I

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUNDS

Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

	Business-Type Activities			
			2011	2010
	Water Funds	Sewer Funds	Total Proprietary Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 8,144,788	\$ 4,347,044	\$ 12,491,832	\$ 11,088,555
Receipts from miscellaneous revenues	1,187,813	505,393	1,693,206	1,318,832
Payments to suppliers	(5,112,863)	(1,834,190)	(6,947,053)	(6,067,805)
Payments to and for employees	(2,007,332)	(1,125,523)	(3,132,855)	(3,899,223)
Net cash provided by operating activities	<u>2,212,406</u>	<u>1,892,724</u>	<u>4,105,130</u>	<u>2,440,359</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in compensated absences	<u>22,520</u>	<u>(4,034)</u>	<u>18,486</u>	<u>54,016</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from notes	130,436	-	130,436	1,950,171
Principal payments on notes	(142,215)	(533,085)	(675,300)	(590,399)
Acquisition and construction of capital assets	(989,146)	(1,104,695)	(2,093,841)	(2,717,065)
Principal payments on bonds	(340,000)	-	(340,000)	(330,000)
Proceeds from grants	34,174	164,832	199,006	-
Interest paid on notes	(163,936)	(102,783)	(266,719)	(198,388)
Net cash (used) by capital and related financing activities	<u>(1,470,687)</u>	<u>(1,575,731)</u>	<u>(3,046,418)</u>	<u>(1,885,681)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>23,841</u>	<u>266</u>	<u>24,107</u>	<u>30,204</u>
Net increase in cash and cash equivalents	788,080	313,225	1,101,305	638,898
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,399,369</u>	<u>1,451,677</u>	<u>3,851,046</u>	<u>3,212,148</u>

(continued on next page)

STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
PROPRIETARY FUNDS
(continued)
Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

	Business-Type Activities			
	Water Funds	Sewer Funds	2011	2010
			Total Proprietary Funds	Total Proprietary Funds
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,187,449</u>	<u>\$ 1,764,902</u>	<u>\$ 4,952,351</u>	<u>\$ 3,851,046</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 657,571	\$ 1,118,669	\$ 1,776,240	\$ 1,440,528
Adjustments to reconcile income from operations to net cash provided (used) by operating activities				
Depreciation expense	1,280,074	677,314	1,957,388	1,826,852
Amortization expense	4,061	-	4,061	5,002
Bad debt allowance	(13,391)	(7,386)	(20,777)	(1,130)
(Increase) decrease in current assets				
Customer receivables	(27,770)	(108,662)	(136,432)	(170,598)
Prepaid expenses	(43)	(1,397)	(1,440)	(10,728)
Increase (decrease) in current liabilities				
Accounts payable	273,715	213,751	487,466	(573,674)
Accrued payroll	881	3,518	4,399	(72,896)
Accrued interest	37,308	(3,083)	34,225	(2,997)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,212,406</u>	<u>\$ 1,892,724</u>	<u>\$ 4,105,130</u>	<u>\$ 2,440,359</u>
ACCOUNTED FOR AS FOLLOWS				
Unrestricted cash and cash equivalents			\$ 4,064,185	\$ 3,387,411
Restricted cash and cash equivalents			<u>888,166</u>	<u>463,635</u>
TOTAL AS ABOVE			<u>\$ 4,952,351</u>	<u>\$ 3,851,046</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS

April 30, 2011

(With Summarized Comparative Information for April 30, 2010)

	Pension Trust Funds	2011 Fiduciary Total	2010 Fiduciary Total
ASSETS			
Cash	\$ 1,687,180	\$ 1,687,180	\$ 1,243,607
Investments	13,233,791	13,233,791	12,236,786
Receivables, less allowance for uncollectible amounts			
Interest receivable	66,210	66,210	56,118
Member buyback	5,228	5,228	6,912
Contribution from City of O'Fallon	991,768	991,768	901,301
Due from other governmental entities	754	754	646
Pending investment sales	625,000	625,000	-
Total assets	16,609,931	16,609,931	14,445,370
LIABILITIES			
Due to general fund	-	-	50,256
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 16,609,931</u>	<u>\$ 16,609,931</u>	<u>\$ 14,395,114</u>

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

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS

Year Ended April 30, 2011
(With Summarized Comparative Information for Year Ended April 30, 2010)

	2011 Pension Trust Funds	2010 Pension Trust Funds
ADDITIONS		
Contributions		
Plan members	\$ 324,083	\$ 618,314
Employer	987,878	899,353
Total contributions	1,311,961	1,517,667
Intergovernmental revenue - replacement taxes	5,638	4,570
Investment income		
Net appreciation (depreciation) in fair value of investments	922,670	1,585,690
Realized gain (loss) on sale of investments	287,902	(10,067)
Investment income	313,916	320,278
	1,524,488	1,895,901
Less investment fees	(23,104)	(23,646)
Net investment income	1,501,384	1,872,255
Total additions	2,818,983	3,394,492
DEDUCTIONS		
Benefits	530,483	481,632
Refunds	56,638	-
Administration services	17,045	10,062
Total deductions	604,166	491,694
Change in net assets	2,214,817	2,902,798
Net assets held in trust for pension benefits		
Net assets, beginning of year	14,395,114	11,492,316
NET ASSETS, END OF YEAR	\$ 16,609,931	\$ 14,395,114

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

City of O'Fallon
St. Clair County, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

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City of O'Fallon
St. Clair County, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of O'Fallon (the "City") are prepared in accordance with U. S. Generally Accepted Accounting Principles (GAAP). 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.

A. The Financial Reporting Entity

The City was incorporated on May 5, 1905 under the provisions of the State of Illinois. The City operates on a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services (ambulance), culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities (water and sewer).

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and all related organizations for which the City exercises financial accountability. The Police Pension Fund has been included as a fiduciary fund due to the fiduciary responsibility exercised over this Pension Fund.

Discretely Presented Component Unit

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial statements as component units. The criteria for including organizations within the City's reporting entity, as set forth in GASB No. 14, *The Financial Reporting Entity*, is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The O'Fallon Public Library has been determined to be part of the reporting entity because the City exercises financial accountability over the assets, operations and management of the Library. The governing boards of the Library are appointed by the Mayor with approval of the City Council. Therefore, the O'Fallon Public Library is included in the accompanying financial statements as a discretely presented component unit.

The Library's budget is approved and adopted by the City Council. The Library also submits its property tax levy to the Council for approval and the taxes are levied under the City's authority and included as part of the City's total tax levy.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)

April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report financial information for the City as a whole excluding fiduciary activities of the City such as employee pension plans. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) operating grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported in separate columns with composite columns for nonmajor funds in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Special Revenue Fund is used to account for the financial transactions and proceeds of fire protection and public safety services for the City.

The Ambulance Special Revenue Fund is used to account for the financial transactions and proceeds of emergency services for the City.

The Capital Improvements Capital Project Fund is used to account for large capital purchases and ventures such as the City park and the conference center.

The 2002 Bond Issue Capital Project Fund is used to account for bond issuances and refunding of prior bond issues.

The Park Sports Complex Capital Project Fund is used to account for the financial transactions and proceeds used to construct a new City park.

The 2002 Bond Issue Debt Service Fund is used to account for bond issuances and refunding of prior bond issues.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The City reports the following major proprietary funds:

The Water and Sewer Enterprise Funds are used to account for the activities of the water and sewerage operations.

C. Fund Accounting

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into three categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the City has chosen to apply all GASB pronouncements as well as those pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, to account for proprietary funds.

Fiduciary funds are used to account for assets held on-behalf of outside parties, including other governments, or on-behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement a pension fund is used.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are reported when a liability is incurred. Property taxes are recognized as revenues in the year for

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing water, sewer and recreation services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considered revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budget

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations for all funds lapse at the end of the year.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)

April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

F. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. All investments are certificates of deposit or U. S. Treasury investments held in local financial institutions, which have pledged various collateral on individual fund balances over the Federal Deposit Insurance Corporation (FDIC) limitations.

G. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of a fiscal year are referred to as due to and from other funds.

H. Allowance for Uncollectible Accounts

The City maintains an allowance for doubtful accounts amounting to \$37,314 and \$58,090 for 2011 and 2010, respectively, in the following funds. This comprises the balances on accounts outstanding over a certain period.

	2011	2010
Water Funds	\$ 24,240	\$ 37,631
Sewer Funds	13,074	20,459
Total	<u>\$ 37,314</u>	<u>\$ 58,090</u>

I. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

J. Property Taxes

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The levy was passed by the Council in December. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments due in June and September of the subsequent year. The City receives significant distributions of tax receipts in the months of July and September.

For governmental funds, only property taxes, which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end, are recorded as revenues. The accompanying financial statements include the 2009 property tax levy in revenue.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

J. Property Taxes (continued)

The applicable tax statistics for the City, for the latest years available, are as follows:

ASSESSED VALUATION	2010		2009
	\$ 656,365,349		\$ 658,364,306
	2010		2009
	Maximum	Actual	Actual
Tax rates			
General	0.3000	0.0430	0.0365
Fire Protection	0.3000	0.1738	0.1561
Ambulance	0.2500	0.2035	0.2003
Library	0.1500	0.1500	0.1500
Park and Recreation	0.0900	0.0900	0.0900
Police Pension	N/A	0.1452	0.1316
Municipal Retirement	N/A	0.0527	0.0521
Social Security	N/A	0.0832	0.0807
		0.9414	0.8973

The City also levies for seven (7) special service areas for maintenance expense. They have various assessed valuations depending on the area serviced and are accounted for in the special revenue fund in total. The assessed valuation of all areas combined is \$37,319,289. Each area has a maximum rate of 0.3500 and the actual rate for all areas combined is 0.5272. The total extension for all areas combined is \$15,215.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

K. Capital Assets (continued)

included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Water and Sewer System	20 - 40 years
Infrastructure	10 - 30 years
Equipment	5 - 20 years
Land/Building Improvements	20 years
Vehicles	5 - 10 years

L. Accrued Expense - Compensated Absences

In the fund financial statements, vested or accumulated vacation and/or sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation and/or sick pay of proprietary funds and in the government-wide financial statements is recorded as an expense and a liability of those funds as the benefits accrue to employees.

M. Long-Term Obligations

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 1: Summary of Significant Accounting Policies (continued)

O. Restricted Net Assets

Certain net assets of the City of O'Fallon Water and Sewer System have been restricted for construction and debt service:

	Water Funds	Sewer Funds	Total
Contingency and construction	\$ 13,982	\$ 466,647	\$ 480,629
Debt service	24,861	335,072	359,933
Total restricted net assets	<u>\$ 38,843</u>	<u>\$ 801,719</u>	<u>\$ 840,562</u>

P. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

Q. Comparative Data

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) has not been presented since this inclusion would make the statements unduly complex and difficult to read.

R. Date of Management Evaluation

Management has evaluated events through November 21, 2011, the date on which the financial statements were available to be issued.

Note 2: Legal Compliance and Accountability

Budgetary Data

The City followed these procedures in establishing the budgetary data reported in the financial statements for the year ended April 30, 2011:

1. Prior to April 30, the proposed budget was distributed to the various committees for their review.
2. The committee reviews of the budget were conducted from February 15, 2010 through March 31, 2010.
3. A public hearing on the proposed budget was held on May 3, 2010.
4. Formal adoption of the budget was on May 3, 2010.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 3: Deposits and Investments

The City is authorized to make deposits or investments in obligations of the U. S. Government, savings accounts, time deposits, certificates of deposit or other investments, which are direct obligations of banks as defined by the Illinois Banking Act. Pension funds may also invest in certain non-U. S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities. The City has an investment policy that further limits what it is able to invest in.

Deposits

At year-end the carrying amount of the City's deposits totaled \$3,347,852 and bank balances totaled \$5,057,181. Of the bank balances, \$1,136,425 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$3,920,756 was covered by pledged collateral, which was held in the City's name.

The carrying amount of the component unit's deposits totaled \$672,684. Bank balances are included in bank balance noted above due to commingled bank accounts.

Investments

The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name. All investments below subject to custodial credit risk fall under Category 2.

<u>Investment Type</u>	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U. S. Government Securities	\$ 4,422,416	\$ 6,577,437	\$ 157,358	\$ 158,925
Corporate Bonds	194,828	201,808	219,355	217,296
Common Stocks	190,657	229,724	-	-
Municipal Bonds	-	-	342,750	363,740
	<u>4,807,901</u>	<u>7,008,969</u>	<u>719,463</u>	<u>739,961</u>
Investments not subject to custodial credit risk				
External Investment Pools				
Illinois Funds	34,175,303	34,175,303	-	-
Illinois Metropolitan Investment Fund	1,978,513	1,993,840	-	-
Mutual Funds	4,899,038	6,378,028	3,177,694	3,615,767
	<u>\$45,860,755</u>	<u>\$49,556,140</u>	<u>\$3,897,157</u>	<u>\$4,355,728</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 3: Deposits and Investments (continued)

Reconciliation to financial statements:

Primary Government

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Exhibit A			
Cash and cash equivalents	\$2,102,360	\$34,535,637	\$36,637,997
Investments	-	456,858	456,858
Restricted cash	888,166	-	888,166
Exhibit J			
Cash	53,674	1,633,506	1,687,180
Investments	<u>303,652</u>	<u>12,930,139</u>	<u>13,233,791</u>
Above Carrying Amounts	<u>\$3,347,852</u>	<u>\$49,556,140</u>	<u>\$52,903,992</u>

Component Unit

Exhibit A			
Cash	\$ 672,684	\$ 735,379	\$ 1,408,063
Investments	<u>-</u>	<u>4,355,728</u>	<u>4,355,728</u>
Above Carrying Amounts	<u>\$ 672,684</u>	<u>\$ 5,091,107</u>	<u>\$ 5,763,791</u>

Credit Risk

State law limits investments in commercial paper, corporate bonds and money market mutual funds to the top two ratings, issued by nationally recognized statistical rating organizations. The City has an investment policy that further limits its investment choices. As of April 30, 2011 the City's investment in the Illinois Funds and Illinois Metropolitan Investment external investment pools were rated AAAM and AAAF by Standard & Poor's, respectively. The City's investments in corporate bonds and mutual bond funds are rated as follows:

	<u>Moody's</u>	<u>S & P</u>
Corporate Bonds		
Aetna, Inc.	P-2	A-2
Mutual Bond Funds		
Dodge & Cox Income Fund	Aa2	No rating
Vanguard High-Yield Corporate Fund Admiral	Ba3	No rating
Vanguard Short-Term Investment Grade	Aaa	No rating
Vanguard Short-Term Bond Index Signal Shares	Aaa	No rating

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NOTES TO FINANCIAL STATEMENTS

(continued)

April 30, 2011

Note 3: Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. The City uses the segmented time distribution method to analyze interest rate risk as follows:

	Segmented Time Distribution Investment Maturities (in Years)				
	Fair Value	<1	1-5	6-10	>10
U. S. Government securities	\$ 6,577,437	\$ 257,305	\$ 1,496,089	\$ 2,740,505	\$ 2,083,538
Corporate bonds	201,808	191,028	10,780	-	-
Common stocks	229,724	229,724	-	-	-
Illinois Funds	34,175,303	34,175,303	-	-	-
Illinois Metropolitan Investment Fund	1,993,840	1,993,840	-	-	-
Mutual Funds	6,378,028	6,378,028	-	-	-
	<u>\$ 49,556,140</u>	<u>\$ 43,225,228</u>	<u>\$ 1,506,869</u>	<u>\$ 2,740,505</u>	<u>\$ 2,083,538</u>

Note 4: Employee Retirement Systems

The City has two separate retirement entities for its employees as follows:

A. Policemen's Pension Fund

Defined Benefit Pension Plan

The City contributes to a defined benefit pension plan, the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The pension plan does not issue a separate report.

1. Plan Description

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2011 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	16
Current employees	
Vested	34
Nonvested	10
TOTAL	<u>60</u>

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 4: Employee Retirement Systems (continued)

A. Policemen's Pension Fund (continued)

Defined Benefit Pension Plan (continued)

1. Plan Description (continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 8 years, but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. For the year ended April 30, 2011 the City's contribution was 24.16% of covered payroll.

2. Significant Investments

The fund did not have any significant individual investments (other than U. S. Government guaranteed obligations) in any one organization that represented 5.00% or more of plan net assets for the Police Pension Plan.

3. Annual Pension Cost

Employer contributions have been determined as follows:

	Police Pension
Actuarial Valuation Date	<hr/> May 1, 2010
Actuarial Cost Method	Entry-Age Normal Cost

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 4: Employee Retirement Systems (continued)

A. Policemen's Pension Fund (continued)

Defined Benefit Pension Plan (continued)

3. Annual Pension Cost (continued)

	Police Pension
Asset Valuation Method	Actuarial Smoothed Market
Amortization Method	Level Percentage of Payroll
Amortization Period	23 Years, Closed
Significant Actuarial Assumptions	
a. Rate of Return on Present and Future Assets	7.00% Compounded Annually
b. Projected Salary Increase - Attributable to Inflation	5.50% Compounded Annually
c. Additional Projected Salary Increases - Seniority/Merit	Not Available

B. Pension Plan

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 4: Employee Retirement Systems (continued)

B. Pension Plan (continued)

Funding Policy

As set by statute, the City's regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's contribution rate for calendar year 2010, used by the City, was 9.97% of annual covered payroll. The City's annual required contribution rate for calendar year 2010 was 10.90%. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For calendar year ending December 31, 2010, the City's actual contributions for pension cost for the regular plan were \$545,955. Its required contribution for calendar year 2010 was \$596,882.

Trend Information

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	\$ 596,882	91%	\$ 51,306
12/31/09	497,978	100%	-
12/31/08	533,434	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 75.64% funded. The actuarial accrued liability for benefits was \$12,242,687 and the actuarial value of assets was \$9,260,501, resulting in an underfunded actuarial accrued liability (UAAL) of

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 4: Employee Retirement Systems (continued)

B. Pension Plan (continued)

Funded Status and Funding Progress (continued)

\$2,982,186. The covered payroll for calendar year 2010 (annual payroll for active employees covered by the plan) was \$5,475,980 and the ratio of the UAAL to the covered payroll was 54%.

The schedule of funding progress, presented as RSI (Schedule B) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 5: Capital Assets

Capital asset activity for the year ended April 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 26,849,483	\$ 2,563,400	\$ -	\$ 29,412,883
Construction in progress	9,580,638	6,645,190	-	16,225,828
Total capital assets not being depreciated	36,430,121	9,208,590	-	45,638,711
Capital assets being depreciated				
Land improvements	1,482,776	-	-	1,482,776
Buildings	18,198,496	515,889	-	18,714,385
Equipment	4,830,348	158,280	-	4,988,628
Vehicles	4,192,359	144,472	78,428	4,258,403
Infrastructure	111,455,769	44,731	-	111,500,500
Total capital assets being depreciated	140,159,748	863,372	78,428	140,944,692
Less accumulated depreciation for				
Land/building improvements	1,172,546	42,774	-	1,215,320
Buildings	3,374,887	553,070	-	3,927,957
Equipment	2,131,999	371,319	-	2,503,318
Vehicles	2,740,426	291,632	71,063	2,960,995
Infrastructure	90,291,210	1,547,036	-	91,838,246
Total accumulated depreciation	99,711,068	2,805,831	71,063	102,445,836
Total capital assets being depreciated, net	40,448,680	(1,942,459)	7,365	38,498,856
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 76,878,801</u>	<u>\$ 7,266,131</u>	<u>\$ 7,365</u>	<u>\$ 84,137,567</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 5: Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in process	\$ 6,295,517	\$ 85,376	\$ 6,094,495	\$ 286,398
Land	299,229	-	-	299,229
Total capital assets not being depreciated	6,594,746	85,376	6,094,495	585,627
Capital assets being depreciated				
Buildings	2,045,746	-	-	2,045,746
Building improvements	35,625	-	-	35,625
Equipment	6,960,591	766,111	246,961	7,479,741
Utility systems	46,685,033	7,336,850	-	54,021,883
Total capital assets being depreciated	55,726,995	8,102,961	246,961	63,582,995
Less accumulated depreciation for				
Buildings	415,252	61,130	-	476,382
Building improvements	13,683	6,167	-	19,850
Equipment	3,913,649	594,321	246,961	4,261,009
Utility systems	19,733,009	1,295,770	-	21,028,779
Total accumulated depreciation	24,075,593	1,957,388	246,961	25,786,020
Total capital assets being depreciated, net	31,651,402	6,145,573	-	37,796,975
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 38,246,148</u>	<u>\$ 6,230,949</u>	<u>\$ 6,094,495</u>	<u>\$ 38,382,602</u>
PRIMARY GOVERNMENT				
CAPITAL ASSETS, NET	<u>\$ 115,124,949</u>	<u>\$ 13,497,080</u>	<u>\$ 6,101,860</u>	<u>\$ 122,520,169</u>

Depreciation expense is charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES

General government	\$ 328,099
Public safety	668,555
Highways and streets, including depreciation of general infrastructure assets	1,702,703
Cultural and recreational	106,474

**TOTAL DEPRECIATION EXPENSE -
GOVERNMENTAL ACTIVITIES**

\$ 2,805,831

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 5: Capital Assets (continued)

BUSINESS-TYPE ACTIVITIES

Water Funds	\$ 1,280,074
Sewer Funds	<u>677,314</u>

TOTAL DEPRECIATION EXPENSE -
BUSINESS-TYPE ACTIVITIES

\$ 1,957,388

Note 6: Long-Term Debt

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements

The following is a summary of changes in long-term debt for the year ended April 30, 2011 and the related fund where this debt is recorded on the accompanying financial statements.

Description and Purpose	Balance May 1, 2010	New Debt Issued	Debt Retired	Balance April 30, 2011	Due Within One Year
Primary Government					
GOVERNMENTAL ACTIVITIES					
Debt Service Funds					
Bonds payable 2001	\$ 5,365,000	\$ -	\$ 5,365,000	\$ -	\$ -
Bonds payable 2002	5,455,000	-	5,455,000	-	-
Bonds payable SSA 1	1,655,000	-	65,000	1,590,000	70,000
Bonds payable SSA 2	355,000	-	15,000	340,000	15,000
Bonds payable SSA 4	1,105,000	-	45,000	1,060,000	45,000
Bonds payable SSA 5	635,000	-	15,000	620,000	20,000
Bonds payable SSA 6	1,605,000	-	45,000	1,560,000	50,000
Bonds payable SSA 7	1,400,000	-	35,000	1,365,000	40,000
Bonds payable 2006	4,940,000	-	220,000	4,720,000	225,000
Bonds payable 2009	18,450,000	-	15,000	18,435,000	355,000
Bonds payable 2009A	7,275,000	-	-	7,275,000	-
Bonds payable 2010	<u>-</u>	<u>10,675,000</u>	<u>-</u>	<u>10,675,000</u>	<u>230,000</u>
Total debt service funds	<u>48,240,000</u>	<u>10,675,000</u>	<u>11,275,000</u>	<u>47,640,000</u>	<u>1,050,000</u>
Other Funds - Capital Assets					
Fire truck	443,868	-	75,048	368,820	79,085
6 police vehicles	7,270	-	7,270	-	-

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Description and Purpose	Balance May 1, 2010	New Debt Issued	Debt Retired	Balance April 30, 2011	Due Within One Year
Primary Government (continued)					
GOVERNMENTAL ACTIVITIES (continued)					
Other Funds - Capital Assets (continued)					
Tractor	28,504	-	13,933	14,571	14,571
3 Police cars	40,490	-	22,752	17,738	17,738
Servers	21,349	-	10,452	10,897	10,897
Rescue pumper	362,331	34,876	38,941	358,266	121,920
Ford Interceptor	19,556	-	7,275	12,281	7,644
Police car	-	22,537	1,835	20,702	7,256
Buscom recorder system	-	32,000	-	32,000	10,034
Venita Dr land	-	738,000	-	738,000	184,500
Total other funds - capital assets	923,368	827,413	177,506	1,573,275	453,645
Other Funds - Notes Payable					
20 Computers	6,746	-	6,746	-	-
35 Computers	6,611	-	6,611	-	-
Total other funds - notes payable	13,357	-	13,357	-	-
Other Funds - Compensated Absences	1,423,745	50,429	-	1,474,174	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 50,600,470</u>	<u>\$ 11,552,842</u>	<u>\$ 11,465,863</u>	<u>\$ 50,687,449</u>	<u>\$ 1,503,645</u>
BUSINESS-TYPE ACTIVITIES					
Water Fund					
Bonds Payable	<u>\$ 1,425,000</u>	<u>\$ -</u>	<u>\$ 340,000</u>	<u>\$ 1,085,000</u>	<u>\$ 350,000</u>
Water Funds - Capital Assets					
35 Computers	1,261	-	1,261	-	-
Servers	27,629	-	13,527	14,102	14,102
Water construction note	876,535	-	19,429	857,106	40,084
Water tank note	5,255,014	130,436	107,998	5,277,452	220,063
Total water funds - capital assets	6,160,439	130,436	142,215	6,148,660	274,249
Total water funds	<u>7,585,439</u>	<u>130,436</u>	<u>482,215</u>	<u>7,233,660</u>	<u>624,249</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Description and Purpose	Balance May 1, 2010	New Debt Issued	Debt Retired	Balance April 30, 2011	Due Within One Year
Primary Government (continued)					
BUSINESS-TYPE ACTIVITIES (continued)					
Sewer Funds - Capital Assets					
Dairy loan	16,669	-	16,669	-	-
Construction loan	3,628,600	-	438,738	3,189,862	451,503
Servers	13,814	-	6,763	7,051	7,051
Generator	69,654	-	69,654	-	-
35 Computers	1,261	-	1,261	-	-
Total sewer funds - capital assets	3,729,998	-	533,085	3,196,913	458,554
Water/Sewer Funds - Compensated Absences	489,581	18,486	-	508,067	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 11,805,018	\$ 148,922	\$ 1,015,300	\$ 10,938,640	\$ 1,082,803
TOTAL PRIMARY GOVERNMENT LONG-TERM LIABILITIES	\$ 62,405,488	\$ 11,701,764	\$ 12,481,163	\$ 61,626,089	\$ 2,586,448
COMPONENT UNIT					
Bonds Payable 2009A	\$ 2,020,000	\$ -	\$ 55,000	\$ 1,965,000	\$ 85,000
Compensated absences	95,520	11,841	-	107,361	-
TOTAL COMPONENT UNIT	\$ 2,115,520	\$ 11,841	\$ 55,000	\$ 2,072,361	\$ 85,000

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt as of April 30, 2011 are as follows:

Fiscal Year Ending April 30,	Primary Government				Component Unit	
	Governmental Activities		Business-Type Activities		General	
	Obligation Bonds		Revenue Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,050,000	\$ 2,249,144	\$ 350,000	\$ 36,210	\$ 85,000	\$ 65,245
2013	1,695,000	2,143,854	360,000	25,185	85,000	63,864

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

Fiscal Year Ending April 30,	Primary Government				Component Unit	
	Governmental Activities		Business-Type Activities		General	
	General				Obligation Bonds	
	Obligation Bonds		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2014	1,745,000	2,089,942	375,000	13,125	85,000	61,985
2015	1,805,000	2,034,105	-	-	90,000	60,106
2016	1,860,000	1,973,594	-	-	90,000	57,621
2017	1,925,000	1,908,317	-	-	95,000	55,135
2018	2,015,000	1,830,492	-	-	100,000	52,140
2019	2,100,000	1,745,193	-	-	100,000	48,987
2020	2,180,000	1,650,619	-	-	105,000	45,835
2021	2,290,000	1,552,240	-	-	110,000	42,525
2022	2,385,000	1,446,260	-	-	110,000	38,450
2023	1,895,000	1,333,580	-	-	115,000	34,374
2024	2,005,000	1,234,070	-	-	120,000	30,113
2025	1,570,000	1,127,088	-	-	125,000	25,667
2026	1,620,000	1,032,178	-	-	130,000	20,914
2027	1,460,000	933,554	-	-	135,000	15,970
2028	1,270,000	847,474	-	-	140,000	10,837
2029	1,170,000	782,073	-	-	145,000	5,514
2030	1,220,000	730,886	-	-	-	-
2031	1,275,000	677,511	-	-	-	-
2032	1,345,000	608,980	-	-	-	-
2033	1,415,000	536,686	-	-	-	-
2034	1,490,000	458,861	-	-	-	-
2035	1,580,000	376,911	-	-	-	-
2036	1,650,000	297,911	-	-	-	-
2037	1,755,000	230,344	-	-	-	-
2038	1,875,000	158,477	-	-	-	-
2039	1,995,000	81,695	-	-	-	-
	<u>\$ 47,640,000</u>	<u>\$ 32,072,039</u>	<u>\$ 1,085,000</u>	<u>\$ 74,520</u>	<u>\$ 1,965,000</u>	<u>\$ 735,282</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

1. The City issued \$7,450,000 in general obligation bonds series 1997 A and B in a prior year. The bonds bear interest from 4.20% to 4.90% and are due on January 1 beginning in 2002 through 2009, with interest payable on a semi-annual basis. The proceeds are being used for various infrastructure and development projects within the City. These bonds were defeased in fiscal year 2002 by the issuance of additional bonds.

The City issued \$7,640,000 in general obligation bonds in September 2001, with interest rates from 2.70% to 5.05% and annual principal payments starting in January 2003 through year 2022. The entire proceeds of this issue were used to liquidate the bonds described above. This issue had a net present value loss of \$156,224.

During fiscal year 2011, the above bonds were defeased with the Series 2010 bond issue and the City has removed this liability from its accounts. The outstanding portion of the defeased bonds was \$5,020,000. From the 2010 bond issue, \$5,138,315 was transferred to an irrevocable trust to purchase U. S. government securities for future debt service on the refunded portion. In January 2011 these bonds were called and were paid off from the monies in the trust. This refunding resulted in a net present value loss of \$118,315. See Note 6A-8 for further details on the 2010 issue.

2. The City issued \$14,000,000 in general obligation bonds since 2002 in two equal subsections for the construction of a police station and various road improvements. In 2007 the City defeased the road improvement portion of these bonds. See Note 6A-5 below. These bonds were issued through the Illinois Development Finance Authority at rates from 3.2% to 5.25% due January 1, 2024.

During fiscal year 2011, the remaining portion of these bonds was defeased with the Series 2010 bond issue and the City has removed this liability from its accounts. The outstanding portion of the defeased bonds was \$5,170,000. From the 2010 bond issue, \$5,538,287 was transferred to an irrevocable trust to purchase U. S. government securities for future debt service on the refunded portion. The market value of these assets held in trust is \$5,412,749 at April 30, 2011. This refunding resulted in a net present value loss of \$368,287. See Note 6A-8 for further details on the 2010 issue.

3. The City issued various bonds during 2005 for some of its special service areas. All of the bonds have June and December 1 for interest payments and December 1 for principal redemption beginning in December 2005. They have the following interest rate ranges:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

3. (continued)

SSA 1	5.10 to 6.50%
SSA 2	5.00 to 6.50%
SSA 4	5.10 to 6.50%

The proceeds are to be used for various commercial ventures near a major interstate within the City.

Fiscal Year Ending April 30,	SSA 1		SSA 2		SSA 4	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 70,000	\$ 97,960	\$ 15,000	\$ 20,975	\$ 45,000	\$ 65,330
2013	75,000	94,390	20,000	20,225	50,000	63,035
2014	75,000	90,565	20,000	19,225	50,000	60,485
2015	80,000	86,740	20,000	18,225	55,000	57,935
2016	85,000	82,660	20,000	17,225	55,000	55,130
2017	90,000	78,325	20,000	15,925	60,000	52,325
2018	95,000	72,475	25,000	14,625	65,000	48,425
2019	100,000	66,300	25,000	13,000	70,000	44,200
2020	110,000	59,800	25,000	11,375	70,000	39,250
2021	115,000	52,650	30,000	9,750	75,000	35,100
2022	120,000	45,175	30,000	7,800	80,000	30,225
2023	130,000	37,375	30,000	5,850	85,000	25,025
2024	140,000	28,925	30,000	3,900	95,000	19,500
2025	150,000	19,825	30,000	1,950	100,000	13,725
2026	155,000	10,075	-	-	105,000	6,825
	<u>\$ 1,590,000</u>	<u>\$ 923,240</u>	<u>\$ 340,000</u>	<u>\$ 180,050</u>	<u>\$ 1,060,000</u>	<u>\$ 616,515</u>

4. The City issued various bonds in fiscal year 2007 for some of its special service areas. All of the bonds have June and December 1 for interest payments and December 1 for principal redemption. They have the following interest rate ranges:

SSA 5	8.00 to 10.00%
SSA 6	8.00 to 10.00%
SSA 7	8.00 to 10.00%

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

4. (continued)

The proceeds are to be used for various commercial ventures within the City.

Fiscal Year Ending April 30,	SSA 5		SSA 6		SSA 7	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 20,000	\$ 59,300	\$ 50,000	\$ 149,000	\$ 40,000	\$ 129,800
2013	20,000	57,700	50,000	145,000	40,000	126,600
2014	20,000	56,100	55,000	141,000	45,000	123,400
2015	25,000	54,500	60,000	136,600	45,000	119,800
2016	25,000	52,500	65,000	131,800	50,000	116,200
2017	25,000	50,500	70,000	126,600	55,000	112,200
2018	30,000	48,500	75,000	121,000	60,000	107,800
2019	35,000	45,500	85,000	113,500	65,000	103,000
2020	35,000	42,000	90,000	105,000	70,000	96,500
2021	40,000	38,500	100,000	96,000	80,000	89,500
2022	45,000	34,500	110,000	86,000	85,000	81,500
2023	50,000	30,000	120,000	75,000	95,000	73,000
2024	55,000	25,000	135,000	63,000	105,000	63,500
2025	60,000	19,500	150,000	49,500	115,000	53,000
2026	65,000	13,500	165,000	34,500	125,000	41,500
2027	70,000	7,000	180,000	18,000	140,000	29,000
2028	-	-	-	-	150,000	15,000
	<u>\$ 620,000</u>	<u>\$ 634,600</u>	<u>\$ 1,560,000</u>	<u>\$ 1,591,500</u>	<u>\$ 1,365,000</u>	<u>\$ 1,481,300</u>

5. The City issued \$20,100,000 in general obligation bonds Series 2006 to defease a portion of the 2002 bond issue for roads and construct a sports complex, convention center and other road improvements. The bonds have interest rates ranging from 4.25% to 5.00%. The following is the future debt service maturity schedule:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

5. (continued)

Fiscal Year Ending April 30,	Principal	Interest	Total
2012	\$ 225,000	\$ 226,813	\$ 451,813
2013	235,000	217,250	452,250
2014	245,000	207,262	452,262
2015	255,000	196,850	451,850
2016	265,000	186,012	451,012
2017	280,000	174,750	454,750
2018	295,000	160,750	455,750
2019	305,000	146,000	451,000
2020	320,000	130,750	450,750
2021	340,000	114,750	454,750
2022	355,000	97,750	452,750
2023	370,000	80,000	450,000
2024	390,000	61,500	451,500
2025	410,000	42,000	452,000
2026	430,000	21,500	451,500
	<u>\$ 4,720,000</u>	<u>\$ 2,063,937</u>	<u>\$ 6,783,937</u>

Included in this bond issue above was an advance refunding of \$5,375,000, which was a portion of the 2002 bond issue. The City used \$5,351,325 to deposit in an irrevocable trust to purchase U. S. government securities for future debt service on this refunded portion. As a result, that portion of the 2002 issue is considered defeased and the City has removed the liability from its accounts. The outstanding portion of the defeased bonds is \$3,046,850 and the market value of the assets held in trust at April 30, 2011 is \$1,984,082. In 2010 the City defeased a portion of the 2006 issue. See Note 6A-7 below. The debt service to maturity indicated above is for the remaining portion of the 2006 issue.

6. The City issued \$18,450,000 in general obligation refunding bonds Series 2009 to defease a portion of the 2006 bond issue and to finance additions to the City park. The bonds have interest rates ranging from 3.00% to 5.50%. The following is the future debt service maturity schedule:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

6. (continued)

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
2012	3.000%	\$ 355,000	\$ 828,808	\$ 1,183,808
2013	3.000%	365,000	818,158	1,183,158
2014	3.000%	375,000	807,208	1,182,208
2015	3.000%	390,000	795,958	1,185,958
2016	3.000%	400,000	784,258	1,184,258
2017	3.000%	410,000	772,258	1,182,258
2018	3.500%	425,000	758,933	1,183,933
2019	3.650%	440,000	744,058	1,184,058
2020	3.800%	455,000	727,998	1,182,998
2021	3.900%	475,000	710,707	1,185,707
2022	4.000%	490,000	692,182	1,182,182
2023	4.100%	510,000	672,582	1,182,582
2024	4.150%	530,000	651,672	1,181,672
2025	4.200%	555,000	629,677	1,184,677
2026	4.300%	575,000	606,367	1,181,367
2027	4.400%	1,070,000	581,642	1,651,642
2028	4.500%	1,120,000	534,562	1,654,562
2029	4.375%	1,170,000	484,162	1,654,162
2030	4.375%	1,220,000	432,975	1,652,975
2031	5.375%	1,275,000	379,600	1,654,600
2032	5.375%	1,345,000	311,069	1,656,069
2033	5.500%	1,415,000	238,775	1,653,775
2034	5.500%	1,490,000	160,950	1,650,950
2035	5.000%	1,580,000	79,000	1,659,000
		<u>\$ 18,435,000</u>	<u>\$ 14,203,559</u>	<u>\$ 32,638,559</u>

Included in this bond issue was an advance refunding of \$13,395,000, which was a portion of the 2006 issue. The City used \$15,511,735 to deposit in an irrevocable trust to purchase U. S. government securities for future debt service on this refunded portion. As a result, that portion of the 2006 issue is considered defeased and the City has removed the liability from its books. The outstanding portion of the defeased bonds is \$12,754,650 and the market value of the assets held in trust at April 30, 2011 is \$14,154,052.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

7. The City also issued \$9,295,000 in general obligation taxable bonds Series 2009A to finance an addition to the City library and additions to the City park. These were Build America Bonds and have interest rates ranging from 2.50% to 6.30%. Build America Bonds provide a federal subsidy through a refundable credit payable to the City by the U. S. Treasury in an amount equal to 35% of the total coupon interest payable. A portion of the debt is reflected in the governmental activities and the remaining in the component unit as shown separately on pages 48 and 49. The following is the future debt service maturity schedule:

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
2012	2.500%	\$ 85,000	\$ 363,157	\$ 448,157
2013	3.400%	85,000	361,775	446,775
2014	3.400%	85,000	359,897	444,897
2015	4.250%	90,000	358,018	448,018
2016	4.250%	90,000	355,532	445,532
2017	4.850%	95,000	353,046	448,046
2018	4.850%	100,000	350,051	450,051
2019	4.850%	100,000	346,899	446,899
2020	4.850%	105,000	343,746	448,746
2021	5.700%	110,000	340,436	450,436
2022	5.700%	110,000	336,361	446,361
2023	5.700%	115,000	332,285	447,285
2024	5.700%	120,000	328,024	448,024
2025	5.850%	125,000	323,578	448,578
2026	5.850%	130,000	318,825	448,825
2027	5.850%	135,000	313,882	448,882
2028	5.850%	140,000	308,749	448,749
2029	5.850%	145,000	303,425	448,425
2030	N/A	-	297,911	297,911
2031	N/A	-	297,911	297,911
2032	N/A	-	297,911	297,911
2033	N/A	-	297,911	297,911
2034	N/A	-	297,911	297,911
2035	N/A	-	297,911	297,911
2036	6.300%	1,650,000	297,911	1,947,911

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

7. (continued)

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
2037	6.300%	1,755,000	230,344	1,985,344
2038	6.300%	1,875,000	158,477	2,033,477
2039	6.300%	1,995,000	81,695	2,076,695
		<u>\$ 9,240,000</u>	<u>\$ 8,653,579</u>	<u>\$ 17,893,579</u>

8. The City issued \$10,675,000 in general obligation bonds Series 2010 during fiscal year 2011 to defease prior 2001 and 2002 issues. The bonds have interest rates ranging from 2.00% to 3.65%. The following is the future debt service to maturity schedule:

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
2012	2.000%	\$ 230,000	\$ 373,246	\$ 603,246
2013	2.000%	840,000	303,585	1,143,585
2014	2.000%	860,000	286,785	1,146,785
2015	2.250%	875,000	269,585	1,144,585
2016	2.500%	895,000	249,898	1,144,898
2017	3.000%	915,000	227,523	1,142,523
2018	3.000%	945,000	200,073	1,145,073
2019	3.250%	975,000	171,723	1,146,723
2020	3.250%	1,005,000	140,035	1,145,035
2021	3.300%	1,035,000	107,372	1,142,372
2022	3.400%	1,070,000	73,217	1,143,217
2023	3.500%	505,000	36,837	541,837
2024	3.650%	525,000	19,162	544,162
		<u>\$ 10,675,000</u>	<u>\$ 2,459,041</u>	<u>\$ 13,134,041</u>

9. During a prior fiscal year the City issued \$3,310,000 in alternate revenue source waterworks bonds for construction and installation of new encoder water meters. These bonds were

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements (continued)

Debt Service Requirements to Maturity (continued)

9. (continued)

issued through Bernardi Securities at rates from 1.25% to 3.50% and are due December 1, 2013. The following is the future debt service schedule to maturity:

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
2012	3.15%	\$ 350,000	\$ 36,210	\$ 386,210
2013	3.35%	360,000	25,185	385,185
2014	3.50%	375,000	13,125	388,125
		<u>\$ 1,085,000</u>	<u>\$ 74,520</u>	<u>\$ 1,159,520</u>

B. Loans and Notes Payable

Fiscal Year Ending April 30,	Governmental Activities		Business-Type Activities	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2012	\$ 474,798	\$ 65,316	\$ 491,587	\$ 109,603
2013	335,007	25,445	505,734	95,456
2014	335,868	17,863	520,289	80,901
2015	325,475	10,575	535,263	65,927
2016	76,645	4,613	550,667	50,523
2017	46,635	2,104	566,517	34,673
2018	-	-	322,478	18,366
2019	-	-	47,698	13,073
2020	-	-	48,898	11,873
2021	-	-	50,128	10,643
2022	-	-	51,389	9,382
2023	-	-	52,682	8,089
2024	-	-	54,007	6,764
2025	-	-	55,366	5,405
2026	-	-	56,758	4,012
2027	-	-	58,186	2,585
2028	-	-	79,321	1,121
	<u>1,594,428</u>	<u>\$ 125,916</u>	<u>4,046,968</u>	<u>\$ 528,396</u>

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Fiscal Year Ending April 30,	Governmental Activities		Business-Type Activities	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
Business-type activities principal portion of shared notes per debt service schedules to maturity below				
	(21,153)		21,153	
	<u>\$ 1,573,275</u>		<u>\$ 4,068,121</u>	**

** Excludes water tank note since no fixed repayment is currently in existence.

Governmental Activities

- During 2006 and 2007 the City borrowed \$750,000 for the purchase of a fire truck. Repayment consists of 120 payments of \$8,047 at an annual rate of 5.25%. The following is the future debt service to maturity:

Fiscal Year Ending April 30,	Principal	Interest	Total
2012	\$ 79,085	\$ 17,479	\$ 96,564
2013	83,338	13,225	96,563
2014	87,820	8,743	96,563
2015	92,543	4,020	96,563
2016	26,034	237	26,271
	<u>\$ 368,820</u>	<u>\$ 43,704</u>	<u>\$ 412,524</u>

- During 2008 the City borrowed \$122,486 for the purchase of six (6) police vehicles. Repayment consists of 36 monthly payments of \$3,657 at an annual interest rate of 4.74%. This note was paid off during fiscal year 2011.
- During 2008 the City borrowed \$21,695 for the purchase of 20 computers for the police and ambulance. Repayment consists of 36 monthly payments of \$708 at an annual interest rate of 10.82%. This note was paid off during fiscal year 2011.
- During 2008 the City borrowed \$39,781 for the purchase of 35 computers for the general, water and sewer funds. Repayment consists of 36 monthly payments of \$1,154 at an annual interest rate of 2.826%. This debt was shared between the general and proprietary funds and was paid off during fiscal year 2011.

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

5. During 2009 the City borrowed \$41,825 for the purchase of a tractor. Repayment consists of 36 monthly payments of \$1,244 at an annual interest rate of 4.5%, according to the following future debt service schedule:

Fiscal Year Ending April 30,	Principal	Interest	Total
<u>2012</u>	<u>\$ 14,571</u>	<u>\$ 360</u>	<u>\$ 14,931</u>

6. During 2009 the City borrowed \$67,547 for the purchase of 3 police cars. Repayment consists of 36 monthly payments of \$2,008 at an annual rate of 4.44%, according to the following future debt service schedule:

Fiscal Year Ending April 30,	Principal	Interest	Total
<u>2012</u>	<u>\$ 17,738</u>	<u>\$ 330</u>	<u>\$ 18,068</u>

7. During 2009 the City borrowed \$92,283 for the purchase of a computer server. Repayment consists of 4 annual payments of \$33,409 at an annual interest rate of 4.25%. This note is shared by the governmental and proprietary funds, according to the following future debt service schedule:

Fiscal Year Ending April 30,	Principal	Interest	Total
<u>2012</u>	<u>\$ 32,050</u>	<u>\$ 1,360</u>	<u>\$ 33,410</u>

8. During 2009 the City borrowed \$380,922 for a down payment on a rescue pumper fire vehicle. Additional equipment was added to the truck purchase agreement during fiscal year 2010 resulting in \$19,252 being added to the note. The note was finalized in fiscal year 2011 with the remaining \$34,756. Repayment consists of annual payments of \$54,987 at an annual interest rate of 4.50%, according to the following future debt service schedule:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

8. (continued)

Fiscal Year Ending April 30,	Principal	Interest	Total
2012	\$ 121,920	\$ 43,040	\$ 164,960
2013	44,322	10,665	54,987
2014	46,346	8,641	54,987
2015	48,432	6,555	54,987
2016	50,611	4,376	54,987
2017	46,635	2,104	48,739
	<u>\$ 358,266</u>	<u>\$ 75,381</u>	<u>\$ 433,647</u>

9. During 2010 the City borrowed \$22,483 for the purchase of a 2010 Ford Interceptor. Repayment consists of 36 monthly payments of \$673 at an annual interest rate of 4.95%, according to the following future debt service schedule:

Fiscal Year Ending April 30,	Principal	Interest	Total
2012	\$ 7,644	\$ 436	\$ 8,080
2013	4,637	77	4,714
	<u>\$ 12,281</u>	<u>\$ 513</u>	<u>\$ 12,794</u>

10. During 2011 the City borrowed \$22,537 for the purchase of a police car. Repayment consists of 36 monthly payments of \$670 at an annual interest rate of 4.95%, according to the following future debt service schedule:

Fiscal Year Ending April 30,	Principal	Interest	Total
2012	\$ 7,256	\$ 693	\$ 7,949
2013	7,541	495	8,036
2014	5,905	123	6,028
	<u>\$ 20,702</u>	<u>\$ 1,311</u>	<u>\$ 22,013</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

11. During 2011 the City borrowed \$32,000 for the purchase of a recorder system. Repayment consists of 36 monthly payments of \$971 at an annual interest rate of 5.75%, according to the following future debt service schedule:

Fiscal Year Ending April 30,	Principal	Interest	Total
2012	\$ 10,034	\$ 1,618	\$ 11,652
2013	10,669	983	11,652
2014	11,297	356	11,653
	<u>\$ 32,000</u>	<u>\$ 2,957</u>	<u>\$ 34,957</u>

12. During 2011 the City entered into a purchase agreement to purchase 84.6 acres of land near Venita Drive. The total purchase agreement was for \$2,538,000, with \$1,800,000 paid prior to April 30, 2011. The remaining future debt service is as follows:

Fiscal Year Ending April 30,	Principal
2012	\$ 184,500
2013	184,500
2014	184,500
2015	184,500
	<u>\$ 738,000</u>

Business-Type Activities

13. Dairy Loan

The City received a loan of \$500,000 from the State of Illinois Department of Commerce and Community Affairs, which applies to improvements for the Land-O-Sun Dairy. The repayment period is for a monthly payment of \$2,778 for principal only, with no interest charged through November 2010. The City is receiving payment from the Dairy to service the debt. This loan was paid off during fiscal year 2011.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Business-Type Activities (continued)

14. Construction Loan - Sewer

The City received loans totaling \$8,105,534 of which \$8,018,298 was drawn down from the Illinois Environmental Protection Agency for sewer plant improvements. The loan is disbursed to the City based on drawdowns of construction. The current interest rate is 2.89% and 2.865% and accrued interest of \$123,386 has been added to the improvements costs. Repayment began when the construction period was complete. The loan is currently due on August 1, 2017 at semi-annual payments of \$270,210 beginning August 1, 1998.

15. Construction Loan - Water

The City received loan proceeds from the Illinois Environmental Protection Agency for various water towers. During 2009, one loan was drawn down for \$939,994 with semi-annual repayments of \$30,385 starting May 1, 2009 with a due date of May 1, 2028. The loan has an annual interest rate of 2.5%. Additionally, the City has received drawdowns totaling \$5,255,014 for additional water towers and improvements. Since this loan is not finalized, no repayment terms are presented.

16. Recapture Agreement

The City entered into an agreement with a developer to reimburse them for a sewer main installed up to \$184,038, depending upon the services installed over a ten year period ending July 2006. Through 2008 the City has the balance reflected as a liability. Management elected to have the balance reclassified to contributed equity in 2009, since no repayments were made during any prior period and they expect none in the future.

The annual requirements to amortize the above debt outstanding (numbers 14 and 15) including interest as of April 30, 2011 are as follows:

Fiscal Year Ending April 30,	Sewer Construction Loan		Water Construction Loan	
	Principal	Interest	Principal	Interest
2012	\$ 451,503	\$ 88,916	\$ 40,084	\$ 20,687
2013	464,642	75,777	41,092	19,679
2014	478,163	62,256	42,126	18,645
2015	492,077	48,342	43,186	17,585
2016	506,395	34,024	44,272	16,499
2017	521,131	19,288	45,386	15,385
2018	275,951	4,123	46,527	14,243
2019	-	-	47,698	13,073

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Business-Type Activities (continued)

16. Recapture Agreement (continued)

Fiscal Year Ending April 30,	Sewer Construction Loan		Water Construction Loan	
	Principal	Interest	Principal	Interest
2020	-	-	48,898	11,873
2021	-	-	50,128	10,643
2022	-	-	51,389	9,382
2023	-	-	52,682	8,089
2024	-	-	54,007	6,764
2025	-	-	55,366	5,405
2026	-	-	56,758	4,012
2027	-	-	58,186	2,585
2028	-	-	79,321	1,121
	<u>\$ 3,189,862</u>	<u>\$ 332,726</u>	<u>\$ 857,106</u>	<u>\$ 195,670</u>

Note: Since the water tank loan in construction has no fixed repayment, this balance is not included with the water balances.

17. During 2008 the City borrowed \$200,070 for partial payment on a sewer generator. The repayment consists of 3 annual payments of \$72,789 at an annual interest rate of 4.50%. This note was paid off during fiscal year 2011.

The compensated absences listed below reflect the liabilities at April 30, 2011 and 2010:

	2011	2010
Governmental Activities	\$ 1,474,174	\$ 1,423,745
Business-Type Activities	508,067	489,581
Component Unit	107,361	95,520
Total	<u>\$ 2,089,602</u>	<u>\$ 2,008,846</u>

C. Legal Debt Margin

ASSESSED VALUATION - 2010 TAX LEVY	<u>\$ 656,365,349</u>
STATUTORY DEBT LIMITATIONS	
8.625% of assessed valuation	\$ 56,611,511

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 6: Long-Term Debt (continued)

C. Legal Debt Margin (continued)

Less indebtedness		
Municipal bonds outstanding (general obligation bonds)	\$ 47,640,000	
Purchase agreement - land	738,000	
Note payable - equipment	57,468	
Note payable - vehicles	777,807	49,213,275
		<hr/>
LEGAL DEBT MARGIN		\$ 7,398,236
		<hr/>

Note 7: Contributed Capital and Grants

The City has received certain infrastructure donations from developers in prior fiscal years for capital purposes within its governmental activities and proprietary funds. For 2011 the City received \$-0- in governmental assets and \$-0- in proprietary assets.

Note 8: Interfund Receivables and Payables

There are no interfund balances as of April 30, 2011.

Note 9: Tax Increment Financing Funds

During the fiscal year ended April 30, 1996 the City began the Illinois 158 Corridor TIF District or O'Fallon TIF District #1. The Tax Increment Financing (TIF) Fund was established to account for the transactions within this TIF District. The City has three projects which this redevelopment plan supports. Williamsburg Center is an office development that the City contracted with the developer to design, engineer, manage and finance construction of drives, sidewalks, sanitary sewer extensions and other improvements. Lakepointe Center is a development including retail, office and restaurant spaces and the City contracted with the developer to design, engineer and construct drives, sidewalks, storm water control facilities and other improvements. Terms of the above agreements provided the City would pay to the developer funds it was entitled to receive, which were derived from the development project area, over a period of ten years, up to a contractually limited amount. The City recently entered into an agreement with a developer to correct ongoing flooding issues on the RASP Farm property. Terms of the agreement are for the developer to receive \$1.3 million the TIF has already generated over its life plus additional amounts generated over the remaining TIF life of 7 years. The developer plans to create a business park and eventually donate drainage area and 15 acres of green space back to the City.

Note 10: Rebates

The City rebates sales taxes to local retailers based upon various agreements, summarized as follows:

	Total Rebate	Balance Owed April 30, 2011	Interest Rate	Expiration Date	Specific
Auto Dealer	\$ 250,000	\$ 204,933	N/A	July 2017	50% of collections over specific amount
Auto Dealer	300,000	-	N/A	September 2009	50% rebate above specific

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 10: Rebates (continued)

	Total Rebate	Balance Owed April 30, 2011	Interest Rate	Expiration Date	Specific
Auto Dealer	500,000	-	N/A	August 2012	50% of collections
Auto Dealer	927,751	-	N/A	May 2011	75% of collections
Auto Dealer	235,000	-	N/A	May 2011	50% of collections
Auto Dealer*	150,000	125,552	N/A	November 2016	50% of collections
Retailer	125,000	-	N/A	October 2017	75% rebate 1st year/50% thereafter
Auto Dealer**	350,000	350,000	N/A	January 2020	50% of collections
Auto Dealer**	350,000	350,000	N/A	January 2020	50% of collections
Hotel	N/A	N/A	N/A	February 2012/2028	Hotel-2% of receipts/Special business tax-1% of receipts
Hotel	N/A	N/A	N/A	December 2033	Special business tax-1% of hotel receipts and 1% of food and beverage receipts

* Remaining balance not expected to be collected due to closure of the dealer.

** New rebates during fiscal year 2010, but as of current there has been no activity on these accounts.

The balances owed are not presented in the accompanying General Fund because they are considered to be commitments and will not be a liability unless certain events occur in the future.

Note 11: Contingent Liabilities

The City is involved in various legal actions arising in the normal course of business. In the opinion of management and legal counsel, such matters will not have a material effect on the financial position of the City.

Note 12: Expenditures in Excess of Budget

The following funds had expenditures in excess of budgeted amounts:

	Actual Expenditures	Budgeted Expenditures
IMRF	\$ 357,289	\$ 345,700
Social Security	595,268	545,795
2002 Bond Issue Capital Projects	1,013,720	1,007,690

The City did not adopt a budget for the 2002 Bond Issue Debt Service Fund.

Note 13: Deficit Fund Balance

There were no funds with deficit fund balances as of April 30, 2011.

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 14: Leases

- A. The City, as lessor, entered into a long-term lease beginning January 1, 1993 with the O'Fallon Community Center, Inc. (lessee), a nonprofit corporation, to lease a building within the City park. The terms of the lease are for a \$1 per year fee. The lessee is responsible for all operating costs, except general insurance, which is provided by the City. Also, the City has responsibility for all building exterior maintenance and improvements.
- B. The City, as lessor, entered into an agreement in July 2001 with a long distance carrier to construct a communication tower. The initial term of the lease is ten years with the lessee having the right to extend the lease for two successive five-year terms. The current contract states the monthly rent to be \$2,040 through 2010. In 2010 the lease was amended to permit the carrier to add, modify and/or replace equipment in order to be in compliance with future federal, state or local mandates. Monthly rent was increased by \$500 per month.
- C. The City, as a lessor, entered into an agreement in March 2005 with a cell phone carrier to lease property for the purpose of constructing a communications structure. The initial term of the lease is ten years with the lessee having the right to extend the lease for two successive five-year terms. The monthly rent on this agreement is \$20,400 for the first year and shall be increased by 3% each year thereafter.

The above mentioned property is owned by a limited liability company with which the City entered into a separate agreement in June 2005 to acquire the property. The City must pay the limited liability company 40% of the gross receipts, or rent payments, received by the City from the lease mentioned above. Payment must be made to the limited liability company by January 30 of the year following the collection of the rent payments.

Note 15: Statistical Data

	April 30, 2011	April 30, 2010
Number of customers billed		
Water	17,538	17,319
Sewer	9,151	9,080

Note 16: Component Unit

The City recognizes the Library Special Revenue Fund along with the Library Construction Fund, Library Bond Issue Debt Service Fund and Ohlendorf Bequest Fund as a component unit. The summarized financial data of the fund financial statements is as follows as of April 30, 2011 and for the year then ended.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 16: Component Unit (continued)

	General Fund	Construction Fund	Debt Service Fund	Ohlendorf Bequest Fund	Total
ASSETS					
Cash and equivalents	\$ 1,350,314	\$ 41,123	\$ 16,626	\$ -	\$ 1,408,063
Investments	-	-	-	4,355,728	4,355,728
Prepaid expenses	11,558	-	-	-	11,558
Accrued interest	-	-	-	10,396	10,396
Accounts receivable	883	-	-	-	883
Due from other funds	-	-	-	3,945	3,945
Property tax receivable	984,548	-	-	-	984,548
	<u>2,347,303</u>	<u>41,123</u>	<u>16,626</u>	<u>4,370,069</u>	<u>6,775,121</u>
LIABILITIES					
Deferred revenue	984,548	-	-	-	984,548
Accounts payable	1,257	-	-	-	1,257
Due to other funds	-	-	3,945	-	3,945
Accrued wages	8,342	-	-	-	8,342
	<u>994,147</u>	<u>-</u>	<u>3,945</u>	<u>-</u>	<u>998,092</u>
EQUITY					
Fund balance - restricted	<u>\$ 1,353,156</u>	<u>\$ 41,123</u>	<u>\$ 12,681</u>	<u>\$ 4,370,069</u>	<u>\$ 5,777,029</u>
REVENUES					
Taxes	\$ 989,784	\$ -	\$ -	\$ -	\$ 989,784
Interest	1,005	7,834	-	452,670	461,509
Grant	30,107	-	-	-	30,107
Donations	-	-	-	99,382	99,382
Transfers	-	-	160,694	2,020,671	2,181,365
Other	65,858	-	55,664	-	121,522
	<u>1,086,754</u>	<u>7,834</u>	<u>216,358</u>	<u>2,572,723</u>	<u>3,883,669</u>
EXPENDITURES					
Library services	888,757	-	-	23,989	912,746
Debt service	-	-	216,358	-	216,358
Transfers	-	2,020,671	-	160,694	2,181,365
	<u>888,757</u>	<u>2,020,671</u>	<u>216,358</u>	<u>184,683</u>	<u>3,310,469</u>
Excess (deficiency) of revenues over expenditures	197,997	(2,012,837)	-	2,388,040	573,200
Fund balance, beginning of year	<u>1,155,159</u>	<u>2,053,960</u>	<u>12,681</u>	<u>1,982,029</u>	<u>5,203,829</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,353,156</u>	<u>\$ 41,123</u>	<u>\$ 12,681</u>	<u>\$ 4,370,069</u>	<u>\$ 5,777,029</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 17: Commitments

The City had the following contractual matters in progress at April 30, 2011:

Agreements

The City has entered into various special rebate agreements with various retail entities and developers. These agreements call for the City to reimburse the entity for various costs incurred for infrastructure and construction over a specific time period based on tax collections. See Note 10 for details.

Note 18: Risk Management

The City of O'Fallon is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City of O'Fallon purchases commercial insurance from third parties for all risks and thus retains no significant amounts of risk. No settlements have exceeded insurance coverage for the past three years. There have been no material changes in insurance coverage limits during the year ended April 30, 2011.

Note 19: Interfund Transfers

Interfund transfers for the year ended April 30, 2011 consisted of the following amounts:

	<u>Transfers From</u>	<u>Transfers To</u>
GOVERNMENTAL FUNDS		
<u>MAJOR FUNDS</u>		
General Fund		
1997 Bond Issue Debt Service	\$ -	\$ 613,672
2002 Bond Issue Capital Project	-	559,820
Convention Center	-	576,282
Capital Improvements Fund		
Ambulance	88,000	-
Sports Complex	7,268,352	-
Park Land	1,712,000	-
Ambulance Fund		
Capital Improvements	-	88,000
2002 Bond Issue Capital Project Fund		
General	559,820	-
Prop S Infrastructure	453,175	-
Park Sports Complex Fund		
Park	408,859	-
Capital Improvements	-	7,268,352
Hotel/Motel Fund	575,000	-
	<hr/>	<hr/>
Total Major Funds	11,065,206	9,106,126
	<hr/>	<hr/>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2011

Note 19: Interfund Transfers (continued)

	<u>Transfers From</u>	<u>Transfers To</u>
GOVERNMENTAL FUNDS (continued)		
<u>NONMAJOR FUNDS</u>		
Park Fund		
Park Sports Complex	-	408,859
Prop S Infrastructure Fund		
2002 Bond Issue Capital Project	-	453,175
Hotel/Motel Fund		
Park Sports Complex	-	575,000
1997 Bond Issue Debt Service Fund		
General	613,672	-
Convention Center Fund		
General	576,282	-
Park Land Fund		
Capital Improvements	-	1,712,000
	<u>1,189,954</u>	<u>3,149,034</u>
Total Nonmajor Funds		
	<u>1,189,954</u>	<u>3,149,034</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 12,255,160</u>	<u>\$ 12,255,160</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other fund in accordance with budgetary authorizations.

City of O'Fallon
St. Clair County, Illinois

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES				
Taxes				
Property taxes	\$ 238,710	\$ 239,261	\$ 1,027,345	\$ 1,023,272
Utility	1,230,600	892,159	-	-
Food and beverage	576,285	595,617	-	-
Intergovernmental receipts				
Replacement tax	190	143	-	-
State sales tax	6,447,885	6,760,571	-	-
State income tax	2,265,420	2,549,990	-	-
Road and bridge tax	210,310	249,420	-	-
Grants	25,000	123,601	-	-
MEGSI	30,000	51,763	-	-
Other	-	-	365,500	399,643
Licenses and permits	587,650	657,839	8,000	4,844
Subdivision fees	5,000	46,210	-	-
Police reports	9,700	8,740	-	-
Combined dispatch	100,000	71,773	-	-
Fines and fees	291,000	282,205	1,000	100
Service fees	-	-	-	-
Interest income	14,500	18,313	-	2
Phone and cable television fees	1,199,340	777,066	-	-
Rentals	8,460	10,000	-	-
Miscellaneous revenues and reimbursements	3,000	9,050	-	432
Cemetery revenue	22,950	32,650	-	-
Insurance refunds and claims	500	61	-	-
Sale of assets	5,000	10,048	-	-
Total revenues	13,271,500	13,386,480	1,401,845	1,428,293
EXPENDITURES				
Administration				
Personal services				
Salaries	77,000	58,194	-	-
Payroll taxes	200	346	-	-
Group insurance	18,100	40,408	-	-

(continued on next page)

SCHEDULE A

Ambulance Fund		
Original Budget	Final Budget	Actual
\$ 1,651,825	\$ 1,651,825	\$ 1,638,630
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
736,000	736,000	862,451
2,000	2,000	2,029
-	-	-
-	-	-
-	-	460
-	-	-
-	-	-
-	-	3,348
<u>2,389,825</u>	<u>2,389,825</u>	<u>2,506,918</u>

-	-	-
-	-	-
-	-	-

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

(continued)

Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Administration (continued)				
Contractual services				
Maintenance and repairs	-	1,449	-	-
Insurance	192,750	19,220	-	-
Utilities and telephone	7,000	6,069	-	-
Travel and training	17,500	11,881	-	-
Legal and accounting fees	20,000	9,750	-	-
Engineering and other professional fees	49,550	99,547	-	-
Other contractual services	37,500	40,069	-	-
Commodities				
Operating and maintenance supplies	3,000	1,283	-	-
Computer and office supplies	13,000	18,088	-	-
Miscellaneous	32,460	30,663	-	-
Tax rebates	77,500	36,054	-	-
Capital purchases	5,000	-	-	-
Debt service				
Principal retirement	8,800	3,392	-	-
Interest and fiscal charges	-	1,321	-	-
Police Department				
Personal services				
Salaries	4,092,085	4,051,967	-	-
Payroll taxes	7,500	12,794	-	-
Group insurance	771,550	768,343	-	-
Contractual services				
Maintenance and repairs	155,090	178,647	-	-
Insurance	262,165	208,165	-	-
Utilities and telephone	134,820	121,994	-	-
Travel and training	44,700	26,978	-	-
Legal and accounting fees	35,000	33,924	-	-
Engineering and other professional fees	166,800	119,797	-	-
Other contractual services	38,305	12,245	-	-
Commodities				
Operating and maintenance supplies	35,750	34,293	-	-
Gasoline and oil	80,000	106,065	-	-
Uniforms and food	58,800	57,754	-	-
Computer and office supplies	21,150	28,627	-	-
Miscellaneous	3,600	11,465	-	-
Capital purchases	-	70,444	-	-

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CERTIFIED PUBLIC ACCOUNTANTS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

(continued)

Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Police Department (continued)				
Debt service				
Principal retirement	61,900	43,026	-	-
Interest and fiscal charges	1,600	2,990	-	-
Street Department				
Personal services				
Salaries	830,000	783,393	-	-
Payroll taxes	1,000	2,766	-	-
Group insurance	181,800	181,948	-	-
Contractual services				
Maintenance and repairs	744,500	643,190	-	-
Insurance	130,000	115,021	-	-
Utilities and telephone	267,000	290,011	-	-
Travel and training	3,000	2,052	-	-
Legal and accounting fees	20,000	11,617	-	-
Engineering and other professional fees	161,000	163,386	-	-
Other contractual services	10,000	5,416	-	-
Commodities				
Operating and maintenance supplies	120,000	94,779	-	-
Gasoline and oil	40,000	36,110	-	-
Uniforms	6,000	957	-	-
Computer and office supplies	6,000	8,888	-	-
Miscellaneous	16,500	1,625	-	-
Capital purchases	32,000	23,013	-	-
Debt service				
Principal retirement	18,000	11,193	-	-
Interest and fiscal charges	-	821	-	-
Facilities				
Contractual services				
Maintenance and repairs	153,500	89,126	-	-
Utilities and telephone	50,800	41,094	-	-
Engineering and other professional fees	3,900	664	-	-
Other contractual services	200	-	-	-
Commodities				
Operating and maintenance supplies	4,900	6,556	-	-
Uniforms	300	-	-	-
Capital purchases	-	5,685	-	-

(continued on next page)

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

(continued)

Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Planning and Zoning Department				
Personal services				
Salaries	488,370	461,313	-	-
Payroll taxes	3,000	2,075	-	-
Group insurance	98,200	85,731	-	-
Contractual services				
Maintenance and repairs	4,500	2,432	-	-
Insurance	25,500	19,199	-	-
Telephone	7,000	5,910	-	-
Travel and training	12,000	12,375	-	-
Legal and accounting fees	29,500	21,551	-	-
Other professional fees	127,300	78,178	-	-
Abatements	5,000	3,651	-	-
Other contractual services	17,500	20,376	-	-
Commodities				
Operating and maintenance supplies	7,750	6,289	-	-
Gasoline and oil	5,500	6,506	-	-
Uniforms	2,000	1,388	-	-
Computer and office supplies	5,500	15,162	-	-
Miscellaneous	1,500	1,626	-	-
Capital purchases	-	-	-	-
Debt service				
Principal retirement	14,500	1,435	-	-
Interest and fiscal charges	-	560	-	-
Economic Development				
Personal services				
Salaries	63,295	67,478	-	-
Group insurance	4,035	5,334	-	-
Contractual services				
Travel and training	22,865	10,924	-	-
Legal fees	10,000	5,425	-	-
Other professional fees	33,475	53,533	-	-
Other contractual services	42,080	31,506	-	-
Commodities				
Computer and office supplies	600	6,166	-	-
Miscellaneous	500	1,587	-	-
Capital purchases	-	-	-	-
Development	50,000	42,140	-	-

(continued on next page)

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SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
(continued)

Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Economic Development (continued)				
Debt service				
Principal retirement	6,100	522	-	-
Interest and fiscal charges	-	203	-	-
Cemetery				
Personal services				
Salaries	38,560	39,306	-	-
Payroll taxes	250	346	-	-
Group insurance	8,000	9,529	-	-
Contractual services				
Maintenance and repairs	12,700	5,670	-	-
Insurance	3,000	2,881	-	-
Telephone and utilities	1,860	1,448	-	-
Training	250	-	-	-
Other professional fees	2,000	1,360	-	-
Other contractual services	600	35	-	-
Commodities				
Operating and maintenance supplies	5,450	4,699	-	-
Office supplies	150	78	-	-
Gasoline and oil	2,500	3,280	-	-
Uniforms	350	-	-	-
Miscellaneous	100	-	-	-
Capital purchases	-	-	-	-
Debt service				
Principal retirement	14,000	13,933	-	-
Interest and fiscal charges	1,000	998	-	-
Fire Department				
Personal services				
Salaries	-	-	168,570	180,624
Payroll taxes	-	-	300	346
Pension expense	-	-	46,660	23,648
Group insurance	-	-	24,560	22,679
Contractual services				
Maintenance and repairs	-	-	108,490	94,256
Insurance	-	-	61,015	77,338
Telephone and utilities	-	-	74,240	46,300
Travel and training	-	-	30,050	22,274
Other professional fees	-	-	92,125	69,457
Other contractual services	-	-	12,250	5,739
Fire run expenses and fees	-	-	121,600	97,766

(continued on next page)

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SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

(continued)

Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Fire Department (continued)				
Commodities				
Operating and maintenance supplies	-	-	80,500	37,644
Computer and office supplies	-	-	7,700	17,435
Gasoline and oil	-	-	28,500	23,803
Uniforms	-	-	69,500	29,160
Capital purchases	-	-	816,530	44,038
Debt service				
Principal retirement	-	-	118,550	113,989
Interest and fiscal charges	-	-	49,100	37,561
Ambulance				
Personal services				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Group insurance	-	-	-	-
Contractual services				
Maintenance and repairs	-	-	-	-
Insurance	-	-	-	-
Telephone and utilities	-	-	-	-
Travel and training	-	-	-	-
Legal and accounting fees	-	-	-	-
Other professional fees	-	-	-	-
Other contractual services	-	-	-	-
Commodities				
Operating and maintenance supplies	-	-	-	-
Computer and office supplies	-	-	-	-
Gasoline and oil	-	-	-	-
Uniforms	-	-	-	-
Capital purchases	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>10,508,915</u>	<u>9,840,701</u>	<u>1,910,240</u>	<u>944,057</u>
Excess (deficiency) of revenues over expenditures	<u>2,762,585</u>	<u>3,545,779</u>	<u>(508,395)</u>	<u>484,236</u>

(continued on next page)

SCHEDULE A
Page 6

Ambulance Fund		
Original Budget	Final Budget	Actual
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,048,000	1,048,000	960,145
3,000	3,000	3,112
227,870	227,870	175,194
98,100	98,100	92,085
83,015	83,015	63,087
72,000	72,000	61,220
21,620	21,620	16,572
25,000	25,000	11,872
164,325	164,325	164,508
4,000	4,000	5,337
75,000	75,000	52,548
8,500	8,500	7,423
24,000	24,000	34,332
14,000	14,000	12,550
511,795	511,795	55,183
9,600	9,600	3,373
-	-	364
2,389,825	2,389,825	1,718,905
-	-	788,013

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
(continued)
Year Ended April 30, 2011

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	20,000	34,537	-	34,876
Transfer from other funds	350,000	-	508,395	-
Transfer (to) other funds	(3,132,585)	(1,749,774)	-	-
Total other financing sources (uses)	(2,762,585)	(1,715,237)	508,395	34,876
Net change in fund balance	<u>\$ -</u>	1,830,542	<u>\$ -</u>	519,112
Fund balance, beginning of year		<u>8,794,820</u>		<u>759,420</u>
FUND BALANCE, END OF YEAR		<u>\$ 10,625,362</u>		<u>\$ 1,278,532</u>

SCHEDULE A
Page 7

Ambulance Fund		
Original Budget	Final Budget	Actual
-	-	20,000
-	88,000	-
-	(88,000)	(88,000)
-	-	(68,000)
\$ -	\$ -	720,013
		2,927,080
		<u>\$ 3,647,093</u>

City of O'Fallon
St. Clair County, Illinois

IMRF TREND INFORMATION

April 30, 2011

Illinois Municipal Retirement Fund (IMRF)
Schedule of Funding Progress

	(a)	(b)	(b-a)	(a)/(b)	(c)	((b-a)/(c))
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Unfunded as Percent of Payroll
12/31/10	\$ 9,260,501	\$ 12,242,687	\$ 2,982,186	75.64%	\$ 5,475,980	54.46%
12/31/09	8,953,931	11,411,798	2,457,867	78.46%	5,496,444	44.72%
12/31/08	8,449,699	10,965,426	2,515,727	77.06%	5,711,281	44.05%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$9,940,813. On a market basis, the funded ratio would be 81.20%.

SCHEDULE C

City of O'Fallon
St. Clair County, Illinois

POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION TREND INFORMATION

April 30, 2011

Schedule of Funding Progress

	(1)	(2)	(3)	(4)	(5)	UAAL As a Percentage of Covered Payroll (4) / (5)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Ratio (1) / (2)	Unfunded AAL (UAAL) (2) - (1)	Covered Payroll	
4/30/08	\$11,841,646	\$15,401,745	77%	\$ 3,560,099	\$2,651,879	134%
4/30/09	11,048,724	18,250,279	61%	7,201,555	2,875,841	250%
4/30/10	13,976,565	19,369,882	72%	5,393,317	2,911,109	185%

Employer Contributions

Actuarial Year	Employer Contributions
4/30/08	\$ 559,645
4/30/09	776,338
4/30/10	703,521

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
MAJOR CAPITAL PROJECTS FUNDS

Year Ended April 30, 2011

	Capital Improvements		
	Original Budget	Final Budget	Actual
REVENUES			
Interest income	\$ -	\$ -	\$ 219
Accrued interest on sale of bonds	-	-	-
Federal grants	-	-	-
State grants	-	-	-
Franchise fees	-	-	-
Annex fees	-	-	-
Build America bond rebates	-	-	-
Miscellaneous	-	-	-
Park extraction fees	-	-	-
Total revenues	-	-	219
EXPENDITURES			
Adminstration			
Capital purchases	300,000	300,000	3,043,119
Park department			
Other professional services	-	-	499,636
Miscellaneous	-	-	-
Capital purchases	9,600,000	11,400,000	6,645,190
Development			
Project costs	-	-	-
Capital purchases	-	-	-
Bond issuance costs	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	9,900,000	11,700,000	10,187,945
Excess (deficiency) of revenues over expenditures	(9,900,000)	(11,700,000)	(10,187,726)

(continued on next page)

STATEMENT 1

2002 Bond Issue		Park Sports Complex	
Final Budget	Actual	Final Budget	Actual
\$ 1,000	\$ -	\$ 7,000	\$ 37,951
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	253,990	250,356
-	-	-	-
-	-	-	-
1,000	-	260,990	288,307
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
344,690	344,690	99,405	99,405
663,000	669,030	1,381,475	884,719
1,007,690	1,013,720	1,480,880	984,124
(1,006,690)	(1,013,720)	(1,219,890)	(695,817)

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
MAJOR CAPITAL PROJECTS FUNDS

(continued)

Year Ended April 30, 2011

	Capital Improvements		
	Original Budget	Final Budget	Actual
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	9,900,000	11,700,000	9,068,352
Transfer (to) other funds	-	-	-
Note proceeds	-	-	738,000
Total other financing sources (uses)	9,900,000	11,700,000	9,806,352
Net change in fund balance	\$ -	\$ -	(381,374)
Fund balance, beginning of year			987,090
FUND BALANCE, END OF YEAR			\$ 605,716

STATEMENT 1

Page 2

2002 Bond Issue		Park Sports Complex	
Final Budget	Actual	Final Budget	Actual
1,006,690	1,012,995	10,819,890	983,859
-	-	(9,600,000)	(7,268,352)
-	-	-	-
1,006,690	1,012,995	1,219,890	(6,284,493)
\$ -	(725)	\$ -	(6,980,310)
	426,939		9,713,396
	<u>\$ 426,214</u>		<u>\$ 2,733,086</u>

City of O'Fallon
St Clair County, Illinois

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
MAJOR DEBT SERVICE FUNDS

Year Ended April 30, 2011

	2002 Bond Issue	
	Final Budget	Actual
REVENUES		
Accrued interest on sale of bonds	\$ -	\$ 3,424
Interest income	-	7
Total revenues	-	3,431
EXPENDITURES		
Debt Service		
Bond issuance costs	-	140,310
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	-	140,310
Excess (deficiency) of revenues over expenditures	-	(136,879)
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of bonds	-	10,675,000
Payment to refunded bond escrow agent	-	(10,676,602)
Premium on issuance of bonds	-	148,473
Total other financing sources (uses)	-	146,871
Net change in fund balance	\$ -	9,992
Fund balance, beginning of year		277,200
FUND BALANCE, END OF YEAR		\$ 287,192

		Special Revenue Funds				
		Park Fund	Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund
ASSETS						
ASSETS						
Cash	\$ 1,157,030	\$ 70,033	\$ 392,916	\$ 4,031,256	\$ 65,510	
Investments	-	456,858	-	-	-	-
Prepaid expenses	12,432	-	-	-	-	-
Receivables, less allowance for uncollectible amounts						
Property taxes	590,729	-	360,345	-	568,412	
Other governmental entities	-	-	-	60,722	2,760	
Other	-	-	546	-	-	-
Accrued interest	-	312	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,760,191</u>	<u>\$ 527,203</u>	<u>\$ 753,807</u>	<u>\$ 4,091,978</u>	<u>\$ 636,682</u>	
LIABILITIES AND MUNICIPAL EQUITY						
LIABILITIES						
Accrued payroll	\$ 14,394	\$ -	\$ -	\$ -	\$ -	
Accounts payable	45,532	-	-	8,071	-	
Deferred revenue	128,656	-	-	-	-	
Deferred taxes	590,729	-	360,345	-	568,412	
Due to other funds	-	-	-	-	-	
Total liabilities	<u>779,311</u>	<u>-</u>	<u>360,345</u>	<u>8,071</u>	<u>568,412</u>	
MUNICIPAL EQUITY						
Fund balance						
Reserved for						
Prepaid expenses	12,432	-	-	-	-	
Unreserved						
Undesignated	<u>968,448</u>	<u>527,203</u>	<u>393,462</u>	<u>4,083,907</u>	<u>68,270</u>	
Total municipal equity	<u>980,880</u>	<u>527,203</u>	<u>393,462</u>	<u>4,083,907</u>	<u>68,270</u>	
TOTAL LIABILITIES AND MUNICIPAL EQUITY	<u>\$ 1,760,191</u>	<u>\$ 527,203</u>	<u>\$ 753,807</u>	<u>\$ 4,091,978</u>	<u>\$ 636,682</u>	

City of O'Fallon
St. Clair County, Illinois

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2011

Special Service Funds	Tax Increment Financing	Hotel/ Motel Fund	Capital Projects		Prop S Infrastructure	1997 Bond Issue
			Convention Center	Park Land Fund		
\$ 161,882	\$ 1,716,573	\$ 796,425	\$ 1,375,821	\$ 786,596	\$ 1,978,150	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,213	-	-	-	-	-	-
-	-	-	-	-	117,445	-
-	-	89,151	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 177,095</u>	<u>\$ 1,716,573</u>	<u>\$ 885,576</u>	<u>\$ 1,375,821</u>	<u>\$ 786,596</u>	<u>\$ 2,095,595</u>	<u>\$ -</u>
\$ -	\$ -	\$ 566	\$ -	\$ -	\$ -	\$ -
1,944	-	10,139	-	-	25,485	-
-	-	-	-	-	-	-
15,213	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,157</u>	<u>-</u>	<u>10,705</u>	<u>-</u>	<u>-</u>	<u>25,485</u>	<u>-</u>
-	-	-	-	-	-	-
159,938	1,716,573	874,871	1,375,821	786,596	2,070,110	-
159,938	1,716,573	874,871	1,375,821	786,596	2,070,110	-
<u>\$ 177,095</u>	<u>\$ 1,716,573</u>	<u>\$ 885,576</u>	<u>\$ 1,375,821</u>	<u>\$ 786,596</u>	<u>\$ 2,095,595</u>	<u>\$ -</u>

STATEMENT 3

Debt Service				
Special Service Areas	Subaru	Newbold	Harley Davidson	Totals
\$ 512,918	\$ 82,139	\$ 366,931	\$ 314,137	\$ 13,808,317
-	-	-	-	456,858
-	-	-	-	12,432
-	-	-	-	1,534,699
-	-	-	-	180,927
-	-	-	-	89,697
-	-	-	-	312
-	-	-	-	-
<u>\$ 512,918</u>	<u>\$ 82,139</u>	<u>\$ 366,931</u>	<u>\$ 314,137</u>	<u>\$ 16,083,242</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,960
-	-	-	-	91,171
-	-	-	-	128,656
-	-	-	-	1,534,699
-	-	-	-	-
-	-	-	-	1,769,486
-	-	-	-	12,432
<u>512,918</u>	<u>82,139</u>	<u>366,931</u>	<u>314,137</u>	<u>14,301,324</u>
<u>512,918</u>	<u>82,139</u>	<u>366,931</u>	<u>314,137</u>	<u>14,313,756</u>
<u>\$ 512,918</u>	<u>\$ 82,139</u>	<u>\$ 366,931</u>	<u>\$ 314,137</u>	<u>\$ 16,083,242</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue Funds				
	Park Fund	Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund
REVENUES					
Property taxes	\$ 589,973	\$ -	\$ 355,293	\$ -	\$ 550,955
Utility tax	536,947	-	-	-	-
Intergovernmental receipts					
Sales tax	7,455	-	-	-	-
Replacement taxes	-	-	4,083	-	20,329
Grants	227,500	-	-	46,954	-
Motor fuel taxes	-	-	-	902,544	-
Reimbursements from other	-	-	-	106,789	-
Administrative fees and rentals	145,832	10,610	-	-	-
Service fees	-	-	-	-	-
Room tax	-	-	-	-	-
Investment income	1,517	51,367	432	5,002	-
Phone and cable television fees	543,066	-	-	-	-
Donations	6,960	-	-	-	-
Annex fees	-	-	-	-	-
Park extraction fees	-	-	-	-	-
Subdivision fees	-	-	-	-	-
Miscellaneous income	6,862	-	-	-	-
Sale of assets	4,232	-	-	-	-
Concession income	100,822	-	-	-	-
Recreation program fees	702,549	-	-	-	-
Total revenues	<u>2,873,715</u>	<u>61,977</u>	<u>359,808</u>	<u>1,061,289</u>	<u>571,284</u>
EXPENDITURES					
General government	-	3,002	357,289	-	595,268
Public safety	-	-	-	-	-
Fire department	-	-	-	-	-
Highways and streets	-	-	-	652,199	-
Development	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	1,967,539	-	-	-	-
Tax Increment Financing	-	-	-	-	-
Tourism	-	-	-	-	-
Capital expenditures	115,160	-	-	25,400	-
Debt service					
Bond issuance costs	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,082,699</u>	<u>3,002</u>	<u>357,289</u>	<u>677,599</u>	<u>595,268</u>
Excess (deficiency) of revenues over expenditures	<u>791,016</u>	<u>58,975</u>	<u>2,519</u>	<u>383,690</u>	<u>(23,984)</u>

City of O'Fallon
St. Clair County, Illinois

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

Year Ended April 30, 2011

Special Service Fund	Tax Increment Financing	Hotel/ Motel Fund	Capital Projects		Prop S Infrastructure	1997 Bond Issue
			Convention Center	Park Land Fund		
\$ 15,189	\$ 343,028	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,606,135	-
-	-	-	-	-	-	-
-	-	-	-	-	89,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	650,782	-	-	-	-
-	135	3,412	10,835	4,039	1,608	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	200,250	-	-
-	-	-	-	211,677	-	-
-	-	-	-	12,500	-	-
-	-	-	-	390	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,189	343,163	654,194	10,835	428,856	1,696,743	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,674	-	-	-	-	249,866	-
-	3,351	151,664	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,987	-	-	-	-	-
-	-	51,102	-	-	-	-
-	-	-	-	-	44,730	-
-	-	-	-	-	-	-
-	-	-	75,905	-	-	345,000
-	-	-	500,602	-	-	134,773
4,674	26,338	202,766	576,507	-	294,596	479,773
10,515	316,825	451,428	(565,672)	428,856	1,402,147	(479,773)

(continued on next page)

STATEMENT 4

Debt Service				
Special Service Areas	Subaru	Newbold	Harley Davidson	Totals
\$ 314,447	\$ 74,900	\$ 195,801	\$ 166,200	\$ 2,605,786
-	-	-	-	536,947
-	-	-	-	1,613,590
-	-	-	-	24,412
-	-	-	-	363,454
-	-	-	-	902,544
-	-	-	-	106,789
-	-	-	-	156,442
-	-	-	-	-
-	-	-	-	650,782
1,269	115	795	823	81,349
-	-	-	-	543,066
-	-	-	-	6,960
-	-	-	-	200,250
-	-	-	-	211,677
-	-	-	-	12,500
-	-	-	-	7,252
-	-	-	-	4,232
-	-	-	-	100,822
-	-	-	-	702,549
315,716	75,015	196,596	167,023	8,831,403
-	-	-	-	955,559
-	-	-	-	-
-	-	-	-	-
-	-	-	-	906,739
-	-	-	-	155,015
-	-	-	-	-
-	-	-	-	1,967,539
-	-	-	-	22,987
-	-	-	-	51,102
-	-	-	-	185,290
-	-	-	-	-
125,000	15,000	45,000	35,000	640,905
191,945	60,940	153,040	132,990	1,174,290
316,945	75,940	198,040	167,990	6,059,426
(1,229)	(925)	(1,444)	(967)	2,771,977

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
(continued)

	Special Revenue Funds				
	Park Fund	Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	-	-	-	-	-
Transfer (to) other funds	(408,859)	-	-	-	-
Total other financing sources (uses)	(408,859)	-	-	-	-
Net change in fund balance	382,157	58,975	2,519	383,690	(23,984)
Fund balance (deficit), beginning of year	598,723	468,228	390,943	3,700,217	92,254
FUND BALANCE, END OF YEAR	<u>\$ 980,880</u>	<u>\$ 527,203</u>	<u>\$ 393,462</u>	<u>\$ 4,083,907</u>	<u>\$ 68,270</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
(continued)
Year Ended April 30, 2011

Special Service Fund	Tax Increment Financing	Hotel/ Motel Fund	Capital Projects		Prop S Infrastructure	1997 Bond Issue
			Convention Center	Park Land Fund		
-	-	-	576,281	-	-	613,673
-	-	(575,000)	-	(1,712,000)	(453,175)	-
-	-	(575,000)	576,281	(1,712,000)	(453,175)	613,673
10,515	316,825	(123,572)	10,609	(1,283,144)	948,972	133,900
149,423	1,399,748	998,443	1,365,212	2,069,740	1,121,138	(133,900)
<u>\$ 159,938</u>	<u>\$ 1,716,573</u>	<u>\$ 874,871</u>	<u>\$ 1,375,821</u>	<u>\$ 786,596</u>	<u>\$ 2,070,110</u>	<u>\$ -</u>

STATEMENT 4

Page 2

Debt Service				
Special Service Areas	Subaru	Newbold	Harley Davidson	Totals
-	-	-	-	1,189,954
-	-	-	-	(3,149,034)
-	-	-	-	(1,959,080)
(1,229)	(925)	(1,444)	(967)	812,897
514,147	83,064	368,375	315,104	13,500,859
<u>\$ 512,918</u>	<u>\$ 82,139</u>	<u>\$ 366,931</u>	<u>\$ 314,137</u>	<u>\$ 14,313,756</u>

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

	Park Fund		Cemetery Fund	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Property taxes	\$ 616,450	\$ 589,973	\$ -	\$ -
Utility tax	1,326,990	1,080,013	-	-
Intergovernmental receipts				
Sales tax	5,000	7,455	-	-
Replacement taxes	-	-	-	-
Grant revenues	25,000	227,500	-	-
Motor fuel taxes	-	-	-	-
Reimbursements from other	-	-	-	-
Administrative fees and rentals	137,450	145,832	8,000	10,610
Service fees	-	-	-	-
Room tax	-	-	-	-
Investment income	1,525	1,517	-	51,367
Phone and cable television fees	-	-	-	-
Donations	1,500	6,960	-	-
Insurance claims	-	-	-	-
Miscellaneous income	1,000	6,862	-	-
Sale of assets	-	4,232	-	-
Concessions	111,750	100,822	-	-
Recreation program fees	637,750	702,549	-	-
Total revenues	2,864,415	2,873,715	8,000	61,977
EXPENDITURES				
Personal services				
Salaries	891,340	835,047	-	-
Payroll taxes	1,375	2,075	-	-
Group insurance	106,150	95,761	-	-
IMRF expense	-	-	-	-
Contractual services				
Maintenance and repairs	165,000	144,103	-	-
Insurance	28,300	47,893	-	-
Utilities and telephone	107,660	89,004	-	-
Travel and training	10,150	7,894	-	-
Legal and accounting fees	11,000	4,641	-	-
Engineering and other professional fees	112,080	133,717	8,000	3,002
Other contractual services	10,350	13,959	-	-
Fire run expenses and fees	-	-	-	-
Commodities				
Operating and maintenance supplies	70,200	50,346	-	-
Gasoline and oil	23,000	23,469	-	-
Uniforms and food	51,650	61,707	-	-
Computer and office supplies	6,250	9,215	-	-

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

Year Ended April 30, 2011

IMRF Fund		Motor Fuel Tax Fund		Social Security Fund		Special Service Funds	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ 342,450	\$ 355,293	\$ -	\$ -	\$ 530,795	\$ 550,955	\$ 15,200	\$ 15,189
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,000	4,083	-	-	15,000	20,329	-	-
-	-	-	46,954	-	-	-	-
-	-	700,000	902,544	-	-	-	-
-	-	-	106,789	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
250	432	2,000	5,002	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
345,700	359,808	702,000	1,061,289	545,795	571,284	15,200	15,189
-	-	-	-	-	-	-	-
-	-	-	-	545,795	595,268	-	-
-	-	-	-	-	-	-	-
345,700	357,289	-	-	-	-	-	-
-	-	1,524,890	279,574	-	-	5,400	4,674
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,500	-
-	-	320,000	372,625	-	-	7,300	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

(continued on next page)

STATEMENT 5

Tax Increment Financing		Hotel/Motel Fund	
Final Budget	Actual	Final Budget	Actual
\$ 350,000	\$ 343,028	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	575,000	650,782
100	135	500	3,412
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
350,100	343,163	575,500	654,194
-	-	33,200	32,920
-	-	-	-
-	-	2,775	2,327
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,000	-	-	-
44,000	22,987	22,600	15,855
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
(continued)

	Park Fund		Cemetery Fund	
	Final Budget	Actual	Final Budget	Actual
EXPENDITURES (continued)				
Recreation programs	451,750	444,100	-	-
Development projects	-	-	-	-
Miscellaneous	6,850	4,608	-	-
Capital purchases	158,000	115,160	-	-
Debt service				
Principal retirement	8,420	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	2,219,525	2,082,699	8,000	3,002
Excess (deficiency) of revenues over expenditures	644,890	791,016	-	58,975
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	-	-	-
Transfer (to) other funds	(644,890)	(408,859)	-	-
Total other financing sources (uses)	(644,890)	(408,859)	-	-
Net change in fund balance	\$ -	382,157	\$ -	58,975
Fund balance, beginning of year		598,723		468,228
FUND BALANCE, END OF YEAR		\$ 980,880		\$ 527,203

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
(continued)
Year Ended April 30, 2011

IMRF Fund		Motor Fuel Tax Fund		Social Security Fund		Special Service Funds	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	190,000	25,400	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
345,700	357,289	2,044,890	677,599	545,795	595,268	15,200	4,674
-	2,519	(1,342,890)	383,690	-	(23,984)	-	10,515
-	-	1,342,890	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,342,890	-	-	-	-	-
<u>\$ -</u>	2,519	<u>\$ -</u>	383,690	<u>\$ -</u>	(23,984)	<u>\$ -</u>	10,515
	<u>390,943</u>		<u>3,700,217</u>		<u>92,254</u>		<u>149,423</u>
	<u>\$ 393,462</u>		<u>\$ 4,083,907</u>		<u>\$ 68,270</u>		<u>\$ 159,938</u>

STATEMENT 5
Page 2

Tax Increment Financing		Hotel/Motel Fund	
Final Budget	Actual	Final Budget	Actual
-	-	-	-
304,100	3,351	145,500	151,664
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
350,100	26,338	204,075	202,766
-	316,825	371,425	451,428
-	-	203,575	-
-	-	(575,000)	(575,000)
-	-	(371,425)	(575,000)
\$ -	316,825	\$ -	(123,572)
	1,399,748		998,443
	<u>\$ 1,716,573</u>		<u>\$ 874,871</u>

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS

Year Ended April 30, 2011

	Convention Center		Park Land Fund		
	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Annex fees	-	-	125,000	125,000	200,250
Park extraction fees	-	-	15,000	15,000	211,677
Subdivision fees	-	-	5,000	5,000	12,500
Interest income	500	10,835	2,100	2,100	4,039
Accrued interest on sale of bonds	-	-	-	-	-
Miscellaneous income	-	-	-	-	390
Total revenues	500	10,835	147,100	147,100	428,856
EXPENDITURES					
Administration					
Capital purchases	-	-	-	-	-
Police department					
Maintenance and repairs	-	-	-	-	-
Other professional services	-	-	-	-	-
Street department					
Capital purchases	-	-	-	-	-
Park department					
Maintenance and repairs	-	-	-	-	-
Other professional services	-	-	-	-	-
Capital purchases	-	-	-	-	-
Water department					
Other professional services	-	-	-	-	-
Development projects					
Capital purchases	-	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	-
Principal retirement	75,905	75,905	-	-	-
Interest and fiscal charges	500,880	500,602	-	-	-
Total expenditures	576,785	576,507	-	-	-
Excess (deficiency) of revenues over expenditures	(576,285)	(565,672)	147,100	147,100	428,856

(continued on next page)

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS
(continued)
Year Ended April 30, 2011

	Convention Center		Park Land Fund		
	Final Budget	Actual	Original Budget	Final Budget	Actual
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-
Transfer from other funds	576,285	576,281	350,000	2,062,000	-
Transfer (to) other funds	-	-	(497,100)	(2,209,100)	(1,712,000)
Total other financing sources (uses)	<u>576,285</u>	<u>576,281</u>	<u>(147,100)</u>	<u>(147,100)</u>	<u>(1,712,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>10,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,283,144)</u>
Fund balance, beginning of year		<u>1,365,212</u>			<u>2,069,740</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,375,821</u>			<u>\$ 786,596</u>

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR DEBT SERVICE FUNDS

	Prop S Infrastructure	
	Final Budget	Actual
REVENUES		
Property tax	\$ -	\$ -
Sales tax	1,600,000	1,606,135
Interest income	1,000	1,608
Grant income	-	89,000
Miscellaneous income	-	-
Total revenues	1,601,000	1,696,743
EXPENDITURES		
Street department		
Maintenance and repairs	878,720	169,703
Engineering and other professional services	269,105	80,163
Capital purchases	-	44,730
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	1,147,825	294,596
Excess (deficiency) of revenues over expenditures	453,175	1,402,147
OTHER FINANCING SOURCES (USES)		
Transfer (to) other funds	(453,175)	(453,175)
Transfer from other funds	-	-
Total other financing sources (uses)	(453,175)	(453,175)
Net change in fund balance	\$ -	948,972
Fund balance (deficit), beginning of year		1,121,138
FUND BALANCE, END OF YEAR		\$ 2,070,110

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR DEBT SERVICE FUNDS

Year Ended April 30, 2011

1997 Bond Issue		Special Service Areas		Subaru	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ 315,625	\$ 314,447	\$ -	\$ 74,900
-	-	-	-	-	-
-	-	1,500	1,269	100	115
-	-	-	-	-	-
-	-	-	-	-	-
-	-	317,125	315,716	100	75,015
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
345,000	345,000	125,000	125,000	15,000	15,000
254,400	134,773	192,125	191,945	61,000	60,940
599,400	479,773	317,125	316,945	76,000	75,940
(599,400)	(479,773)	-	(1,229)	(75,900)	(925)
-	-	-	-	-	-
599,400	613,673	-	-	75,900	-
599,400	613,673	-	-	75,900	-
\$ -	133,900	\$ -	(1,229)	\$ -	(925)
	(133,900)		514,147		83,064
	\$ -		\$ 512,918		\$ 82,139

STATEMENT 7

Newbold		Harley Davidson	
Final Budget	Actual	Final Budget	Actual
\$ 197,600	\$ 195,801	\$ 167,600	\$ 166,200
-	-	-	-
500	795	500	823
-	-	-	-
-	-	-	-
198,100	196,596	168,100	167,023
-	-	-	-
-	-	-	-
-	-	-	-
45,000	45,000	35,000	35,000
153,100	153,040	133,100	132,990
198,100	198,040	168,100	167,990
-	(1,444)	-	(967)
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	(1,444)	\$ -	(967)
	368,375		315,104
	\$ 366,931		\$ 314,137

City of O'Fallon
St. Clair County, Illinois

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC
OPPORTUNITY GRANT #10-410012

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET VERSUS ACTUAL

Year Ended April 30, 2011

	Budget	Actual	Match
Grant revenue from DCEO	<u>\$ 178,371</u>	<u>\$ 137,942</u>	<u>\$ -</u>
Expenditures			
Custom equipment/materials	<u>178,371</u>	<u>137,942</u>	<u>-</u>
Total expenditures	<u>\$ 178,371</u>	<u>\$ 137,942</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATEMENT 9

City of O'Fallon
St. Clair County, Illinois

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC
OPPORTUNITY GRANT #10-203879

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET VERSUS ACTUAL

Year Ended April 30, 2011

	Budget	Actual	Match
Grant revenue from DCEO	<u>\$ 89,000</u>	<u>\$ 89,000</u>	<u>\$ -</u>
Expenditures			
Design/Engineering	8,000	-	-
Equipment/material/labor	75,000	-	-
Contingency	<u>6,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 89,000</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 89,000</u>	<u>\$ -</u>

City of O'Fallon
St. Clair County, Illinois

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC
OPPORTUNITY GRANT #10-203791

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET VERSUS ACTUAL

Year Ended April 30, 2011

	Budget	Actual	Match
Grant revenue from DCEO	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Expenditures			
Equipment/material/labor	195,000	-	-
Contingency	<u>5,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>

STATEMENT 11

City of O'Fallon
St. Clair County, Illinois

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC
OPPORTUNITY GRANT #10-203251

STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET VERSUS ACTUAL

Year Ended April 30, 2011

	Budget	Actual	Match
Grant revenue from DCEO	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Design/Engineering	32,000	-	-
Equipment/material/labor	316,000	-	-
Construction management	32,000	-	-
Contingency	<u>20,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY

FUNCTION/ACTIVITY	<u>Total</u>	<u>Land</u>	<u>Construction in Progress</u>
General administration			
Administration	\$ 33,321,884	\$ 22,402,344	\$ -
Building	64,880	-	-
Planning and zoning	39,952	-	-
	<u>33,426,716</u>	<u>22,402,344</u>	<u>-</u>
Recreational and education			
Park	<u>24,706,216</u>	<u>5,778,749</u>	<u>16,225,828</u>
Public safety			
Police	9,161,510	398,136	-
Fire	3,087,901	-	-
Ambulance	<u>1,178,256</u>	<u>-</u>	<u>-</u>
	<u>13,427,667</u>	<u>398,136</u>	<u>-</u>
Highway and street			
Street	<u>115,022,804</u>	<u>833,654</u>	<u>-</u>
GOVERNMENTAL CAPITAL ASSETS	<u>\$ 186,583,403</u>	<u>\$ 29,412,883</u>	<u>\$ 16,225,828</u>

City of O'Fallon
St. Clair County, Illinois

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY

As of April 30, 2011

<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Infrastructure/ Improvements</u>
\$ 144,378	\$ 10,030,109	\$ 745,053	\$ -	\$ -
-	59,195	5,685	-	-
-	-	-	39,952	-
<u>144,378</u>	<u>10,089,304</u>	<u>750,738</u>	<u>39,952</u>	<u>-</u>
<u>1,071,912</u>	<u>825,738</u>	<u>639,421</u>	<u>164,568</u>	<u>-</u>
-	6,951,453	916,639	895,282	-
28,181	377,527	834,675	1,847,518	-
-	50,123	558,638	569,495	-
<u>28,181</u>	<u>7,379,103</u>	<u>2,309,952</u>	<u>3,312,295</u>	<u>-</u>
<u>238,305</u>	<u>420,240</u>	<u>1,288,517</u>	<u>741,588</u>	<u>111,500,500</u>
<u>\$ 1,482,776</u>	<u>\$ 18,714,385</u>	<u>\$ 4,988,628</u>	<u>\$ 4,258,403</u>	<u>\$ 111,500,500</u>

SCHEDULE 2

City of O'Fallon
St. Clair County, Illinois

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY

Year Ended April 30, 2011

FUNCTION/ACTIVITY	Governmental Capital Assets 5/1/10	Additions	Deletions	Governmental Capital Assets 4/30/11
General administration				
Administration	\$ 30,253,365	\$ 3,043,119	\$ -	\$ 33,296,484
Building	59,195	5,685	-	64,880
Planning and zoning	39,952	-	-	39,952
Total general administration	30,352,512	3,048,804	-	33,401,316
Recreation and education				
Park	17,945,866	6,760,350	-	24,706,216
Public safety				
Police	9,147,885	70,444	56,819	9,161,510
Fire	3,065,472	44,038	21,609	3,087,901
Ambulance	1,123,073	55,183	-	1,178,256
Total public safety	13,336,430	169,665	78,428	13,427,667
Highway and street				
Street	114,955,061	93,143	-	115,048,204
GOVERNMENTAL CAPITAL ASSETS	\$ 176,589,869	\$ 10,071,962	\$ 78,428	\$ 186,583,403

ASSESSED VALUATIONS AND
PROPERTY TAX RATES

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
ASSESSED VALUATIONS	<u>\$ 656,365,349</u>	<u>\$ 658,364,306</u>	<u>\$ 656,149,272</u>	<u>\$ 606,824,865</u>
PROPERTY TAX RATES				
General	0.0430	0.0365	0.0375	0.0370
Fire Protection	0.1738	0.1561	0.1500	0.1356
Ambulance	0.2035	0.2003	0.1944	0.1873
Library	0.1500	0.1500	0.1480	0.1448
Park and Recreation	0.0900	0.0900	0.0900	0.0869
Bond and Interest	-	-	-	0.0237
Police Pension	0.1452	0.1316	0.1173	0.1045
Municipal Retirement	0.0527	0.0521	0.0540	0.0552
Social Security	0.0832	0.0807	0.0820	0.0836
TOTAL PROPERTY TAX RATES	<u>0.9414</u>	<u>0.8973</u>	<u>0.8732</u>	<u>0.8586</u>

City of O'Fallon
St. Clair County, Illinois

ASSESSED VALUATIONS AND PROPERTY TAX RATES

Tax Years 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002 and 2001

2006	2005	2004	2003	2002	2001
<u>\$ 537,911,627</u>	<u>\$ 471,138,334</u>	<u>\$ 418,776,219</u>	<u>\$ 360,747,957</u>	<u>\$ 325,797,121</u>	<u>\$ 304,306,156</u>
0.0419	0.0456	0.0460	0.0454	0.0467	0.0529
0.1303	0.1113	0.1021	0.1009	0.0995	0.1008
0.2038	0.2277	0.2386	0.2500	0.2487	0.2500
0.1442	0.1500	0.1500	0.1500	0.1493	0.1500
0.0900	0.0900	0.0900	0.0900	0.0896	0.0900
0.0261	0.0305	0.0348	0.0388	0.0423	0.0450
0.1056	0.1202	0.1244	0.1294	0.1326	0.1115
0.0576	0.0680	0.0781	0.0779	0.0764	0.0818
0.0925	0.1074	0.1192	0.1355	0.1294	0.1224
<u>0.8920</u>	<u>0.9507</u>	<u>0.9832</u>	<u>1.0179</u>	<u>1.0145</u>	<u>1.0044</u>

<u>Fiscal Year April 30,</u>	<u>Total</u>	<u>Property Taxes</u>	<u>Replace- ment Taxes</u>	<u>Foreign Fire Tax</u>	<u>Rural Fire Protection District Taxes</u>	<u>Food and Beverage Taxes</u>
2002	\$ 14,720,911	\$ 3,163,253	\$ 13,046	\$ 14,931	\$ 109,064	\$ -
2003	16,917,591	3,405,129	15,922	15,925	114,708	-
2004	19,790,217	3,230,501	18,988	18,536	117,510	-
2005	18,983,827	3,398,777	22,181	22,870	122,702	-
2006	21,248,999	4,166,981	22,477	23,921	185,152	-
2007	24,411,818	4,419,967	31,654	25,202	164,770	300,950
2008	27,187,102	5,769,784	35,109	12,661	270,032	534,893
2009	26,526,654	5,682,398	31,018	27,661	322,099	575,707
2010	24,532,201	6,023,244	25,598	16,729	311,857	571,928
2011	28,147,355	6,164,513	31,157	-	325,618	595,617

City of O'Fallon
St. Clair County, Illinois

GENERAL GOVERNMENTAL FUNDS AND COMPONENT UNIT
REVENUES BY SOURCE

Last Ten Fiscal Years

<u>Intergov- ernmental</u>	<u>Utility Tax</u>	<u>Licenses and Permits</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Interest Received</u>	<u>Insurance Claims</u>
\$ 7,583,321	\$ -	\$ 315,991	\$ 918,770	\$ 153,439	\$ 396,054	\$ 719
9,214,987	973,255	423,978	834,064	127,615	354,853	12,892
9,093,279	1,024,298	526,595	1,116,804	192,662	232,479	6,099
11,282,232	1,118,584	503,755	1,371,598	163,133	240,255	3,085
11,358,564	1,301,367	632,551	1,352,614	139,407	631,154	80,761
12,726,463	1,184,546	578,784	2,204,722	130,231	1,427,464	41,657
13,566,578	1,149,925	495,222	1,972,922	225,614	1,092,190	6,418
12,409,665	1,327,070	317,557	2,354,598	249,415	334,777	492
11,191,318	1,172,662	302,434	2,516,068	310,375	483,817	44,800
13,151,472	1,429,106	662,683	2,808,564	282,305	601,379	61

TABLE 2

Miscella- neous	Cable TV	Donations	Employee Contri- butions	Bond Rebates
\$ 1,494,692	\$ 205,342	\$ 51,258	\$ 301,031	\$ -
1,101,405	219,862	42,183	60,813	-
3,699,279	439,070	74,117	-	-
244,036	443,018	47,601	-	-
735,219	570,576	48,255	-	-
621,612	492,932	60,864	-	-
490,457	1,148,153	417,144	-	-
279,557	1,213,695	1,400,945	-	-
265,121	1,267,959	28,291	-	-
340,466	1,320,132	128,262	-	306,020

GENERAL GOVERNMENTAL FUNDS AND COMPONENT UNIT
EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

<u>Fiscal Year April 30,</u>	<u>Total</u>	<u>Adminis- tration</u>	<u>Police</u>	<u>Fire</u>	<u>Street</u>	<u>Zoning</u>
2002	\$ 22,687,148	\$ 3,008,549	\$ 4,170,359	\$ 606,284	\$ 2,254,142	\$ 531,503
2003	14,399,600	2,636,254	4,525,860	378,039	2,546,925	640,374
2004	23,186,355	2,277,483	4,202,090	254,176	10,430,031	630,651
2005	28,556,163	1,893,667	8,479,754	497,908	6,916,796	690,791
2006	23,321,224	2,262,492	4,887,141	941,463	3,316,786	740,158
2007	30,240,063	1,978,030	5,200,281	771,632	4,601,296	831,954
2008	30,447,339	6,670,576	5,322,428	621,165	4,386,742	851,802
2009	26,746,882	4,480,444	5,601,140	1,075,249	4,895,817	850,766
2010	21,330,486	1,579,004	5,490,865	792,180	3,488,457	762,502
2011	32,018,292	4,514,824	5,843,502	792,507	3,336,367	743,762

(1) Pool was consolidated with the park in 2005.

City of O'Fallon
St. Clair County, Illinois

GENERAL GOVERNMENTAL FUNDS AND COMPONENT UNIT
EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

<u>Cemetery</u>	<u>Park</u>	<u>Pool (1)</u>	<u>Ambulance</u>	<u>Debt Service</u>	<u>Special Service Areas</u>	<u>Economic Develop- ment</u>
\$ 69,547	\$ 399,696	\$ 95,702	\$ 925,995	\$ 7,948,013	\$ 5,005	\$1,726,672
69,986	621,193	86,175	1,122,843	709,669	8,420	178,110
69,104	649,922	80,992	1,122,460	2,265,704	7,037	238,325
74,804	4,819,437	-	1,416,648	2,349,161	-	465,468
84,474	3,640,007	-	1,430,276	2,697,191	2,004,665	405,348
87,565	8,584,101	-	1,642,374	2,647,930	303,388	2,658,015
84,643	3,611,343	-	1,811,043	4,467,719	97,592	1,530,252
49,029	2,141,112	-	1,872,803	4,308,378	23,475	454,526
66,993	2,718,479	-	1,663,294	3,442,824	10,981	372,459
68,632	9,227,525	-	1,715,168	4,405,388	4,674	379,108

TABLE 3

<u>Tourism</u>	<u>TIF</u>	<u>Library</u>
\$ 102,438	\$ 128,057	\$ 715,186
185,121	135,393	555,238
132,361	124,899	701,120
85,684	108,715	757,330
52,251	50,929	808,043
63,003	60,019	810,475
150,600	90,876	750,558
49,038	66,442	878,663
59,755	27,517	855,176
51,102	22,987	1,129,104