

City of O'Fallon
St. Clair County, Illinois

ANNUAL FINANCIAL REPORT
Year Ended April 30, 2012

AND
INDEPENDENT AUDITOR'S REPORT

AKS

**ALLISON KNAPP &
SIEKMANN, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

City of O'Fallon
St. Clair County, Illinois

ANNUAL FINANCIAL REPORT

April 30, 2012

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City of O'Fallon
St. Clair County, Illinois

April 30, 2012

CITY OFFICIALS

MAYOR
Gary L. Graham

CLERK
Philip Goodwin

TREASURER
David Hursey

CITY COUNCIL

Rich Meile
Ed True
Herb Roach
John T. Drolet
Michael Bennett
Kevin Hagarty
Jerry Albrecht

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

CITY ADMINISTRATOR
Walter Denton

CHIEF FINANCIAL OFFICER
Dean Rich



**ALLISON KNAPP &
SIEKMANN, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2012

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, 2012, 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, 2011 financial statements and, in our report dated November 21, 2011, we expressed unqualified opinions on the respective financial statements of the aggregate discretely presented component units and each major fund. We expressed qualified opinions on the governmental activities for not determining the net pension obligation funding status for the Policemen's Pension and not recognizing the other post-employment benefit (OPEB) expense or obligation and for omitting a portion of the Policemen's Pension disclosures. In addition, we expressed a qualified opinion on the business-type activities and each major proprietary fund for not recognizing the OPEB expense or obligation and on the aggregate remaining fund information, 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 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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 D, 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. In addition, the most current year of actuarial data regarding the schedule of funding progress for the Police Pension has not been presented. 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 supplementary information and other supplementary 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 supplementary 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole. The other supplementary 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, Ltd.



**ALLISON KNAPP &
SIEKMANN, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2012

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, 2012, and have issued our report thereon dated December 13, 2012, which was qualified for not determining whether the net pension obligation 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, 2012**

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, 2012.

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 Changes in Net Assets 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 activities 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 \$7,678,600. Governmental activities had an increase of \$6,376,405 and business activities had an increase of \$1,302,195. Net assets of the City's governmental activities total \$76.6 million with almost 53% of that being invested in capital assets (buildings, roads, equipment, etc.) net of related debt. The net assets of the business-type activities total \$34.5 million with 80% invested in capital assets net of related debt.

See Changes in Net Assets (Chart 3)

As noted, net assets from governmental activities increased \$6,376,405 (8% growth). Total revenues increased by \$1,083,384, 4% compared to last year as well as expenses increasing by 2%. Significant revenue changes were:

- Franchise fees increased by almost 2%. Franchise fees are collected for both telephone and cable realizing revenue of \$1,345,239.
- Our parks and recreation department continues to grow each year. Fees and concessions for that department increased again over last year by almost 7%, generating \$1,010,867 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 3% - \$198,798 bringing the total property tax to \$5,629,549. This increase is due to the County applying an automatic 4% increase in anticipation of bad debt.
- Income tax increased by \$119,337 or almost 5% from last year. This slight increase is attributed to a slight improvement in the economy.
- Utility tax increased slightly by \$32,951 or 2% from last year. This increase is due to the results of the utility audit finding a few additional residences not being collected by Ameren.

As noted, expenses increased slightly by 2% during fiscal year 2012. Significant expense changes were:

- Interest expense on long-term debt decreased \$320,253 from last year.
- Public Safety experienced a 3% increase. A portion of the increase was due to the purchase of several new, replacement emergency vehicles for the police and fire department as well as the purchase of additional equipment for EMS.

Business-type Activities

As noted, net assets from business-type activities increased by \$1,302,195. Operating revenues of the City's business-type activities decreased slightly by \$185,509 or less than 1%. Operating expenses increased by \$244,930 or 2%. Fund net asset balances for the City's business-type activities are \$34.5 million for fiscal year 2012, with \$5.9 million being unrestricted.

Financial Analysis of the City's Fund Financial Statements

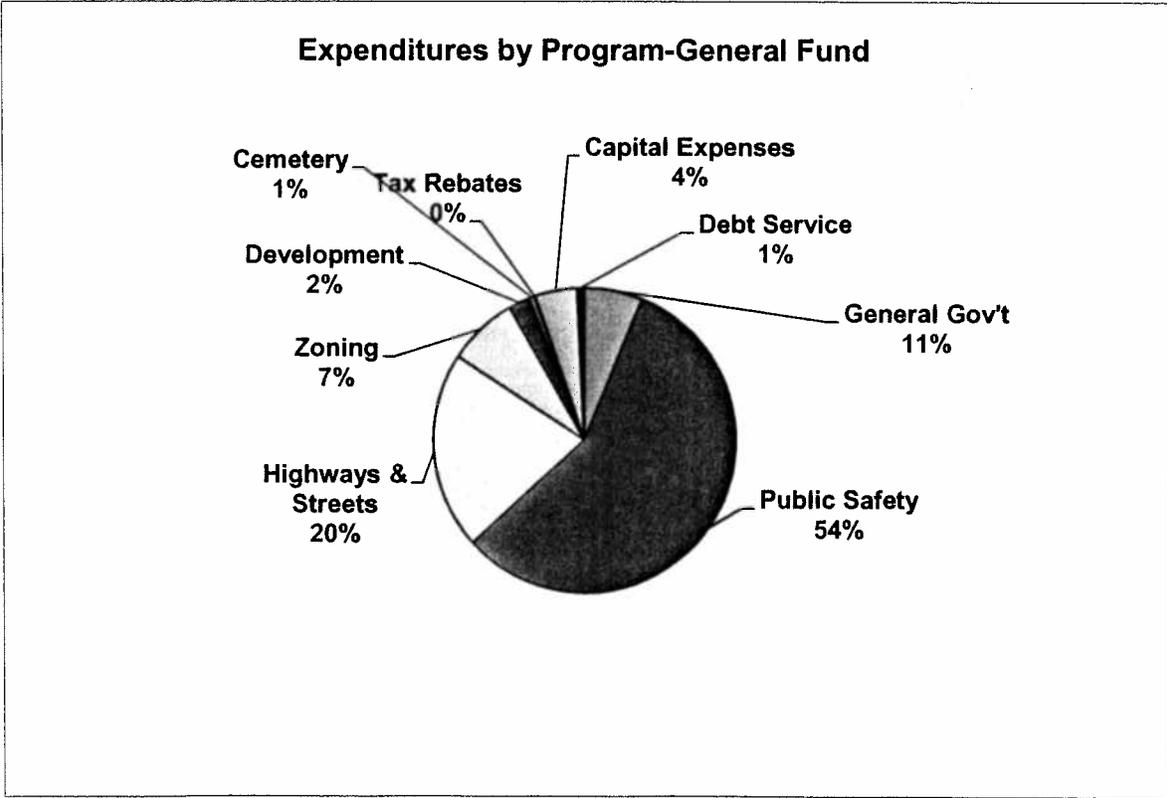
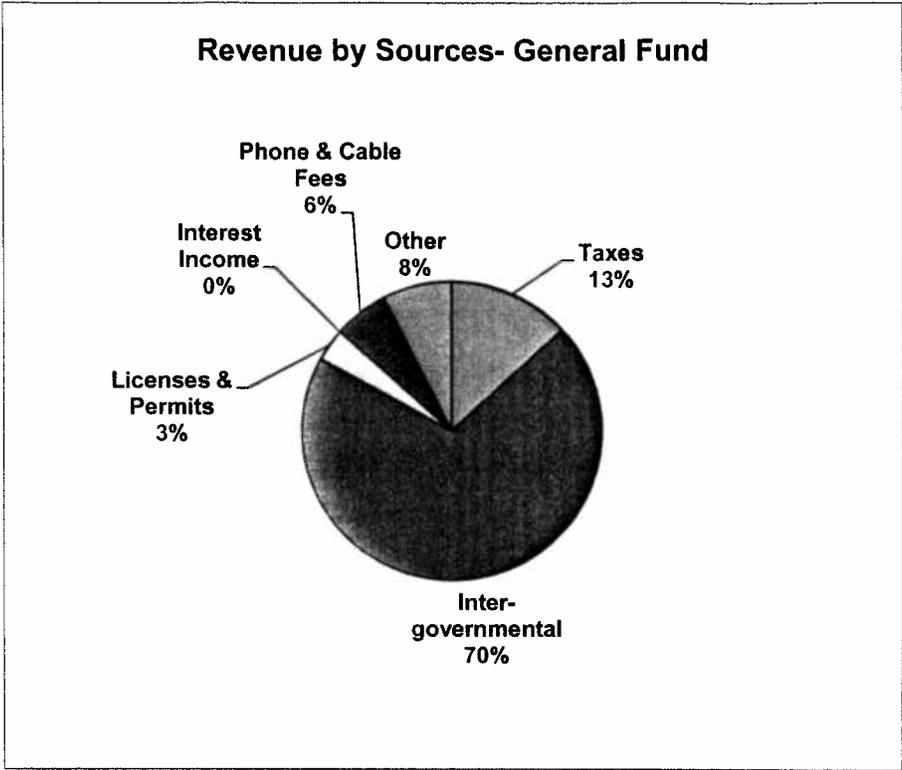
For the fiscal year ended April 30, 2012 the Governmental Funds reflect a \$1,192,039 increase in fund balance. The Governmental Fund's cash and investments increased by \$856,526. The Governmental Fund revenues increased by 3% (\$824,533), while the expenses decreased by 9% (\$2,735,197) from last year; leaving a net change in fund balance of \$1,192,039.

Status of Reserves

	Fiscal Year 5/1/11-4/30/12	Fiscal Year 5/1/10-4/30/11	Increase/ Decrease
Governmental Funds			
General	\$ 12,331,219	\$ 10,625,362	\$ 1,705,857
Fire	1,760,537	1,278,532	482,005
Ambulance	4,278,777	3,647,093	631,684
Capital Improvements	2,195,667	605,716	1,589,951
Non-Major	14,542,790	17,760,248	(3,217,458)

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$3,001,598. Proceeds from the issuance of long-term debt increased the fund balance by \$57,711 and proceeds from the sale of assets increased the fund balance by \$9,473. Planned transfers to various other funds reduced the fund balance by \$1,362,925. The ending fund balance in the General Fund account is \$12,331,219. 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.



This City has one fund (a non-major fund) set up for the parks system and the City pool. During the year, revenues were \$3,073,359 and expenses were \$2,524,548, before other financing uses of \$352,482 leaving a net change in the fund balance of \$196,329. The City's park system is growing every year. The ending fund balance in the Park Fund is \$1,177,209.

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.

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 \$225,000 of principal and paid \$226,813 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 \$679,754 below the final budget amount and actual operating revenues are \$651,093 below the final budget amount. This amounts to \$28,661 excess of revenues over expenditures, actual compared to budget.

Capital Asset and Debt Administration (Chart 1)

At the end of 2012 the City had \$125 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 \$88 million and business-type activities had \$37 million invested at the end of fiscal year 2012, net of depreciation.

Chart 1
Government Funds
Changes in Capital Assets
For the Year Ended April 30, 2012

	Governmental Capital Assets <u>05/01/11</u>	<u>Increases</u>	<u>Decreases</u>	Governmental Capital Assets <u>04/30/12</u>
Capital assets not being depreciated				
Land	\$ 29,412,883	\$ 536,600	\$ -	\$ 29,949,483
Construction in progress	<u>16,225,828</u>	<u>1,314,945</u>	<u>16,225,828</u>	<u>1,314,945</u>
Total capital assets not being depreciated	<u>45,638,711</u>	<u>1,851,545</u>	<u>16,225,828</u>	<u>31,264,428</u>
Capital assets being depreciated				
Land/building improvements	1,482,776	228,192	-	1,710,968
Buildings	18,714,385	153,995	-	18,868,380
Equipment	4,988,628	264,040	17,612	5,235,056
Vehicles	4,258,403	298,087	289,065	4,267,425
Parks/Sportsplex	-	18,690,484	-	18,690,484
Infrastructure	<u>111,500,500</u>	<u>1,652,414</u>	<u>-</u>	<u>113,152,914</u>
Total capital assets being depreciated	140,944,692	21,287,212	306,677	161,925,227
Less accumulated depreciation	<u>102,445,836</u>	<u>2,831,626</u>	<u>300,490</u>	<u>104,976,972</u>
Total capital assets being depreciated, net	<u>38,498,856</u>	<u>18,455,586</u>	<u>6,187</u>	<u>56,948,255</u>
Governmental funds				
Total capital assets, net	<u>\$ 84,137,567</u>	<u>\$ 20,307,131</u>	<u>\$ 16,232,015</u>	<u>\$ 88,212,683</u>

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

Governmental activities:

City Hall - Roof	\$ 80,738
Flooring at Katy Cavins	42,377
Fire Department Vehicles	71,793
Ambulance Equipment	22,292
Police Vehicles	71,078
Park Vehicles	43,717
Street Vehicles	63,615
Park Bleachers/Equipment/Video Camera System	66,851

See Note 6 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. In 2011, the above bonds were defeased with the Series 2010 bond issue. 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, 2012 is \$4,495,000. 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, 2012 is \$18,080,000. 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 \$9,155,000. In 2005 and 2007, various bonds were issued for the City's special service areas to be used for various commercial ventures. The principal amount outstanding for these bonds at April 30, 2012 is \$6,295,000. The City's capital leases and notes payable for governmental activities total \$714,715, a purchase agreement for land totals \$553,500, which leaves the legal debt margin remaining at \$14,359,135.

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, 2012 is \$735,000. In addition, the business-type activities have a Construction Loan (from the IEPA for sewer plant improvements) with a balance of \$2,738,358, two additional Construction Loans (from the IEPA for water towers) one with a balance of \$817,518 and the other, \$5,057,389.

See Note 7 for additional information on long-term debt.

Economic Factors

The most recent assessed valuation for the City is \$656,896,915. The assessed valuation for the City increased by \$531,566 over last year. The City's tax rate increased by \$0.041 for a current rate of \$0.9824 in comparison to last year's rate of \$0.9414. 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 one of the fastest growing cities in southwest Illinois with a population according to the 2010 Census of 28,590. 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 educational 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 and Walgreens (Menard's to open Spring, 2013). 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 3 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 9-1110 or the Deputy Director of Finance, Sandy Evans at (618) 624-4500 extension 9-1108.

Chart 2
Statement of Net Assets
April 30, 2012

	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	2012	2011	2012	2011	2012	2011	2012	2011
ASSETS								
Other assets	\$43,927,763	\$42,839,412	\$ 8,047,081	\$ 6,761,591	\$ 51,974,844	\$ 49,601,003	\$4,659,300	\$6,789,843
Capital assets (net of accumulated depreciation)	31,264,428	38,498,856	36,329,344	37,796,975	67,593,772	76,295,831	1,234,490	1,261,253
Capital assets, non-depreciable	56,948,255	45,638,711	683,267	585,627	57,631,522	46,224,338	-	-
TOTAL ASSETS	132,140,446	126,976,979	45,059,692	45,144,193	177,200,138	172,121,172	5,893,790	8,051,096
LIABILITIES								
Other liabilities	6,053,750	6,010,544	1,085,057	1,395,432	7,138,807	7,405,976	1,019,872	994,147
Long-term liabilities	49,431,305	50,687,449	9,410,816	10,487,137	58,842,121	61,174,586	1,971,961	2,072,361
TOTAL LIABILITIES	55,485,055	56,697,993	10,495,873	11,882,569	65,980,928	68,580,562	2,991,833	3,066,508
NET ASSETS								
Investment in capital assets, net of related debt	40,354,468	34,924,292	27,664,346	27,952,029	68,018,814	62,876,321	1,234,490	1,261,253
Restricted	22,710,166	22,385,184	967,234	840,562	23,677,400	23,225,746	1,667,467	3,723,335
Unrestricted	13,590,757	12,969,510	5,932,239	4,469,033	19,522,996	17,438,543	-	-
TOTAL NET ASSETS	\$76,655,391	\$70,278,986	\$34,563,819	\$33,261,624	\$111,219,210	\$103,540,610	\$2,901,957	\$4,984,588

Chart 3
Statement of Changes in Net Assets
April 30, 2012

	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	2012	2011	2012	2011	2012	2011	2012	2011
REVENUES								
Program Revenues								
Charges for services	\$ 4,305,601	\$ 4,011,834	\$14,346,917	\$14,327,026	\$ 18,652,518	\$ 18,338,860	\$ 42,811	\$ 43,938
Operating grants	1,037,788	789,174	-	199,006	1,037,788	988,180	35,122	85,771
Capital grants	-	-	-	-	-	-	21,629	99,382
General Revenues								
Taxes	20,478,439	19,865,586	-	-	20,478,439	19,865,586	983,123	989,784
Franchise fees	1,345,239	1,320,132	-	-	1,345,239	1,320,132	-	-
Investment income	27,973	139,870	17,713	24,107	45,686	163,977	(69,690)	461,509
Donations not restricted to specific activities	10,238	6,960	-	-	10,238	6,960	15,322	21,920
Gain (loss) on abandonment of fixed assets	8,286	10,263	-	-	8,286	10,263	-	-
Miscellaneous	34,318	20,679	-	-	34,318	20,679	-	-
TOTAL REVENUES	27,247,882	26,164,498	14,364,630	14,550,139	41,612,512	40,714,637	1,028,317	1,702,304
EXPENSES								
General government	3,902,958	3,009,600	-	-	3,902,958	3,009,600	-	-
Public safety	9,148,993	8,890,591	-	-	9,148,993	8,890,591	-	-
Highways and streets	4,888,674	4,955,249	-	-	4,888,674	4,955,249	-	-
Cultural and recreation	2,343,715	2,629,016	-	-	2,343,715	2,629,016	-	-
Interest on long-term debt	2,587,137	2,907,390	-	-	2,587,137	2,907,390	-	-
Water	-	-	9,010,068	8,866,736	9,010,068	8,866,736	-	-
Sewer	-	-	4,052,367	3,950,769	4,052,367	3,950,769	-	-
Library	-	-	-	-	-	-	1,110,948	1,122,233
TOTAL EXPENSES	22,871,477	22,391,846	13,062,435	12,817,505	35,933,912	35,209,351	1,110,948	1,122,233
Excess before transfers	4,376,405	3,772,652	1,302,195	1,732,634	5,678,600	5,505,286	(82,631)	580,071
TRANSFERS	2,000,000	-	-	-	2,000,000	-	(2,000,000)	-
CHANGE IN NET ASSETS	6,376,405	3,772,652	1,302,195	1,732,634	7,678,600	5,505,286	(2,082,631)	580,071
Net assets beginning	70,278,986	66,506,334	33,261,624	31,528,990	103,540,610	98,035,324	4,984,588	4,404,517
NET ASSETS ENDING	\$76,655,391	\$70,278,986	\$34,563,819	\$33,261,624	\$111,219,210	\$103,540,610	\$2,901,957	\$4,984,588

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET ASSETS

April 30, 2012
(With Summarized Comparative Information for April 30, 2011)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2012 Total Primary Government</u>
ASSETS			
Cash and cash equivalents	\$ 33,433,754	\$ 5,350,348	\$ 38,784,102
Investments	453,442	-	453,442
Restricted			
Cash and cash equivalents	-	1,017,896	1,017,896
Accounts receivable - net	-	9,233	9,233
Receivables			
Property taxes	4,389,801	-	4,389,801
Other governmental entities	2,064,759	-	2,064,759
Interest receivable	287	-	287
Other	343,440	-	343,440
Water and sewer fees	-	1,469,854	1,469,854
Service fees	211,027	-	211,027
Prepaid expenses	275,132	196,586	471,718
Due from employees	19,823	-	19,823
Bond issuance costs (net of amortization)	525,333	3,164	528,497
Deferred loss on refunding of bonds	2,210,965	-	2,210,965
Capital assets, nondepreciable	31,264,428	683,267	31,947,695
Capital assets (net of accumulated depreciation)	56,948,255	36,329,344	93,277,599
Total assets	<u>132,140,446</u>	<u>45,059,692</u>	<u>177,200,138</u>
LIABILITIES			
Accounts payable	702,931	510,078	1,213,009
Accrued payroll	206,182	47,023	253,205
Due to Police Pension	46,161	-	46,161
Deferred revenue			
Property taxes	3,333,506	-	3,333,506
Fees	137,302	-	137,302
Deferred credits, net	571,373	-	571,373
Pension contributions payable	1,056,295	-	1,056,295
Deposits - customers	-	3,419	3,419
Payable from restricted assets			
Long-term debt - due within one year	-	464,642	464,642
Accounts payable	-	4,985	4,985
Accrued interest	-	54,910	54,910

(continued on next page)

EXHIBIT A

2011 Total Primary Government	2012 Component Unit	2011 Component Unit
\$ 36,637,997	\$ 1,511,098	\$ 1,408,063
456,858	2,129,978	4,355,728
888,166	-	-
12,080	-	-
4,293,402	978,655	984,548
1,714,848	-	-
312	8,566	10,396
355,012	864	883
1,603,141	-	-
247,277	-	-
455,133	12,139	11,558
15,896	-	-
566,648	18,000	18,667
2,354,233	-	-
46,224,338	-	-
76,295,831	1,234,490	1,261,253
172,121,172	5,893,790	8,051,096
1,644,293	30,734	1,257
209,854	10,483	8,342
-	-	-
3,301,634	978,655	984,548
128,656	-	-
615,165	-	-
991,768	-	-
3,419	-	-
451,503	-	-
-	-	-
59,684	-	-

STATEMENT OF NET ASSETS
(continued)
April 30, 2012
(With Summarized Comparative Information for April 30, 2011)

	Governmental Activities	Business-Type Activities	<u>2012</u> Total Primary Government
LIABILITIES (continued)			
Noncurrent liabilities			
Long-term debt - due within one year	2,052,387	626,691	2,679,078
Equipment notes payable	910,828	-	910,828
Compensated absences	1,573,090	527,193	2,100,283
Notes payable	-	7,881,932	7,881,932
Bonds payable	44,895,000	375,000	45,270,000
Total liabilities	<u>55,485,055</u>	<u>10,495,873</u>	<u>65,980,928</u>
NET ASSETS			
Investment in capital assets, net of related debt	40,354,468	27,664,346	68,018,814
Restricted	22,710,166	967,234	23,677,400
Unrestricted	13,590,757	5,932,239	19,522,996
TOTAL NET ASSETS	<u>\$ 76,655,391</u>	<u>\$ 34,563,819</u>	<u>\$ 111,219,210</u>

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

EXHIBIT A
Page 2

<u>2011</u> Total Primary Government	<u>2012</u> Component Unit	<u>2011</u> Component Unit
2,134,945	85,000	85,000
1,119,630	-	-
1,982,241	91,961	107,361
8,612,770	-	-
<u>47,325,000</u>	<u>1,795,000</u>	<u>1,880,000</u>
<u>68,580,562</u>	<u>2,991,833</u>	<u>3,066,508</u>
62,876,321	1,234,490	1,261,253
23,225,746	1,667,467	3,723,335
17,438,543	-	-
<u>\$ 103,540,610</u>	<u>\$ 2,901,957</u>	<u>\$ 4,984,588</u>

STATEMENT OF ACTIVITIES

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 3,902,958	\$ 1,479,246	\$ -	\$ -
Public safety	9,148,993	945,603	246,580	-
Highways and streets	4,888,674	169,750	124,421	-
Culture and recreation	2,343,715	1,711,002	504,817	-
Interest on long-term debt	2,587,137	-	161,970	-
Total governmental activities	22,871,477	4,305,601	1,037,788	-
Business-type activities				
Water	9,010,068	9,556,654	-	-
Sewer	4,052,367	4,790,263	-	-
Total business-type activities	13,062,435	14,346,917	-	-
TOTAL PRIMARY GOVERNMENT	35,933,912	18,652,518	1,037,788	-
COMPONENT UNIT				
Library	1,110,948	42,811	35,122	21,629
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, 2012
(With Summarized Comparative Information for Year Ended April 30, 2011)

Net (Expenses) Revenues and Changes in Net Assets		Primary Government		2012 Component Unit	2011 Component Unit
Governmental Activities	Business-Type Activities	2012 Total	2011 Total		
\$ (2,423,712)	\$ -	\$ (2,423,712)	\$ (1,952,642)	\$ -	\$ -
(7,956,810)	-	(7,956,810)	(7,772,263)	-	-
(4,594,503)	-	(4,594,503)	(4,619,045)	-	-
(127,896)	-	(127,896)	(589,854)	-	-
(2,425,167)	-	(2,425,167)	(2,657,034)	-	-
(17,528,088)	-	(17,528,088)	(17,590,838)	-	-
-	546,586	546,586	527,809	-	-
-	737,896	737,896	1,180,718	-	-
-	1,284,482	1,284,482	1,708,527	-	-
(17,528,088)	1,284,482	(16,243,606)	(15,882,311)	-	-
-	-	-	-	(1,011,386)	(893,142)
5,629,549	-	5,629,549	5,430,751	977,300	983,182
21,809	-	21,809	24,555	5,823	6,602
860,425	-	860,425	902,544	-	-
8,337,599	-	8,337,599	8,374,161	-	-
1,462,057	-	1,462,057	1,429,106	-	-
2,396,139	-	2,396,139	2,276,802	-	-
597,880	-	597,880	595,617	-	-
326,987	-	326,987	325,618	-	-
845,994	-	845,994	506,432	-	-
1,345,239	-	1,345,239	1,320,132	-	-

(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 (loss)			
Donations not restricted to specific activities			
Gain on disposition of fixed assets			
Transfers			
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, 2012
(With Summarized Comparative Information for Year Ended April 30, 2011)

Net (Expenses) Revenues and Changes in Net Assets		Primary Government		2012 Component Unit	2011 Component Unit
Governmental Activities	Business-Type Activities	2012 Total	2011 Total		
27,973	17,713	45,686	163,977	(69,690)	461,509
10,238	-	10,238	6,960	15,322	21,920
8,286	-	8,286	10,263	-	-
2,000,000	-	2,000,000	-	(2,000,000)	-
34,318	-	34,318	20,679	-	-
<u>23,904,493</u>	<u>17,713</u>	<u>23,922,206</u>	<u>21,387,597</u>	<u>(1,071,245)</u>	<u>1,473,213</u>
6,376,405	1,302,195	7,678,600	5,505,286	(2,082,631)	580,071
<u>70,278,986</u>	<u>33,261,624</u>	<u>103,540,610</u>	<u>98,035,324</u>	<u>4,984,588</u>	<u>4,404,517</u>
<u>\$ 76,655,391</u>	<u>\$ 34,563,819</u>	<u>\$ 111,219,210</u>	<u>\$ 103,540,610</u>	<u>\$ 2,901,957</u>	<u>\$ 4,984,588</u>

City of O'Fallon
St. Clair County, Illinois

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2012
(With Summarized Comparative Information for April 30, 2011)

	<u>General</u>	<u>Fire</u>	<u>Ambulance</u>
ASSETS			
ASSETS			
Cash	\$ 9,989,214	\$ 1,797,286	\$ 4,328,825
Investments	-	-	-
Prepaid expenses	207,527	9,424	45,178
Receivables			
Property taxes	277,938	1,186,130	1,315,965
Other governmental entities	1,872,213	-	-
Interest receivable	-	-	-
Other	241,765	-	-
Ambulance fees	-	-	211,027
Due from employees	19,823	-	-
Due from other funds	950,761	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 13,559,241</u>	<u>\$ 2,992,840</u>	<u>\$ 5,900,995</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 152,608	\$ 35,161	\$ 39,641
Accrued payroll	151,217	11,012	22,291
Deferred taxes	277,938	1,186,130	1,315,965
Deferred revenue	600,098	-	-
Due to Police Pension	46,161	-	-
Due to other funds	-	-	244,321
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,228,022</u>	<u>1,232,303</u>	<u>1,622,218</u>
FUND BALANCE			
Reserved for			
Nonspendable	227,350	9,424	45,178

(continued on next page)

EXHIBIT C

Capital Improvements	Other Governmental Funds	2012	2011
		Total Governmental Funds	Total Governmental Funds
\$ 2,474,274	\$ 14,844,155	\$ 33,433,754	\$ 32,573,812
-	453,442	453,442	456,858
-	13,003	275,132	267,371
-	1,609,768	4,389,801	4,293,402
-	192,546	2,064,759	1,714,848
-	287	287	312
-	101,675	343,440	355,012
-	-	211,027	247,277
-	-	19,823	15,896
-	-	950,761	-
<u>\$ 2,474,274</u>	<u>\$ 17,214,876</u>	<u>\$ 42,142,226</u>	<u>\$ 39,924,788</u>
\$ 278,607	\$ 196,914	\$ 702,931	\$ 807,807
-	21,662	206,182	165,514
-	1,609,768	4,389,801	4,293,402
-	137,302	737,400	741,114
-	-	46,161	-
-	706,440	950,761	-
<u>278,607</u>	<u>2,672,086</u>	<u>7,033,236</u>	<u>6,007,837</u>
-	13,003	294,955	283,267

BALANCE SHEET
GOVERNMENTAL FUNDS
(continued)
April 30, 2012
(With Summarized Comparative Information for April 30, 2011)

	<u>General</u>	<u>Fire</u>	<u>Ambulance</u>
LIABILITIES AND FUND BALANCE (continued)			
FUND BALANCE (continued)			
Restricted	-	1,751,113	4,233,599
Unassigned	<u>12,103,869</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>12,331,219</u>	<u>1,760,537</u>	<u>4,278,777</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 13,559,241</u></u>	 <u><u>\$ 2,992,840</u></u>	 <u><u>\$ 5,900,995</u></u>

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

EXHIBIT C
Page 2

Capital Improvements	Other Governmental Funds	2012	2011
		Total Governmental Funds	Total Governmental Funds
2,195,667	14,529,787	22,710,166	23,225,746
-	-	12,103,869	10,407,938
<u>2,195,667</u>	<u>14,542,790</u>	<u>35,108,990</u>	<u>33,916,951</u>
<u>\$ 2,474,274</u>	<u>\$ 17,214,876</u>	<u>\$ 42,142,226</u>	<u>\$ 39,924,788</u>

City of O'Fallon
St. Clair County, Illinois

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

April 30, 2012

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS (EXHIBIT C)	\$ 35,108,990
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$193,189,655, net of accumulated depreciation of \$104,976,972, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	88,212,683
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 \$142,089.	525,333
Bond premiums of \$761,651, net of accumulated amortization of \$202,115.	(559,536)
Gain on refunded bonds of \$23,675, net of accumulated amortization of \$11,838.	(11,837)
Loss on refunded bonds of \$2,603,337, net of accumulated amortization of \$392,372.	2,210,965
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.	600,098
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(49,431,305)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT A)	<u>\$ 76,655,391</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, 2012
(With Summarized Comparative Information for Year Ended April 30, 2011)

	<u>General</u>	<u>Fire</u>	<u>Ambulance</u>
REVENUES			
Taxes			
Property taxes	\$ 284,654	\$ 1,133,173	\$ 1,326,817
Utility	947,685	-	-
Food and beverage	597,880	-	-
Rural fire district	-	-	326,987
Intergovernmental receipts			
Replacement tax	-	-	-
Motor fuel taxes	-	-	-
State sales tax	6,758,839	-	-
State income tax	2,408,499	-	-
Road and bridge tax	259,276	-	-
Grants	184,107	-	-
MEGSI	62,473	-	-
Other	-	373,509	-
Licenses and permits	491,931	3,669	-
Subdivision fees	22,533	-	-
Police reports	14,850	-	-
Combined dispatch	100,000	-	-
Fines and fees	320,611	400	-
Service fees	-	-	830,753
Recreation fees	-	-	-
Room tax	-	-	-
Interest income	11,888	1	176
Accrued interest on sale of bonds	-	-	-
Phone and cable television fees	812,676	-	-
Rentals	16,946	-	-
Miscellaneous revenues and reimbursements	-	18,362	-
Concession income	-	-	-
Donations	-	-	-
Annex fees	-	-	-
Park extraction fees	-	-	-
Build America bond rebates	-	-	-
Cemetery revenue	17,274	-	-
Insurance refunds and claims	765	-	-
Fee in lieu of taxes	548,800	-	-
Total revenues	<u>13,861,687</u>	<u>1,529,114</u>	<u>2,484,733</u>

(continued on next page)

EXHIBIT E

Capital Improvements	Other Governmental Funds	2012	2011
		Total Governmental Funds	Total Governmental Funds
\$ -	\$ 2,625,629	\$ 5,370,273	\$ 5,181,331
-	514,372	1,462,057	1,429,106
-	-	597,880	595,617
-	-	326,987	325,618
-	21,809	21,809	24,555
-	860,425	860,425	902,544
-	1,578,760	8,337,599	8,374,161
-	-	2,408,499	2,549,990
-	-	259,276	249,420
100,000	529,238	813,345	487,055
-	-	62,473	51,763
-	472,485	845,994	506,432
-	-	495,600	662,683
-	17,500	40,033	58,710
-	-	14,850	8,740
-	-	100,000	71,773
-	-	321,011	282,305
-	-	830,753	862,451
-	854,265	854,265	848,381
-	685,143	685,143	650,782
458	15,450	27,973	139,870
-	-	-	3,424
-	532,563	1,345,239	1,320,132
-	-	16,946	10,000
-	15,191	33,553	17,194
-	156,602	156,602	100,822
-	10,238	10,238	6,960
-	169,750	169,750	200,250
-	14,992	14,992	211,677
-	161,970	161,970	250,356
-	3,164	20,438	43,260
-	-	765	61
-	36,418	585,218	-
<u>100,458</u>	<u>9,275,964</u>	<u>27,251,956</u>	<u>26,427,423</u>

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
(continued)
Year Ended April 30, 2012
(With Summarized Comparative Information for Year Ended April 30, 2011)

	<u>General</u>	<u>Fire</u>	<u>Ambulance</u>
EXPENDITURES			
Current			
General government	1,193,937	-	-
Public safety	5,877,565	-	1,704,476
Fire	-	805,326	-
Highways and streets	2,161,543	-	-
Zoning	778,906	-	-
Development	233,038	-	-
Cemetery	62,036	-	-
Culture and recreation	-	-	-
Tax increment financing	-	-	-
Tourism	-	-	-
Tax rebates	8,152	-	-
Capital expenditures	465,012	95,233	17,747
Debt service			
Bond issuance costs	-	-	-
Principal retirement	75,400	118,571	5,017
Interest and fiscal charges	4,500	32,979	809
	<u>10,860,089</u>	<u>1,052,109</u>	<u>1,728,049</u>
Excess (deficiency) of revenues over expenditures	<u>3,001,598</u>	<u>477,005</u>	<u>756,684</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of notes	57,711	-	-
Proceeds from bond issue	-	-	-
Proceeds from sale of assets	9,473	5,000	-
Premium on sale of bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfer from other funds	-	-	-
Transfer (to) other funds	(1,362,925)	-	(125,000)
	<u>(1,295,741)</u>	<u>5,000</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>(1,295,741)</u>	<u>5,000</u>	<u>(125,000)</u>
Net change in fund balance	1,705,857	482,005	631,684
FUND BALANCE, BEGINNING OF YEAR	<u>10,625,362</u>	<u>1,278,532</u>	<u>3,647,093</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,331,219</u>	<u>\$ 1,760,537</u>	<u>\$ 4,278,777</u>

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

EXHIBIT E

Page 2

Capital Improvements	Other Governmental Funds	2012	2011
		Total Governmental Funds	Total Governmental Funds
-	1,045,628	2,239,565	1,429,966
-	-	7,582,041	7,433,043
-	-	805,326	748,469
-	1,039,395	3,200,938	3,247,898
-	-	778,906	743,762
-	167,076	400,114	379,108
-	3,169	65,205	68,632
330	2,156,960	2,157,290	2,467,175
-	67,718	67,718	22,987
-	48,543	48,543	51,102
-	-	8,152	36,054
2,743,385	3,591,552	6,912,929	10,071,962
-	-	-	140,310
184,500	1,051,173	1,434,661	1,275,863
-	2,414,315	2,452,603	2,772,857
<u>2,928,215</u>	<u>11,585,529</u>	<u>28,153,991</u>	<u>30,889,188</u>
<u>(2,827,757)</u>	<u>(2,309,565)</u>	<u>(902,035)</u>	<u>(4,461,765)</u>
-	21,890	79,601	827,413
-	-	-	10,675,000
-	-	14,473	17,628
-	-	-	148,473
-	-	-	(10,676,602)
4,417,708	2,761,097	7,178,805	12,255,160
-	(3,690,880)	(5,178,805)	(12,255,160)
<u>4,417,708</u>	<u>(907,893)</u>	<u>2,094,074</u>	<u>991,912</u>
1,589,951	(3,217,458)	1,192,039	(3,469,853)
<u>605,716</u>	<u>17,760,248</u>	<u>33,916,951</u>	<u>37,386,804</u>
<u>\$ 2,195,667</u>	<u>\$ 14,542,790</u>	<u>\$ 35,108,990</u>	<u>\$ 33,916,951</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, 2012

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS (EXHIBIT E)	\$ 1,192,039
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.	6,912,929
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.	(12,360)
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.	(14,473)
Governmental funds report the proceeds from sale of property as revenue. This is the amount of gain from disposition of fixed assets.	8,286
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.	1,434,661
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.	(79,601)
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.	(98,916)
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	(2,831,626)

(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, 2012

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):

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. (134,534)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) \$ 6,376,405

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, 2012
(With Summarized Comparative Information for April 30, 2011)

	Business-Type Activities			
	Water Funds	Sewer Funds	2012	2011
			Total Proprietary Funds	Total Proprietary Funds
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,520,249	\$ 1,830,099	\$ 5,350,348	\$ 4,064,185
Prepaid expenses	61,708	134,878	196,586	187,762
Receivables				
Customers	1,148,738	352,390	1,501,128	1,640,133
Less allowance for doubtful accounts	(20,625)	(10,649)	(31,274)	(36,992)
Total current assets	<u>4,710,070</u>	<u>2,306,718</u>	<u>7,016,788</u>	<u>5,855,088</u>
RESTRICTED ASSETS				
Cash and cash equivalents	177,389	840,507	1,017,896	888,166
Accounts receivable	9,233	-	9,233	12,402
Less allowance for doubtful accounts	-	-	-	(322)
Total restricted assets	<u>186,622</u>	<u>840,507</u>	<u>1,027,129</u>	<u>900,246</u>
NONCURRENT ASSETS				
Capital assets				
Cost	39,798,789	25,040,674	64,839,463	64,168,622
Accumulated depreciation	15,749,806	12,077,046	27,826,852	25,786,020
Total noncurrent assets	<u>24,048,983</u>	<u>12,963,628</u>	<u>37,012,611</u>	<u>38,382,602</u>
OTHER ASSETS				
Unamortized bond issuance costs	3,164	-	3,164	6,257
Total assets	<u>28,948,839</u>	<u>16,110,853</u>	<u>45,059,692</u>	<u>45,144,193</u>
CURRENT LIABILITIES				
Accounts payable	420,253	89,825	510,078	836,486
Accrued payroll	29,454	17,569	47,023	44,340

(continued on next page)

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (continued)
 April 30, 2012
 (With Summarized Comparative Information for April 30, 2011)

	Business-Type Activities			
	Water Funds	Sewer Funds	2012	2011
			Total Proprietary Funds	Total Proprietary Funds
CURRENT LIABILITIES (continued)				
Customer deposits	3,419	-	3,419	3,419
Current portion of long-term debt	626,691	-	626,691	631,300
Total current liabilities	1,079,817	107,394	1,187,211	1,515,545
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Accounts payable	-	4,985	4,985	-
Current portion of long-term debt	-	464,642	464,642	451,503
Accrued interest	35,708	19,202	54,910	59,684
Total liabilities payable from restricted assets	35,708	488,829	524,537	511,187
NONCURRENT LIABILITIES				
Compensated absences	382,086	145,107	527,193	508,067
Bonds payable	375,000	-	375,000	735,000
Notes payable	5,608,216	2,273,716	7,881,932	8,612,770
Total noncurrent liabilities	6,365,302	2,418,823	8,784,125	9,855,837
Total liabilities	7,480,827	3,015,046	10,495,873	11,882,569
NET ASSETS				
Invested in capital assets, net of related debt	17,439,076	10,225,270	27,664,346	27,952,029
Restricted for				
Construction	124,416	447,462	571,878	480,629
Debt service	26,498	368,858	395,356	359,933
Unrestricted	3,878,022	2,054,217	5,932,239	4,469,033
TOTAL NET ASSETS	\$ 21,468,012	\$ 13,095,807	\$ 34,563,819	\$ 33,261,624

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, 2012

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

	Business-Type Activities			
	Water Funds	Sewer Funds	2012	2011
			Total Proprietary Funds	Total Proprietary Funds
OPERATING REVENUES				
Charges for services				
Sales	\$ 8,606,606	\$ 4,256,784	\$ 12,863,390	\$ 12,633,820
Tap-on fees	523,322	140,262	663,584	934,862
Service charges and fees	301,129	390,967	692,096	617,197
Sprinklers and hydrants	103,821	-	103,821	101,466
Miscellaneous refunds and rebates	21,776	2,250	24,026	39,681
Total operating revenues	<u>9,556,654</u>	<u>4,790,263</u>	<u>14,346,917</u>	<u>14,327,026</u>
OPERATING EXPENSES				
Personnel services	1,838,769	1,131,173	2,969,942	3,155,740
Contractual services	4,895,091	1,737,259	6,632,350	6,811,312
Commodities	331,776	224,730	556,506	621,172
Miscellaneous	1,242	-	1,242	1,113
Fee in lieu of taxes	411,898	173,320	585,218	-
Depreciation and amortization	1,344,053	699,872	2,043,925	1,961,449
Total operating expenses	<u>8,822,829</u>	<u>3,966,354</u>	<u>12,789,183</u>	<u>12,550,786</u>
Operating income	<u>733,825</u>	<u>823,909</u>	<u>1,557,734</u>	<u>1,776,240</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(187,239)	(86,013)	(273,252)	(266,719)
Interest income	17,593	120	17,713	24,107
Grant income	-	-	-	199,006
Total nonoperating revenues (expenses)	<u>(169,646)</u>	<u>(85,893)</u>	<u>(255,539)</u>	<u>(43,606)</u>
Change in net assets	564,179	738,016	1,302,195	1,732,634
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>20,903,833</u>	<u>12,357,791</u>	<u>33,261,624</u>	<u>31,528,990</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 21,468,012</u>	<u>\$ 13,095,807</u>	<u>\$ 34,563,819</u>	<u>\$ 33,261,624</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
PROPRIETARY FUNDS

Year Ended April 30, 2012
(With Summarized Comparative Information for Year Ended April 30, 2011)

	Business-Type Activities			
	Water Funds	Sewer Funds	2012 Total Proprietary Funds	2011 Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 8,422,984	\$ 3,930,988	\$ 12,353,972	\$ 12,491,832
Receipts from miscellaneous revenues	957,412	533,479	1,490,891	1,693,206
Payments to suppliers	(5,392,216)	(1,511,226)	(6,903,442)	(6,947,053)
Payments to and for employees	(2,236,489)	(1,296,862)	(3,533,351)	(3,132,855)
Net cash provided by operating activities	<u>1,749,075</u>	<u>1,656,379</u>	<u>3,405,454</u>	<u>4,105,130</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in compensated absences	<u>11,995</u>	<u>7,132</u>	<u>19,127</u>	<u>18,486</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from notes	-	-	-	130,436
Principal payments on notes	(273,753)	(458,555)	(732,308)	(675,300)
Acquisition and construction of capital assets	(457,482)	(213,359)	(670,841)	(2,093,841)
Principal payments on bonds	(350,000)	-	(350,000)	(340,000)
Proceeds from grants	-	-	-	199,006
Interest paid on notes	(187,239)	(86,013)	(273,252)	(266,719)
Net cash (used) by capital and related financing activities	<u>(1,268,474)</u>	<u>(757,927)</u>	<u>(2,026,401)</u>	<u>(3,046,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>17,593</u>	<u>120</u>	<u>17,713</u>	<u>24,107</u>
Net increase in cash and cash equivalents	510,189	905,704	1,415,893	1,101,305

(continued on next page)

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (continued)
 Year Ended April 30, 2012
 (With Summarized Comparative Information for Year Ended April 30, 2011)

	Business-Type Activities			
	Water Funds	Sewer Funds	2012 Total Proprietary Funds	2011 Total Proprietary Funds
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,187,449	1,764,902	4,952,351	3,851,046
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,697,638</u>	<u>\$ 2,670,606</u>	<u>\$ 6,368,244</u>	<u>\$ 4,952,351</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 733,825	\$ 823,909	\$ 1,557,734	\$ 1,776,240
Adjustments to reconcile income from operations to net cash provided (used) by operating activities				
Depreciation expense	1,340,960	699,872	2,040,832	1,957,388
Amortization expense	3,093	-	3,093	4,061
Bad debt allowance	(3,616)	(2,425)	(6,041)	(20,777)
Changes in assets and liabilities				
(Increase) decrease in current assets				
Customer receivables	(183,622)	325,796	142,174	(136,432)
Prepaid expenses	(2,645)	(6,179)	(8,824)	(1,440)
Increase (decrease) in current liabilities				
Accounts payable	(139,503)	(181,920)	(321,423)	487,466
Accrued payroll	2,183	500	2,683	4,399
Accrued interest	(1,600)	(3,174)	(4,774)	34,225
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,749,075</u>	<u>\$ 1,656,379</u>	<u>\$ 3,405,454</u>	<u>\$ 4,105,130</u>
ACCOUNTED FOR AS FOLLOWS				
Unrestricted cash and cash equivalents			\$ 5,350,348	\$ 4,064,185
Restricted cash and cash equivalents			1,017,896	888,166
TOTAL AS ABOVE			<u>\$ 6,368,244</u>	<u>\$ 4,952,351</u>

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

EXHIBIT J

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS

April 30, 2012

(With Summarized Comparative Information for April 30, 2011)

	Pension Trust Funds	2012 Fiduciary Total	2011 Fiduciary Total
ASSETS			
Cash	\$ 370,756	\$ 370,756	\$ 1,687,180
Investments	16,580,346	16,580,346	13,233,791
Receivables, less allowance for uncollectible amounts			
Interest receivable	58,782	58,782	66,210
Member buyback	3,439	3,439	5,228
Contribution from City of O'Fallon	1,056,295	1,056,295	991,768
Due from other governmental entities	737	737	754
Due from General Fund	46,161	46,161	-
Pending investment sales	-	-	625,000
Total assets	18,116,516	18,116,516	16,609,931
LIABILITIES			
Due to General Fund	-	-	-
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 18,116,516</u>	<u>\$ 18,116,516</u>	<u>\$ 16,609,931</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, 2012
(With Summarized Comparative Information for Year Ended April 30, 2011)

	<u>2012</u>	<u>2011</u>
	Pension Trust Funds	Pension Trust Funds
ADDITIONS		
Contributions		
Plan members	\$ 307,314	\$ 324,083
Employer	1,049,699	987,878
Total contributions	<u>1,357,013</u>	<u>1,311,961</u>
Intergovernmental revenue - replacement taxes	<u>4,972</u>	<u>5,638</u>
Investment income		
Net appreciation in fair value of investments	116,118	922,670
Realized gain on sale of investments	95,340	287,902
Investment income	523,171	313,916
	<u>734,629</u>	<u>1,524,488</u>
Less investment fees	<u>(26,751)</u>	<u>(23,104)</u>
Net investment income	<u>707,878</u>	<u>1,501,384</u>
Miscellaneous income	<u>13,733</u>	<u>-</u>
Total additions	<u>2,083,596</u>	<u>2,818,983</u>
DEDUCTIONS		
Benefits	557,435	530,483
Refunds	-	56,638
Administration services	19,576	17,045
Total deductions	<u>577,011</u>	<u>604,166</u>
Change in net assets	1,506,585	2,214,817
Net assets held in trust for pension benefits		
Net assets, beginning of year	<u>16,609,931</u>	<u>14,395,114</u>
NET ASSETS, END OF YEAR	<u><u>\$ 18,116,516</u></u>	<u><u>\$ 16,609,931</u></u>

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, 2012

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City of O'Fallon
St. Clair County, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

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, 2012

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 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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 1: Summary of Significant Accounting Policies (continued)

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). Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City of O'Fallon has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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 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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 1: Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

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.

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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 1: Summary of Significant Accounting Policies (continued)

F. Cash, Cash Equivalents and Investments (continued)

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 \$31,274 and \$37,314 for 2012 and 2011, respectively, in the following funds. This comprises the balances on accounts outstanding over a certain period.

	<u>2012</u>	<u>2011</u>
Water Funds	\$ 20,625	\$ 24,240
Sewer Funds	<u>10,649</u>	<u>13,074</u>
Total	<u>\$ 31,274</u>	<u>\$ 37,314</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 2010 property tax levy in revenue.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

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	2011		2010
	<u>\$ 656,896,915</u>		<u>\$ 656,365,349</u>
	2011		2010
	<u>Maximum</u>	<u>Actual</u>	<u>Actual</u>
Tax rates			
General	0.3000	0.0426	0.0430
Fire Protection	0.3000	0.1818	0.1738
Ambulance	0.2500	0.2017	0.2035
Library	0.1500	0.1500	0.1500
Park and Recreation	0.0900	0.0900	0.0900
Police Pension	N/A	0.1619	0.1452
Municipal Retirement	N/A	0.0535	0.0527
Social Security	N/A	0.1009	0.0832
		<u>0.9824</u>	<u>0.9414</u>

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 \$36,148,403. Each area has a maximum rate of 0.3500 and the actual rate for all areas combined is 0.5462. The total extension for all areas combined is \$15,213.

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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 1: Summary of Significant Accounting Policies (continued)

K. Capital Assets (continued)

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 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 restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 1: Summary of Significant Accounting Policies (continued)

N. Fund Equity (continued)

for a specific purpose. Commitments and assignments of fund balance represent tentative board and 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.

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:

	<u>Water Funds</u>	<u>Sewer Funds</u>	<u>Total</u>
Contingency and construction	\$ 124,416	\$ 447,462	\$ 571,878
Debt service	26,498	368,858	395,356
Total restricted net assets	<u>\$ 150,914</u>	<u>\$ 816,320</u>	<u>\$ 967,234</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 December 13, 2012, the date on which the financial statements were available to be issued.

S. Reclassification

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 financial statement presentation.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 1: Summary of Significant Accounting Policies (continued)

T. Implementation of New Accounting Principles

For the year ending April 30, 2012, the City implemented the following statement issued by the Governmental Accounting Standards Board:

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions

GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type and debt service fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

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, 2012:

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, 2011 through March 31, 2011.
3. A public hearing on the proposed budget was held on April 18, 2011.
4. Formal adoption of the budget was on April 18, 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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 3: Deposits and Investments (continued)

Deposits

At year-end the carrying amount of the City's deposits totaled \$14,578,818 and bank balances totaled \$15,353,354. Of the bank balances, \$1,106,706 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$14,246,648 was covered by pledged collateral, which was held in the City's name.

The carrying amount of the component unit's deposits totaled \$775,263. Bank balances are included in the 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	\$ 5,145,587	\$ 5,936,939	\$ 108,493	\$ 114,159
Corporate Bonds	540,511	542,803	231,179	232,342
Municipal Bonds	664,374	698,728	350,455	366,397
	<u>6,350,472</u>	<u>7,178,470</u>	<u>690,127</u>	<u>712,898</u>
Investments not subject to custodial credit risk				
External Investment Pools				
Illinois Funds	23,800,542	23,800,542	735,835	735,835
Illinois Metropolitan Investment Fund	1,999,910	1,999,910	-	-
Mutual Funds	8,350,025	9,648,802	1,317,592	1,417,080
	<u>\$ 40,500,949</u>	<u>\$ 42,627,724</u>	<u>\$ 2,743,554</u>	<u>\$ 2,865,813</u>

Reconciliation to financial statements:

Primary Government

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Exhibit A			
Cash and cash equivalents	\$ 13,329,425	\$ 25,454,677	\$ 38,784,102
Investments	-	453,442	453,442
Restricted cash	1,017,896	-	1,017,896

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 3: Deposits and Investments (continued)

Primary Government (continued)

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Exhibit J			
Cash	31,497	339,259	370,756
Investments	<u>200,000</u>	<u>16,380,346</u>	<u>16,580,346</u>
Above Carrying Amounts	<u>\$ 14,578,818</u>	<u>\$ 42,627,724</u>	<u>\$ 57,206,542</u>
Component Unit			
Exhibit A			
Cash	\$ 775,263	\$ 735,835	\$ 1,511,098
Investments	<u>-</u>	<u>2,129,978</u>	<u>2,129,978</u>
Above Carrying Amounts	<u>\$ 775,263</u>	<u>\$ 2,865,813</u>	<u>\$ 3,641,076</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, 2012 the City's investment in the Illinois Funds and Illinois Metropolitan Investment external investment pools were rated AAAM and AA Af 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-
Municipal Bonds		
Illinois State GO Bonds	A2	A+
Chicago, Illinois GO Bond	Aa3	A+
Tinley Park, Illinois Build America Bonds	No rating	AA+
Mutual Bond Funds		
American Capital World Bond Fund	Aaa	No rating
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, 2012

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:

	Fair Value	Segmented Time Distribution Investment Maturities (in Years)			
		<1	1-5	6-10	>10
U. S. Government securities	\$ 5,936,939	\$ 253,159	\$ 1,822,295	\$ 1,674,494	\$ 2,186,991
Corporate bonds	542,803	-	10,649	532,154	-
Municipal bonds	698,728	-	436,980	261,748	-
Illinois Funds	23,800,542	23,800,542	-	-	-
Illinois Metropolitan Investment Fund	1,999,910	1,999,910	-	-	-
Mutual Funds	9,648,802	9,648,802	-	-	-
	<u>\$ 42,627,724</u>	<u>\$ 35,702,413</u>	<u>\$ 2,269,924</u>	<u>\$ 2,468,396</u>	<u>\$ 2,186,991</u>

Note 4: Fund Balances - Governmental Funds

As of April 30, 2012, fund balances of the governmental funds are classified as follows:

Nonspendable - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - consists of fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision making authority. The City has no committed fund balances as of April 30, 2012.

Assigned - consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the City's Board or their designee. The City has no assigned fund balances as of April 30, 2012.

Unassigned - fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the fund.

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 4: Fund Balances - Governmental Funds (continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

As of April 30, 2012, fund balances are composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds			
General	\$ 227,350	\$ -	\$ 12,103,869
Fire	9,424	1,751,113	-
Ambulance	45,178	4,233,599	-
Capital Improvements	-	2,195,667	-
Other Governmental Funds			
Park	13,003	1,164,206	-
Cemetery	-	531,777	-
IMRF	-	331,532	-
Motor Fuel Tax	-	4,565,949	-
Social Security	-	65,510	-
Special Service Areas (SR)	-	169,128	-
Tax Increment Financing	-	478,100	-
Hotel/Motel	-	1,011,881	-
2002 Bond Issue (CP)	-	425,716	-
Convention Center	-	1,377,898	-
Park Sports Complex	-	373,635	-
Park Land Fund	-	810,894	-
Prop S Infrastructure	-	1,666,053	-
2002 Bond Issue (DS)	-	287,192	-
Special Service Areas (DS)	-	511,373	-
Subaru	-	81,371	-
Newbold	-	364,740	-
Harley Davidson	-	312,832	-
Total all funds	<u>\$ 294,955</u>	<u>\$ 22,710,166</u>	<u>\$ 12,103,869</u>

Note 5: Employee Retirement Systems

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 5: Employee Retirement Systems (continued)

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, 2012 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	<u>44</u>
TOTAL	<u><u>60</u></u>

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

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 5: Employee Retirement Systems (continued)

A. Policemen's Pension Fund (continued)

Defined Benefit Pension Plan (continued)

1. Plan Description (continued)

determined by an enrolled actuary. For the year ended April 30, 2012, the City's contribution as a percentage of covered payroll was not able to be calculated as there is not current actuarial data available.

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:

Actuarial Valuation Date	Police Pension <hr/> 5/1/2010*
Actuarial Cost Method	Entry-Age Normal Cost
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

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 5: Employee Retirement Systems (continued)

A. Policemen's Pension Fund (continued)

Defined Benefit Pension Plan (continued)

3. Annual Pension Cost (continued)

Significant Actuarial Assumptions (continued)	<u>Police Pension</u>
b. Projected Salary Increase - Attributable to Inflation	5.50% Compounded Annually
c. Additional Projected Salary Increases - Seniority/Merit	Not Available

* Most recent actuarial data 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.

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 annual required contribution rate for calendar year 2011 was 10.84%. 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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 5: Employee Retirement Systems (continued)

B. Pension Plan (continued)

Annual Pension Cost

The City's required contribution for calendar year 2011 was \$621,416.

Trend Information

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 621,416	100%	\$ 52,403
12/31/10	596,882	91%	51,306
12/31/09	497,978	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% 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, 2009 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, 2011, the most recent actuarial valuation date, the regular plan was 72.66% funded. The actuarial accrued liability for benefits was \$12,084,740 and the actuarial value of assets was \$8,781,217, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,303,523. The covered payroll for calendar year 2011 (annual payroll for active employees covered by the plan) was \$5,732,623 and the ratio of the UAAL to the covered payroll was 58%.

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 6: Capital Assets

Capital asset activity for the year ended April 30, 2012 was as follows:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 6: Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 29,412,883	\$ 536,600	\$ -	\$ 29,949,483
Construction in progress	16,225,828	1,314,945	16,225,828	1,314,945
Total capital assets not being depreciated	<u>45,638,711</u>	<u>1,851,545</u>	<u>16,225,828</u>	<u>31,264,428</u>
Capital assets being depreciated				
Land improvements	1,482,776	228,192	-	1,710,968
Buildings	18,714,385	153,995	-	18,868,380
Equipment	4,988,628	264,040	17,612	5,235,056
Vehicles	4,258,403	298,087	289,065	4,267,425
Parks/Sportsplex	-	18,690,484	-	18,690,484
Infrastructure	111,500,500	1,652,414	-	113,152,914
Total capital assets being depreciated	<u>140,944,692</u>	<u>21,287,212</u>	<u>306,677</u>	<u>161,925,227</u>
Less accumulated depreciation for				
Land/building improvements	1,215,320	49,812	-	1,265,132
Buildings	3,927,957	548,072	-	4,476,029
Equipment	2,503,318	379,025	17,612	2,864,731
Vehicles	2,960,995	294,261	282,878	2,972,378
Infrastructure	91,838,246	1,560,456	-	93,398,702
Total accumulated depreciation	<u>102,445,836</u>	<u>2,831,626</u>	<u>300,490</u>	<u>104,976,972</u>
Total capital assets being depreciated, net	<u>38,498,856</u>	<u>18,455,586</u>	<u>6,187</u>	<u>56,948,255</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 84,137,567</u>	<u>\$ 20,307,131</u>	<u>\$ 16,232,015</u>	<u>\$ 88,212,683</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in process	\$ 286,398	\$ 97,640	\$ -	\$ 384,038
Land	299,229	-	-	299,229
Total capital assets not being depreciated	<u>585,627</u>	<u>97,640</u>	<u>-</u>	<u>683,267</u>
Capital assets being depreciated				
Buildings	2,045,746	-	-	2,045,746
Building improvements	35,625	-	-	35,625
Equipment	7,479,741	323,217	-	7,802,958
Utility systems	54,021,883	249,984	-	54,271,867
Total capital assets being depreciated	<u>63,582,995</u>	<u>573,201</u>	<u>-</u>	<u>64,156,196</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 6: Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
BUSINESS-TYPE ACTIVITIES (continued)				
Less accumulated depreciation for				
Buildings	476,382	61,130	-	537,512
Building improvements	19,850	6,167	-	26,017
Equipment	4,261,009	615,056	-	4,876,065
Utility systems	21,028,779	1,358,479	-	22,387,258
	<u>25,786,020</u>	<u>2,040,832</u>	<u>-</u>	<u>27,826,852</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>37,796,975</u>	<u>(1,467,631)</u>	<u>-</u>	<u>36,329,344</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 38,382,602</u>	<u>\$ (1,369,991)</u>	<u>\$ -</u>	<u>\$ 37,012,611</u>
PRIMARY GOVERNMENT				
CAPITAL ASSETS, NET	<u>\$122,520,169</u>	<u>\$18,937,140</u>	<u>\$16,232,015</u>	<u>\$125,225,294</u>

Depreciation expense is charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 330,334
Public safety	671,485
Highways and streets, including depreciation of general infrastructure assets	1,714,280
Cultural and recreational	<u>115,527</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2,831,626</u>
BUSINESS-TYPE ACTIVITIES	
Water Funds	\$ 1,340,960
Sewer Funds	<u>699,872</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 2,040,832</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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, 2012 and the related fund where this debt is recorded on the accompanying financial statements.

Description and Purpose	Balance May 1, 2011	New Debt Issued	Debt Retired	Balance April 30, 2012	Due Within One Year
Primary Government					
GOVERNMENTAL ACTIVITIES					
Debt Service Funds					
Bonds payable SSA 1	\$ 1,590,000	\$ -	\$ 70,000	\$ 1,520,000	\$ 75,000
Bonds payable SSA 2	340,000	-	15,000	325,000	20,000
Bonds payable SSA 4	1,060,000	-	45,000	1,015,000	50,000
Bonds payable SSA 5	620,000	-	20,000	600,000	20,000
Bonds payable SSA 6	1,560,000	-	50,000	1,510,000	50,000
Bonds payable SSA 7	1,365,000	-	40,000	1,325,000	40,000
Bonds payable 2006	4,720,000	-	225,000	4,495,000	235,000
Bonds payable 2009	18,435,000	-	355,000	18,080,000	365,000
Bonds payable 2009A	7,275,000	-	-	7,275,000	-
Bonds payable 2010	10,675,000	-	230,000	10,445,000	840,000
Total debt service funds	47,640,000	-	1,050,000	46,590,000	1,695,000
Other Funds - Capital Assets					
Fire truck	368,820	-	79,085	289,735	83,338
Tractor	14,571	-	14,571	-	-
3 Police cars	17,738	-	17,738	-	-
Servers	10,897	-	10,897	-	-
Rescue pumper	358,266	-	39,486	318,780	40,642
Ford Interceptor	12,281	-	7,644	4,637	4,637
Police car	20,702	-	7,256	13,446	7,541
Buscom recorder system	32,000	-	10,034	21,966	10,669
Venita Dr land	738,000	-	184,500	553,500	184,500
Police car	-	22,218	5,780	16,438	7,343
Pickup truck	-	17,263	3,160	14,103	5,633
Pickup truck	-	18,230	3,337	14,893	5,948
Transit vehicle	-	21,890	1,173	20,717	7,136
Total other funds - capital assets	1,573,275	79,601	384,661	1,268,215	357,387

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

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

Description and Purpose	Balance May 1, 2011	New Debt Issued	Debt Retired	Balance April 30, 2012	Due Within One Year
Primary Government (continued)					
GOVERNMENTAL ACTIVITIES (continued)					
Other Funds - Compensated Absences	1,474,174	98,916	-	1,573,090	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 50,687,449</u>	<u>\$ 178,517</u>	<u>\$ 1,434,661</u>	<u>\$ 49,431,305</u>	<u>\$ 2,052,387</u>
BUSINESS-TYPE ACTIVITIES					
Water Fund					
Bonds Payable	<u>\$ 1,085,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 735,000</u>	<u>\$ 360,000</u>
Water Funds - Capital Assets					
Servers	14,102	-	14,102	-	-
Water construction note	857,106	-	39,588	817,518	41,092
Water tank note	5,277,452	-	220,063	5,057,389	225,599
Total water funds - capital assets	<u>6,148,660</u>	<u>-</u>	<u>273,753</u>	<u>5,874,907</u>	<u>266,691</u>
Total water funds	<u>7,233,660</u>	<u>-</u>	<u>623,753</u>	<u>6,609,907</u>	<u>626,691</u>
Sewer Funds - Capital Assets					
Construction loan	3,189,862	-	451,504	2,738,358	464,642
Servers	7,051	-	7,051	-	-
Total sewer funds - capital assets	<u>3,196,913</u>	<u>-</u>	<u>458,555</u>	<u>2,738,358</u>	<u>464,642</u>
Water/Sewer Funds - Compensated Absences	<u>508,067</u>	<u>19,126</u>	<u>-</u>	<u>527,193</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 10,938,640</u>	<u>\$ 19,126</u>	<u>\$ 1,082,308</u>	<u>\$ 9,875,458</u>	<u>\$ 1,091,333</u>
TOTAL PRIMARY GOVERNMENT LONG-TERM LIABILITIES	<u>\$ 61,626,089</u>	<u>\$ 197,643</u>	<u>\$ 2,516,969</u>	<u>\$ 59,306,763</u>	<u>\$ 3,143,720</u>
COMPONENT UNIT					
Bonds Payable 2009A	\$ 1,965,000	\$ -	\$ 85,000	\$ 1,880,000	\$ 85,000
Compensated absences	107,361	-	15,400	91,961	-
TOTAL COMPONENT UNIT	<u>\$ 2,072,361</u>	<u>\$ -</u>	<u>\$ 100,400</u>	<u>\$ 1,971,961</u>	<u>\$ 85,000</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

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

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt as of April 30, 2012 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
2013	\$ 1,695,000	\$ 2,143,854	\$ 360,000	\$ 25,185	\$ 85,000	\$ 63,864
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>\$ 46,590,000</u>	<u>\$ 29,822,895</u>	<u>\$ 735,000</u>	<u>\$ 38,310</u>	<u>\$ 1,880,000</u>	<u>\$ 670,037</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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 \$7,640,000 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 prior 1997 bond issues of which there is no longer outstanding defeased amounts. 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 7A-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 7A-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 \$-0- at April 30, 2012 as the escrow was fully paid during fiscal year 2012. This refunding resulted in a net present value loss of \$368,287. See Note 7A-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:

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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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)

Fiscal Year Ending April 30,	SSA 1		SSA 2		SSA 4	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$1,520,000</u>	<u>\$ 825,280</u>	<u>\$ 325,000</u>	<u>\$ 159,075</u>	<u>\$ 1,015,000</u>	<u>\$ 551,185</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%

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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)

Fiscal Year Ending April 30,	SSA 5		SSA 6		SSA 7	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 600,000</u>	<u>\$ 575,300</u>	<u>\$ 1,510,000</u>	<u>\$ 1,442,500</u>	<u>\$ 1,325,000</u>	<u>\$ 1,351,500</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:

Fiscal Year Ending April 30,	Principal	Interest	Total
2013	\$ 235,000	\$ 217,250	\$ 452,250
2014	245,000	207,262	452,262
2015	255,000	196,850	451,850

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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
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>\$4,495,000</u>	<u>\$1,837,124</u>	<u>\$6,332,124</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 was \$3,046,850. As of April 30, 2012, the outstanding portion of the defeased bonds was \$-0- and the market value of the assets held in trust at April 30, 2012 was \$-0- as the escrow was fully liquidated during fiscal year 2012 to pay off the remaining defeased bonds. In 2010 the City defeased a portion of the 2006 issue. See Note 7A-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, 2012

Note 7: 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
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>\$ 18,080,000</u>	<u>\$ 13,374,751</u>	<u>\$ 31,454,751</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 was \$12,754,650 and the market value of the assets held in trust at April 30, 2012 is \$13,247,699.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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 page 51. The following is the future debt service maturity schedule:

<u>Fiscal Year Ending April 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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>\$9,155,000</u>	<u>\$8,290,422</u>	<u>\$17,445,422</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
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>\$10,445,000</u>	<u>\$2,085,795</u>	<u>\$12,530,795</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 issued at rates from 1.25% to 3.50% and are due December 1, 2013. The following is the future debt service schedule to maturity:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: 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)

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
2013	3.35%	\$ 360,000	\$ 25,185	\$ 385,185
2014	3.50%	375,000	13,125	388,125
		<u>\$ 735,000</u>	<u>\$ 38,310</u>	<u>\$ 773,310</u>

B. Loans and Notes Payable

Fiscal Year Ending April 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 357,387	\$ 31,195	\$ 731,333	\$ 220,490
2014	359,244	22,910	751,563	200,259
2015	334,265	14,777	772,355	179,467
2016	72,413	8,845	793,723	158,099
2017	48,466	6,521	815,687	136,135
2018	96,440	4,340	577,917	113,559
2019	-	-	309,562	101,841
2020	-	-	317,350	94,053
2021	-	-	325,333	86,070
2022	-	-	333,517	77,886
2023	-	-	341,908	69,495
2024	-	-	350,509	60,894
2025	-	-	359,326	52,077
2026	-	-	368,365	43,037
2027	-	-	377,632	33,771
2028	-	-	407,299	24,271
2029	-	-	335,720	14,912
2030	-	-	344,166	6,466
	<u>\$ 1,268,215</u>	<u>\$ 88,588</u>	<u>\$ 8,613,265</u>	<u>\$ 1,672,782</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities

1. 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:

<u>Fiscal Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 289,735</u>	<u>\$ 26,225</u>	<u>\$ 315,960</u>

2. During 2009 the City borrowed \$41,825 for the purchase of a tractor, which was completely liquidated during fiscal year 2012.
3. During 2009 the City borrowed \$67,547 for the purchase of 3 police cars, which was completely liquidated in fiscal year 2012.
4. During 2009 the City borrowed \$92,283 for the purchase of a computer server, which was completely liquidated during fiscal year 2012.
5. During 2009 the City borrowed \$380,922 for a down payment on a rescue pumper fire vehicle. Repayment consists of annual payments of \$54,987 at an annual interest rate of 4.50%, with a maturity date of December 19, 2017, according to the following future debt service schedule:

<u>Fiscal Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 40,642	\$ 14,345	\$ 54,987
2014	42,471	12,516	54,987
2015	44,382	10,605	54,987
2016	46,379	8,608	54,987
2017	48,466	6,521	54,987
2018	96,440	4,340	100,780
	<u>\$ 318,780</u>	<u>\$ 56,935</u>	<u>\$ 375,715</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

6. 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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2013</u>	<u>\$ 4,637</u>	<u>\$ 77</u>	<u>\$4,714</u>

7. 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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2013</u>	<u>\$ 7,541</u>	<u>\$ 495</u>	<u>\$ 8,036</u>
2014	5,905	123	6,028
	<u>\$13,446</u>	<u>\$ 618</u>	<u>\$14,064</u>

8. 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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2013</u>	<u>\$10,669</u>	<u>\$ 983</u>	<u>\$11,652</u>
2014	11,297	356	11,653
	<u>\$21,966</u>	<u>\$1,339</u>	<u>\$23,305</u>

9. 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. The remaining future debt service is as follows:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

9. (continued)

Fiscal Year Ending April 30,	Principal
2013	\$ 184,500
2014	184,500
2015	184,500
	<u>\$ 553,500</u>

10. During 2012 the City borrowed \$22,218 for the purchase of a police car. Repayment consists of 36 monthly payments of \$672 at an annual interest rate of 5.655%. The following is the future debt service to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2013	\$ 7,343	\$ 726	\$ 8,069
2014	7,759	310	8,069
2015	1,336	9	1,345
	<u>\$ 16,438</u>	<u>\$ 1,045</u>	<u>\$ 17,483</u>

11. During 2012 the City borrowed \$17,263 for the purchase of a pickup truck. Repayment consists of 36 monthly payments of \$517 at an annual interest rate of 4.951%. The following is the future debt service to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2013	\$ 5,633	\$ 279	\$ 5,912
2014	5,917	287	6,204
2015	2,553	32	2,585
	<u>\$ 14,103</u>	<u>\$ 598</u>	<u>\$ 14,701</u>

12. During 2012 the City borrowed \$18,230 for the purchase of a pickup truck. Repayment consists of 36 monthly payments of \$546 at an annual interest rate of 4.951%. The following is the future debt service to maturity.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

12. (continued)

Fiscal Year Ending April 30,	Principal	Interest	Total
2013	\$ 5,948	\$ 603	\$ 6,551
2014	6,249	303	6,552
2015	2,696	34	2,730
	<u>\$ 14,893</u>	<u>\$ 940</u>	<u>\$15,833</u>

13. During 2012 the City borrowed \$21,890 for the purchase of a transit vehicle. Repayment consists of 36 monthly payments of \$633 at an annual interest rate of 2.645%. The following is the debt service schedule to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2013	\$ 7,136	\$ 462	\$ 7,598
2014	7,326	272	7,598
2015	6,255	77	6,332
	<u>\$ 20,717</u>	<u>\$ 811</u>	<u>\$ 21,528</u>

Business-Type Activities

14. 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.

15. 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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Business-Type Activities (continued)

15. Construction Loan - Sewer (continued)

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 with semi-annual payments of \$270,210 beginning August 1, 1998.

16. 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. Both future debt services to maturity are shown below.

17. 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 had 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 15 and 16) including interest as of April 30, 2012 are as follows:

Fiscal Year Ending April 30,	Water (Tank) Construction Loan		Water Construction Loan	
	Principal	Interest	Principal	Interest
2013	\$ 225,599	\$ 125,034	\$ 41,092	\$ 19,679
2014	231,274	119,358	42,126	18,645
2015	237,092	113,540	43,186	17,585
2016	243,056	107,576	44,272	16,499
2017	249,170	101,462	45,386	15,385
2018	255,439	95,193	46,527	14,243
2019	261,864	88,768	47,698	13,073
2020	268,452	82,180	48,898	11,873

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Business-Type Activities (continued)

Fiscal Year Ending April 30,	Water (Tank) Construction Loan		Water Construction Loan	
	Principal	Interest	Principal	Interest
2021	275,205	75,427	50,128	10,643
2022	282,128	68,504	51,389	9,382
2023	289,226	61,406	52,682	8,089
2024	296,502	54,130	54,007	6,764
2025	303,960	46,672	55,366	5,405
2026	311,607	39,025	56,758	4,012
2027	319,446	31,186	58,186	2,585
2028	327,482	23,150	79,817	1,121
2029	335,721	14,912	-	-
2030	344,166	6,466	-	-
	<u>\$5,057,389</u>	<u>\$1,253,989</u>	<u>\$ 817,518</u>	<u>\$ 174,983</u>

Fiscal Year Ending April 30,	Sewer Construction Loan	
	Principal	Interest
2013	\$ 464,642	\$ 75,777
2014	478,163	62,256
2015	492,077	48,342
2016	506,395	34,024
2017	521,131	19,288
2018	275,950	4,123
	<u>\$2,738,358</u>	<u>\$243,810</u>

The compensated absences listed below reflect the liabilities at April 30, 2012 and 2011:

	2012	2011
Governmental Activities	\$ 1,573,090	\$ 1,474,174
Business-Type Activities	527,193	508,067
Component Unit	91,961	107,361
Total	<u>\$ 2,192,244</u>	<u>\$ 2,089,602</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 7: Long-Term Debt (continued)

C. Legal Debt Margin

ASSESSED VALUATION - 2011 TAX LEVY		<u>\$ 656,896,815</u>
STATUTORY DEBT LIMITATIONS		
8.625% of assessed valuation		\$ 56,657,350
Less indebtedness		
Municipal bonds outstanding (general obligation bonds)	\$ 41,030,000	
Purchase agreement - land	553,500	
Note payable - equipment	21,966	
Note payable - vehicles	692,749	
		<u>42,298,215</u>
LEGAL DEBT MARGIN		<u>\$ 14,359,135</u>

Note 8: 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 2012 the City received \$-0- in governmental assets and \$-0- in proprietary assets.

Note 9: Interfund Receivables and Payables

The following are the interfund balances as of April 30, 2012:

	<u>Due from</u>	<u>Due to</u>
GOVERNMENTAL FUNDS		
MAJOR FUNDS		
General Fund		
IMRF	\$ 303,281	\$ -
Ambulance	244,321	-
Social Security	403,159	-
Ambulance Fund		
General	-	244,321
	<u>950,761</u>	<u>244,321</u>
Total Major Funds		
	<u>950,761</u>	<u>244,321</u>
NONMAJOR FUNDS		
IMRF Fund		
General	-	303,281

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 9: Interfund Receivables and Payables (continued)

	Due from	Due to
NONMAJOR FUNDS (continued)		
Social Security Fund		
General	-	403,159
Total Nonmajor Funds	-	706,440
TOTAL GOVERNMENTAL FUNDS	\$ 950,761	\$ 950,761

Interfund receivables and payables are the result of loans between funds.

Note 10: 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 11: Rebates

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

	Total Rebate	Balance Owed April 30, 2012	Interest Rate	Expiration Date	Specific
Auto Dealer	\$ 250,000	\$ 204,933	N/A	July 2017	50% of collections over specific amount
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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 11: Rebates (continued)

	Total Rebate	Balance Owed April 30, 2012	Interest Rate	Expiration Date	Specific
Retailer	125,000	-	N/A	October 2017	75% rebate first 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 12: 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 13: Expenditures in Excess of Budget

The following funds had expenditures in excess of budgeted amounts:

	Actual Expenditures	Budgeted Expenditures
Capital Improvements	\$ 2,928,215	\$ 1,960,000
Tax Increment Financing	1,582,933	350,100
IMRF	423,611	348,950
Cemetery	3,169	-
Covention Center	529,005	528,805
Newbold	199,880	199,500

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,

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 14: Leases (continued)

A. (continued)

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 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, 2012	April 30, 2011
Number of customers billed		
Water	17,736	17,538
Sewer	9,183	9,151

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, 2012 and for the year then ended.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 16: Component Unit (continued)

	General Fund	Construction Fund	Debt Service Fund	Ohldendorf Bequest Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,453,359	\$ 41,123	\$ 16,616	\$ -	\$ 1,511,098
Investments	-	-	-	2,129,978	2,129,978
Prepaid expenses	12,139	-	-	-	12,139
Accrued interest	-	-	-	8,566	8,566
Accounts receivable	864	-	-	-	864
Property tax receivable	978,655	-	-	-	978,655
	<u>2,445,017</u>	<u>41,123</u>	<u>16,616</u>	<u>2,138,544</u>	<u>4,641,300</u>
LIABILITIES					
Deferred revenue	978,655	-	-	-	978,655
Accounts payable	30,734	-	-	-	30,734
Accrued wages	10,483	-	-	-	10,483
	<u>1,019,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,019,872</u>
EQUITY					
Fund balance - restricted	<u>\$ 1,425,145</u>	<u>\$ 41,123</u>	<u>\$ 16,616</u>	<u>\$ 2,138,544</u>	<u>\$ 3,621,428</u>
REVENUES					
Taxes	\$ 983,123	\$ -	\$ -	\$ -	\$ 983,123
Investment income	457	-	-	(70,147)	(69,690)
Grant	-	-	-	-	-
Donations	-	-	-	21,629	21,629
Transfers	-	-	154,566	-	154,566
Others	58,133	-	35,122	-	93,255
	<u>1,041,713</u>	<u>-</u>	<u>189,688</u>	<u>(48,518)</u>	<u>1,182,883</u>
EXPENDITURES					
Library services	969,724	-	-	28,441	998,165
Debt service	-	-	185,753	-	185,753
Transfers	-	-	-	2,154,566	2,154,566
	<u>969,724</u>	<u>-</u>	<u>185,753</u>	<u>2,183,007</u>	<u>3,338,484</u>
Excess (deficiency) of revenues over expenditures	71,989	-	3,935	(2,231,525)	(2,155,601)
Fund balance, beginning 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>
FUND BALANCE, END OF YEAR	<u>\$ 1,425,145</u>	<u>\$ 41,123</u>	<u>\$ 16,616</u>	<u>\$ 2,138,544</u>	<u>\$ 3,621,428</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 17: Commitments

The City had the following contractual matters in progress at April 30, 2012:

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 11 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, 2012.

Note 19: Interfund Transfers

Interfund transfers for the year ended April 30, 2012 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	\$ -	\$ 230,996
2002 Bond Issue Capital Project	-	372,750
Convention Center	-	529,182
Motor Fuel Tax	-	209,997
Park	-	20,000
Ambulance Fund		
Capital Improvements	-	125,000
Capital Improvements Fund		
Ambulance	125,000	-
Sports Complex	2,233,208	-
Park Land	59,500	-
Component Unit - Library	2,000,000	-
	<hr/>	<hr/>
Total Major Funds	4,417,708	1,487,925
	<hr/>	<hr/>
<u>NONMAJOR FUNDS</u>		
Park Fund		
General	20,000	-
Park Sports Complex	-	514,372

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2012

Note 19: Interfund Transfers (continued)

	<u>Transfers From</u>	<u>Transfers To</u>
GOVERNMENTAL FUNDS (continued)		
<u>NONMAJOR FUNDS (continued)</u>		
Park Fund (continued)		
Park Land	120,000	-
Motor Fuel Tax Fund		
General	209,997	-
Hotel/Motel Fund		
Park Sports Complex	-	348,350
2002 Bond Issue Capital Project Fund		
General	372,750	-
Prop S Infrastructure	415,450	-
Convention Center Fund		
General	529,182	-
Park Sports Complex Fund		
Park	514,372	-
Capital Improvements	-	2,233,208
Hotel/Motel Fund	348,350	-
Park Land Fund		
Capital Improvements	-	59,500
Park	-	120,000
Prop S Infrastructure Fund		
2002 Bond Issue Capital Project Fund	-	415,450
1997 Bond Issue Debt Service Fund		
General	<u>230,996</u>	<u>-</u>
Total Nonmajor Funds	<u>2,761,097</u>	<u>3,690,880</u>
Total Governmental Funds	7,178,805	5,178,805
 <u>COMPONENT UNIT</u>		
Library Fund		
Capital Improvements	<u>-</u>	<u>2,000,000</u>
 TOTAL GOVERNMENTAL FUNDS AND COMPONENT UNIT	 <u>\$ 7,178,805</u>	 <u>\$ 7,178,805</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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES				
Taxes				
Property taxes	\$ 281,670	\$ 284,654	\$ 1,140,519	\$ 1,133,173
Utility	1,453,400	947,685	-	-
Food and beverage	595,000	597,880	-	-
Intergovernmental receipts				
Replacement tax	150	-	-	-
State sales tax	6,792,080	6,758,839	-	-
State income tax	2,262,480	2,408,499	-	-
Road and bridge tax	225,000	259,276	-	-
Grants	20,000	184,107	-	-
MEGSI	40,000	62,473	-	-
Other	-	-	386,000	373,509
Licenses and permits	561,100	491,931	4,000	3,669
Subdivision fees	10,000	22,533	-	-
Police reports	12,300	14,850	-	-
Combined dispatch	100,000	100,000	-	-
Fines and fees	252,000	320,611	1,000	400
Service fees	-	-	-	-
Interest income	15,000	11,888	-	1
Phone and cable television fees	1,305,500	812,676	-	-
Rentals	8,000	16,946	-	-
Miscellaneous revenues and reimbursements	3,500	-	-	18,362
Cemetery revenue	26,300	17,274	-	-
Insurance refunds and claims	500	765	-	-
Fee in lieu of taxes	548,800	548,800	-	-
	<u>14,512,780</u>	<u>13,861,687</u>	<u>1,531,519</u>	<u>1,529,114</u>
EXPENDITURES				
Administration				
Personnel services				
Salaries	577,670	616,190	-	-
Payroll taxes	400	450	-	-
Group insurance	68,800	84,934	-	-

(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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Administration (continued)				
Contractual services				
Maintenance and repairs	500	2,278	-	-
Insurance	31,000	20,077	-	-
Utilities and telephone	7,000	7,487	-	-
Travel and training	16,000	15,255	-	-
Legal and accounting fees	18,000	17,939	-	-
Engineering and other professional fees	190,000	182,083	-	-
Other contractual services	41,500	41,401	-	-
Commodities				
Operating and maintenance supplies	2,000	1,833	-	-
Computer and office supplies	11,000	15,767	-	-
Miscellaneous	38,750	36,156	-	-
Tax rebates	10,000	8,152	-	-
Capital purchases	5,000	-	-	-
Debt service				
Principal retirement	7,500	-	-	-
Interest and fiscal charges	-	-	-	-
Police Department				
Personnel services				
Salaries	4,191,591	4,155,839	-	-
Payroll taxes	7,500	16,666	-	-
Group insurance	773,600	753,467	-	-
Contractual services				
Maintenance and repairs	179,040	154,013	-	-
Insurance	264,575	155,741	-	-
Utilities and telephone	134,820	125,575	-	-
Travel and training	46,700	19,906	-	-
Legal and accounting fees	35,000	30,263	-	-
Engineering and other professional fees	152,239	182,202	-	-
Other contractual services	39,305	21,501	-	-
Commodities				
Operating and maintenance supplies	43,450	65,945	-	-
Gasoline and oil	100,000	143,215	-	-
Uniforms and food	58,800	21,545	-	-
Computer and office supplies	10,150	28,582	-	-

(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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Police Department (continued)				
Miscellaneous	4,100	3,105	-	-
Capital purchases	-	161,749	-	-
Debt service				
Principal retirement	66,000	43,435	-	-
Interest and fiscal charges	2,400	3,109	-	-
Street Department				
Personnel services				
Salaries	845,000	754,172	-	-
Payroll taxes	1,000	3,604	-	-
Group insurance	181,800	146,233	-	-
Contractual services				
Maintenance and repairs	621,500	372,690	-	-
Insurance	130,000	115,630	-	-
Utilities and telephone	282,000	260,393	-	-
Travel and training	3,000	3,688	-	-
Legal and accounting fees	20,500	30,769	-	-
Engineering and other professional fees	238,860	279,938	-	-
Other contractual services	10,000	18,078	-	-
Commodities				
Operating and maintenance supplies	139,640	120,840	-	-
Gasoline and oil	40,000	32,293	-	-
Uniforms	6,000	9,084	-	-
Computer and office supplies	6,000	13,640	-	-
Miscellaneous	11,500	491	-	-
Capital purchases	130,000	146,244	-	-
Debt service				
Principal retirement	20,095	10,897	-	-
Interest and fiscal charges	-	87	-	-
Facilities				
Contractual services				
Maintenance and repairs	187,800	101,414	-	-
Utilities and telephone	55,000	38,897	-	-
Engineering and other professional fees	14,000	5,760	-	-
Other contractual services	-	-	-	-

(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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Facilities (continued)				
Commodities				
Operating and maintenance supplies	2,700	6,016	-	-
Uniforms	300	-	-	-
Capital purchases	13,500	117,726	-	-
Planning and Zoning Department				
Personnel services				
Salaries	489,500	510,362	-	-
Payroll taxes	2,000	2,703	-	-
Group insurance	107,960	94,944	-	-
Contractual services				
Maintenance and repairs	5,200	3,307	-	-
Insurance	26,000	17,625	-	-
Telephone	7,000	6,901	-	-
Travel and training	15,500	10,352	-	-
Legal and accounting fees	29,500	16,352	-	-
Other professional fees	103,250	71,218	-	-
Abatements	7,500	3,875	-	-
Other contractual services	20,000	14,177	-	-
Commodities				
Operating and maintenance supplies	7,500	3,564	-	-
Gasoline and oil	6,500	9,571	-	-
Uniforms	2,000	1,941	-	-
Computer and office supplies	5,500	11,847	-	-
Miscellaneous	1,750	167	-	-
Capital purchases	-	17,263	-	-
Debt service				
Principal retirement	14,500	3,160	-	-
Interest and fiscal charges	-	459	-	-
Economic Development				
Personnel services				
Salaries	58,175	64,622	-	-
Group insurance	4,235	4,267	-	-
Contractual services				
Travel and training	37,965	14,539	-	-
Legal fees	20,000	10,236	-	-

(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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Economic Development (continued)				
Contractual services (continued)				
Other professional fees	40,300	45,058	-	-
Other contractual services	45,500	20,339	-	-
Commodities				
Computer and office supplies	600	5,630	-	-
Miscellaneous	500	1,091	-	-
Capital purchases	-	-	-	-
Development	279,604	67,256	-	-
Debt service				
Principal retirement	4,000	-	-	-
Interest and fiscal charges	-	-	-	-
Cemetery				
Personnel services				
Salaries	38,500	31,531	-	-
Payroll taxes	250	450	-	-
Group insurance	9,650	8,850	-	-
Contractual services				
Maintenance and repairs	15,350	4,803	-	-
Insurance	3,000	1,976	-	-
Telephone and utilities	2,000	1,596	-	-
Training	250	-	-	-
Other professional fees	2,000	485	-	-
Other contractual services	600	741	-	-
Commodities				
Operating and maintenance supplies	6,800	8,532	-	-
Office supplies	100	-	-	-
Gasoline and oil	2,500	2,460	-	-
Uniforms	450	-	-	-
Miscellaneous	100	612	-	-
Capital purchases	-	22,030	-	-
Debt service				
Principal retirement	20,400	17,908	-	-
Interest and fiscal charges	1,269	845	-	-

(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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Fire Department				
Personnel services				
Salaries	-	-	177,599	202,463
Payroll taxes	-	-	300	450
Pension expense	-	-	41,875	19,260
Group insurance	-	-	29,500	36,996
Contractual services				
Maintenance and repairs	-	-	140,840	106,922
Insurance	-	-	62,516	49,918
Telephone and utilities	-	-	74,240	48,016
Travel and training	-	-	32,750	24,524
Other professional fees	-	-	93,620	57,700
Other contractual services	-	-	18,500	8,526
Fire run expenses and fees	-	-	103,000	99,435
Commodities				
Operating and maintenance supplies	-	-	61,000	56,368
Computer and office supplies	-	-	7,700	15,902
Gasoline and oil	-	-	28,500	28,747
Uniforms	-	-	69,500	50,099
Capital purchases	-	-	455,000	95,233
Debt service				
Principal retirement	-	-	131,900	118,571
Interest and fiscal charges	-	-	34,750	32,979
Ambulance				
Personnel 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	-	-	-	-

(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, 2012

	General Fund		Fire Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (continued)				
Ambulance (continued)				
Commodities				
Operating and maintenance supplies	-	-	-	-
Computer and office supplies	-	-	-	-
Gasoline and oil	-	-	-	-
Uniforms	-	-	-	-
Capital purchases	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	11,539,843	10,860,089	1,563,090	1,052,109
Total expenditures				
Excess (deficiency) of revenues over expenditures	2,972,937	3,001,598	(31,571)	477,005
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	22,000	57,711	-	-
Proceeds from sale of assets	5,000	9,473	-	5,000
Transfer from other funds	-	-	446,071	-
Transfer (to) other funds	(2,999,937)	(1,362,925)	(414,500)	-
Total other financing sources (uses)	(2,972,937)	(1,295,741)	31,571	5,000
Net change in fund balance	\$ -	1,705,857	\$ -	482,005
Fund balance, beginning of year		10,625,362		1,278,532
FUND BALANCE, END OF YEAR		\$ 12,331,219		\$ 1,760,537

SCHEDULE A
Page 7

<u>Ambulance Fund</u>	
<u>Original and Final Budget</u>	<u>Actual</u>
72,000	48,218
8,500	8,359
30,000	43,128
14,000	24,006
190,000	17,747
16,700	5,017
794	809
<u>2,156,961</u>	<u>1,728,049</u>
<u>293,830</u>	<u>756,684</u>
-	-
-	-
-	-
<u>(293,830)</u>	<u>(125,000)</u>
<u>(293,830)</u>	<u>(125,000)</u>
<u>\$ -</u>	631,684
	<u>3,647,093</u>
	<u>\$4,278,777</u>

City of O'Fallon
St. Clair County, Illinois

IMRF TREND INFORMATION

April 30, 2012

Illinois Municipal Retirement Fund (IMRF)
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Covered Payroll	((b-a)/(c)) Unfunded as Percent of Payroll
12/31/11	\$ 8,781,217	\$ 12,084,740	\$ 3,303,523	72.66%	\$ 5,732,623	57.63%
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%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$8,252,117. On a market basis, the funded ratio would be 68.29%.

SCHEDULE C

City of O'Fallon
St. Clair County, Illinois

POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION TREND INFORMATION

April 30, 2012

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	
4/30/11*	N/A	N/A	N/A	N/A	N/A	N/A
4/30/10	\$ 13,976,565	\$ 19,369,882	72%	\$ 5,393,317	\$ 2,911,109	185%
4/30/09	11,048,724	18,250,279	61%	7,201,555	2,875,841	250%

Employer Contributions

Actuarial Year	Employer Contributions
4/30/11*	N/A
4/30/10	\$ 703,521
4/30/09	776,338

* Actuarial data not available.

City of O'Fallon
St. Clair County, Illinois

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2012

Note 1: Expenditure in Excess of Budget

The following fund had an expenditure in excess of budgeted amounts:

	<u>Budget</u>	<u>Actual</u>
None		

STATEMENT 1

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, 2012

	Capital Improvements	
	Original and Final Budget	Actual
REVENUES		
Interest income	\$ -	\$ 458
Accrued interest on sale of bonds	-	-
Federal grants	-	-
State grants	-	100,000
Franchise fees	-	-
Annex fees	-	-
Build America bond rebates	-	-
Miscellaneous	-	-
Park extraction fees	-	-
Total revenues	-	100,458
EXPENDITURES		
Administration		
Capital purchases	160,000	278,730
Park department		
Other professional services	-	-
Miscellaneous	-	330
Capital purchases	1,800,000	2,464,655
Development		
Project costs	-	-
Capital purchases	-	-
Bond issuance costs	-	-
Debt service		
Principal retirement	-	184,500
Interest and fiscal charges	-	-
Total expenditures	1,960,000	2,928,215
Excess (deficiency) of revenues over expenditures	(1,960,000)	(2,827,757)

(continued on next page)

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
MAJOR CAPITAL PROJECTS FUNDS
(continued)
Year Ended April 30, 2012

	Capital Improvements	
	Original and Final Budget	Actual
OTHER FINANCING SOURCES		
Note proceeds	-	-
Transfer from other funds	1,960,000	4,417,708
Transfer (to) other funds	-	-
Total other financing sources	1,960,000	4,417,708
Net change in fund balance	\$ -	1,589,951
Fund balance, beginning of year		605,716
FUND BALANCE, END OF YEAR		\$ 2,195,667

		Special Revenue Funds				
		Park Fund	Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund
ASSETS						
ASSETS						
Cash		\$1,478,710	\$ 78,048	\$ 634,278	\$4,499,080	\$ 465,968
Investments		-	453,442	-	-	-
Prepaid expenses		13,003	-	-	-	-
Receivables, less allowance for uncollectible amounts						
Property taxes		587,193	-	349,053	-	658,309
Other governmental entities		-	-	535	72,150	2,701
Other		-	-	-	-	-
Accrued interest		-	287	-	-	-
TOTAL ASSETS		<u>\$2,078,906</u>	<u>\$ 531,777</u>	<u>\$ 983,866</u>	<u>\$4,571,230</u>	<u>\$1,126,978</u>
LIABILITIES AND MUNICIPAL EQUITY						
LIABILITIES						
Accrued payroll		\$ 20,982	\$ -	\$ -	\$ -	\$ -
Accounts payable		156,220	-	-	5,281	-
Deferred revenue		137,302	-	-	-	-
Deferred taxes		587,193	-	349,053	-	658,309
Due to other funds		-	-	303,281	-	403,159
Total liabilities		<u>901,697</u>	<u>-</u>	<u>652,334</u>	<u>5,281</u>	<u>1,061,468</u>
MUNICIPAL EQUITY						
Fund balance						
Nonspendable		13,003	-	-	-	-
Restricted		1,164,206	531,777	331,532	4,565,949	65,510
Unassigned		-	-	-	-	-
Total municipal equity		<u>1,177,209</u>	<u>531,777</u>	<u>331,532</u>	<u>4,565,949</u>	<u>65,510</u>
TOTAL LIABILITIES AND MUNICIPAL EQUITY		<u>\$2,078,906</u>	<u>\$ 531,777</u>	<u>\$ 983,866</u>	<u>\$4,571,230</u>	<u>\$1,126,978</u>

City of O'Fallon
St. Clair County, Illinois

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2012

Special Service Funds	Tax Increment Financing	Hotel/ Motel Fund	Capital Projects				
			2002 Bond Issue	Convention Center	Park Sports Complex	Park Land Fund	Prop S Infrastructure
\$ 169,319	\$ 481,249	\$ 917,453	\$ 425,716	\$ 1,377,898	\$ 373,635	\$ 810,894	\$ 1,574,399
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,213	-	-	-	-	-	-	-
-	-	-	-	-	-	-	117,160
-	-	101,675	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 184,532</u>	<u>\$ 481,249</u>	<u>\$ 1,019,128</u>	<u>\$ 425,716</u>	<u>\$ 1,377,898</u>	<u>\$ 373,635</u>	<u>\$ 810,894</u>	<u>\$ 1,691,559</u>
\$ -	\$ -	\$ 680	\$ -	\$ -	\$ -	\$ -	\$ -
191	3,149	6,567	-	-	-	-	25,506
-	-	-	-	-	-	-	-
15,213	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,404</u>	<u>3,149</u>	<u>7,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,506</u>
-	-	-	-	-	-	-	-
169,128	478,100	1,011,881	425,716	1,377,898	373,635	810,894	1,666,053
-	-	-	-	-	-	-	-
<u>169,128</u>	<u>478,100</u>	<u>1,011,881</u>	<u>425,716</u>	<u>1,377,898</u>	<u>373,635</u>	<u>810,894</u>	<u>1,666,053</u>
<u>\$ 184,532</u>	<u>\$ 481,249</u>	<u>\$ 1,019,128</u>	<u>\$ 425,716</u>	<u>\$ 1,377,898</u>	<u>\$ 373,635</u>	<u>\$ 810,894</u>	<u>\$ 1,691,559</u>

Debt Service						
1997 Bond Issue	2002 Bond Issue	Special Service Areas	Subaru	Newbold	Harley Davidson	Totals
\$ -	\$ 287,192	\$ 511,373	\$ 81,371	\$ 364,740	\$ 312,832	\$ 14,844,155
-	-	-	-	-	-	453,442
-	-	-	-	-	-	13,003
-	-	-	-	-	-	1,609,768
-	-	-	-	-	-	192,546
-	-	-	-	-	-	101,675
-	-	-	-	-	-	287
<u>\$ -</u>	<u>\$ 287,192</u>	<u>\$ 511,373</u>	<u>\$ 81,371</u>	<u>\$ 364,740</u>	<u>\$ 312,832</u>	<u>\$ 17,214,876</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,662
-	-	-	-	-	-	196,914
-	-	-	-	-	-	137,302
-	-	-	-	-	-	1,609,768
-	-	-	-	-	-	706,440
-	-	-	-	-	-	2,672,086
-	-	-	-	-	-	13,003
-	287,192	511,373	81,371	364,740	312,832	14,529,787
-	-	-	-	-	-	-
-	287,192	511,373	81,371	364,740	312,832	14,542,790
<u>\$ -</u>	<u>\$ 287,192</u>	<u>\$ 511,373</u>	<u>\$ 81,371</u>	<u>\$ 364,740</u>	<u>\$ 312,832</u>	<u>\$ 17,214,876</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	\$ 586,801	\$ -	\$ 357,947	\$ -	\$ 564,631
Utility tax	514,372	-	-	-	-
Intergovernmental receipts					
Sales tax	12,308	-	-	-	-
Replacement taxes	-	-	3,601	-	18,208
Grants	404,817	-	-	124,421	-
Motor fuel taxes	-	-	-	860,425	-
Reimbursements from other	-	-	-	472,485	-
Administrative fees and rentals	159,992	3,164	-	-	-
Room tax	-	-	-	-	-
Investment income	507	4,579	133	2,797	-
Phone and cable television fees	532,563	-	-	-	-
Donations	10,238	-	-	-	-
Annex fees	-	-	-	-	-
Park extraction fees	-	-	-	-	-
Subdivision fees	-	-	-	-	-
Build America bond rebates	-	-	-	-	-
Miscellaneous income	886	-	-	-	-
Concession income	156,602	-	-	-	-
Recreation program fees	694,273	-	-	-	-
Fee in lieu of taxes	-	-	-	-	36,418
Total revenues	3,073,359	7,743	361,681	1,460,128	619,257
EXPENDITURES					
General government	-	3,169	423,611	-	622,017
Public safety	-	-	-	-	-
Fire department	-	-	-	-	-
Highways and streets	-	-	-	451,788	-
Development	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	2,156,960	-	-	-	-
Tax Increment Financing	-	-	-	-	-
Tourism	-	-	-	-	-
Capital expenditures	366,322	-	-	736,295	-
Debt service					
Bond issuance costs	-	-	-	-	-
Principal retirement	1,173	-	-	-	-
Interest and fiscal charges	93	-	-	-	-
Total expenditures	2,524,548	3,169	423,611	1,188,083	622,017

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, 2012

Special Service Fund	Tax Increment Financing	Hotel/ Motel Fund	Capital Projects				
			2002 Bond Issue	Convention Center	Park Sports Complex	Park Land Fund	Prop S Infrastructure
\$ 15,191	\$ 344,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,566,452
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	685,143	-	-	-	-	-
-	61	621	-	1,900	1,189	-	1,177
-	-	-	-	-	-	-	-
-	-	-	-	-	-	169,750	-
-	-	-	-	-	-	14,992	-
-	-	-	-	-	-	17,500	-
-	-	-	-	-	160,414	1,556	-
-	-	-	-	-	-	-	14,305
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,191</u>	<u>344,460</u>	<u>685,764</u>	<u>-</u>	<u>1,900</u>	<u>161,603</u>	<u>203,798</u>	<u>1,581,934</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,001	-	-	-	-	-	-	581,606
-	15,215	151,861	-	-	-	-	-
-	-	-	-	-	-	-	-
-	67,718	-	-	-	-	-	-
-	-	48,543	-	-	-	-	-
-	1,500,000	-	-	-	-	-	988,935
-	-	-	-	-	-	-	-
-	-	-	322,320	187,340	245,340	-	-
-	-	-	466,378	341,665	905,228	-	-
<u>6,001</u>	<u>1,582,933</u>	<u>200,404</u>	<u>788,698</u>	<u>529,005</u>	<u>1,150,568</u>	<u>-</u>	<u>1,570,541</u>

(continued on next page)

STATEMENT 3

Debt Service						
1997 Bond Issue	2002 Bond Issue	Special Service Areas	Subaru	Newbold	Harley Davidson	Totals
\$ -	\$ -	\$ 312,959	\$ 78,500	\$ 197,001	\$ 168,200	\$ 2,625,629
-	-	-	-	-	-	514,372
-	-	-	-	-	-	1,578,760
-	-	-	-	-	-	21,809
-	-	-	-	-	-	529,238
-	-	-	-	-	-	860,425
-	-	-	-	-	-	472,485
-	-	-	-	-	-	163,156
-	-	-	-	-	-	685,143
-	-	1,081	32	688	685	15,450
-	-	-	-	-	-	532,563
-	-	-	-	-	-	10,238
-	-	-	-	-	-	169,750
-	-	-	-	-	-	14,992
-	-	-	-	-	-	17,500
-	-	-	-	-	-	161,970
-	-	-	-	-	-	15,191
-	-	-	-	-	-	156,602
-	-	-	-	-	-	694,273
-	-	-	-	-	-	36,418
-	-	314,040	78,532	197,689	168,885	9,275,964
-	-	-	-	-	-	1,048,797
-	-	-	-	-	-	-
-	-	-	-	-	-	1,039,395
-	-	-	-	-	-	167,076
-	-	-	-	-	-	-
-	-	-	-	-	-	2,156,960
-	-	-	-	-	-	67,718
-	-	-	-	-	-	48,543
-	-	-	-	-	-	3,591,552
-	-	-	-	-	-	-
55,000	-	130,000	20,000	50,000	40,000	1,051,173
175,996	-	185,585	59,300	149,880	130,190	2,414,315
230,996	-	315,585	79,300	199,880	170,190	11,585,529

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
Excess (deficiency) of revenues over expenditures	548,811	4,574	(61,930)	272,045	(2,760)
OTHER FINANCING SOURCES (USES)					
Note proceeds	21,890	-	-	-	-
Transfer from other funds	140,000	-	-	209,997	-
Transfer (to) other funds	(514,372)	-	-	-	-
Total other financing sources (uses)	(352,482)	-	-	209,997	-
Net change in fund balance	196,329	4,574	(61,930)	482,042	(2,760)
Fund balance, beginning of year	980,880	527,203	393,462	4,083,907	68,270
FUND BALANCE, END OF YEAR	<u>\$1,177,209</u>	<u>\$531,777</u>	<u>\$331,532</u>	<u>\$ 4,565,949</u>	<u>\$ 65,510</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
(continued)
Year Ended April 30, 2012

Special Service Fund	Tax Increment Financing	Hotel/ Motel Fund	Capital Projects				
			2002 Bond Issue	Convention Center	Park Sports Complex	Park Land Fund	Prop S Infrastructure
9,190	(1,238,473)	485,360	(788,698)	(527,105)	(988,965)	203,798	11,393
-	-	-	-	-	-	-	-
-	-	-	788,200	529,182	862,722	-	-
-	-	(348,350)	-	-	(2,233,208)	(179,500)	(415,450)
-	-	(348,350)	788,200	529,182	(1,370,486)	(179,500)	(415,450)
9,190	(1,238,473)	137,010	(498)	2,077	(2,359,451)	24,298	(404,057)
159,938	1,716,573	874,871	426,214	1,375,821	2,733,086	786,596	2,070,110
<u>\$ 169,128</u>	<u>\$ 478,100</u>	<u>\$ 1,011,881</u>	<u>\$ 425,716</u>	<u>\$1,377,898</u>	<u>\$ 373,635</u>	<u>\$810,894</u>	<u>\$ 1,666,053</u>

Debt Service						
<u>1997</u> <u>Bond Issue</u>	<u>2002</u> <u>Bond</u> <u>Issue</u>	<u>Special</u> <u>Service</u> <u>Areas</u>	<u>Subaru</u>	<u>Newbold</u>	<u>Harley</u> <u>Davidson</u>	<u>Totals</u>
<u>(230,996)</u>	<u>-</u>	<u>(1,545)</u>	<u>(768)</u>	<u>(2,191)</u>	<u>(1,305)</u>	<u>(2,309,565)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,890</u>
<u>230,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,761,097</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,690,880)</u>
<u>230,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(907,893)</u>
<u>-</u>	<u>-</u>	<u>(1,545)</u>	<u>(768)</u>	<u>(2,191)</u>	<u>(1,305)</u>	<u>(3,217,458)</u>
<u>-</u>	<u>287,192</u>	<u>512,918</u>	<u>82,139</u>	<u>366,931</u>	<u>314,137</u>	<u>17,760,248</u>
<u>\$ -</u>	<u>\$287,192</u>	<u>\$511,373</u>	<u>\$81,371</u>	<u>\$364,740</u>	<u>\$312,832</u>	<u>\$14,542,790</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	\$ 625,945	\$ 586,801	\$ -	\$ -
Utility tax	847,485	514,372	-	-
Intergovernmental receipts				
Sales tax	6,500	12,308	-	-
Replacement taxes	-	-	-	-
Grant revenues	150,000	404,817	-	-
Motor fuel taxes	-	-	-	-
Reimbursements from other	-	-	-	-
Administrative fees and rentals	147,900	159,992	10,000	3,164
Service fees	-	-	-	-
Room tax	-	-	-	-
Investment income	1,025	507	-	4,579
Phone and cable television fees	680,400	532,563	-	-
Donations	5,500	10,238	-	-
Miscellaneous income	1,250	886	-	-
Concessions	104,700	156,602	-	-
Recreation program fees	667,945	694,273	-	-
Fee in lieu of taxes	-	-	-	-
Total revenues	3,238,650	3,073,359	10,000	7,743
EXPENDITURES				
Personnel services				
Salaries	923,050	871,084	-	-
Payroll taxes	1,875	2,703	-	-
Group insurance	113,350	108,427	-	-
IMRF expense	-	-	-	-
Contractual services				
Maintenance and repairs	88,500	217,939	-	-
Insurance	29,800	22,492	-	-
Utilities and telephone	171,400	110,488	-	-
Travel and training	10,800	8,838	-	-
Legal and accounting fees	11,000	7,565	-	-
Engineering and other professional fees	98,000	86,590	-	3,169
Other contractual services	21,300	12,652	-	-
Fire run expenses and fees	-	-	-	-

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, 2012

IMRF Fund		Motor Fuel Tax Fund		Social Security Fund		Special Service Funds	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ 345,700	\$ 357,947	\$ -	\$ -	\$ 545,795	\$ 564,631	\$ 15,200	\$ 15,191
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,000	3,601	-	-	15,000	18,208	-	-
-	-	-	124,421	-	-	-	-
-	-	700,000	860,425	-	-	-	-
-	-	-	472,485	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
250	133	2,000	2,797	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	36,420	36,418	-	-
<u>348,950</u>	<u>361,681</u>	<u>702,000</u>	<u>1,460,128</u>	<u>597,215</u>	<u>619,257</u>	<u>15,200</u>	<u>15,191</u>
-	-	-	-	-	-	-	-
-	-	-	-	685,500	622,017	-	-
-	-	-	-	-	-	-	-
348,950	423,611	-	-	-	-	-	-
-	-	90,000	49,470	-	-	7,400	6,001
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,550	-
-	-	410,000	402,318	-	-	6,250	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

(continued on next page)

STATEMENT 4

Tax Increment Financing		Hotel/Motel Fund	
Final Budget	Actual	Final Budget	Actual
\$ 350,000	\$ 344,399	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	600,000	685,143
100	61	500	621
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>350,100</u>	<u>344,460</u>	<u>600,500</u>	<u>685,764</u>
-	-	29,450	31,178
-	-	-	-
-	-	2,900	2,845
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,000	18,969	-	-
44,000	48,749	29,800	14,520
-	-	-	-
-	-	-	-

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)				
Commodities				
Operating and maintenance supplies	170,800	111,297	-	-
Gasoline and oil	27,000	33,200	-	-
Uniforms and food	62,650	83,897	-	-
Computer and office supplies	6,550	11,641	-	-
Recreation programs	427,250	460,341	-	-
Development projects	-	-	-	-
Miscellaneous	6,950	7,806	-	-
Capital purchases	564,800	366,322	-	-
Debt service				
Principal retirement	31,575	1,173	-	-
Interest and fiscal charges	-	93	-	-
Total expenditures	<u>2,766,650</u>	<u>2,524,548</u>	<u>-</u>	<u>3,169</u>
Excess (deficiency) of revenues over expenditures	<u>472,000</u>	<u>548,811</u>	<u>10,000</u>	<u>4,574</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	21,890	-	-
Transfer from other funds	220,000	140,000	-	-
Transfer (to) other funds	<u>(692,000)</u>	<u>(514,372)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(472,000)</u>	<u>(352,482)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>196,329</u>	<u>\$ -</u>	<u>4,574</u>
Fund balance, beginning of year		<u>980,880</u>		<u>527,203</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,177,209</u>		<u>\$ 531,777</u>

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
(continued)
Year Ended April 30, 2012

IMRF Fund		Motor Fuel Tax Fund		Social Security Fund		Special Service Funds	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,735,000	736,295	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>348,950</u>	<u>423,611</u>	<u>2,235,000</u>	<u>1,188,083</u>	<u>685,500</u>	<u>622,017</u>	<u>15,200</u>	<u>6,001</u>
<u>-</u>	<u>(61,930)</u>	<u>(1,533,000)</u>	<u>272,045</u>	<u>(88,285)</u>	<u>(2,760)</u>	<u>-</u>	<u>9,190</u>
-	-	-	-	-	-	-	-
-	-	1,533,000	209,997	88,285	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,533,000</u>	<u>209,997</u>	<u>88,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>(61,930)</u>	<u>\$ -</u>	<u>482,042</u>	<u>\$ -</u>	<u>(2,760)</u>	<u>\$ -</u>	<u>9,190</u>
	<u>393,462</u>		<u>4,083,907</u>		<u>68,270</u>		<u>159,938</u>
	<u>\$ 331,532</u>		<u>\$ 4,565,949</u>		<u>\$ 65,510</u>		<u>\$169,128</u>

STATEMENT 4
Page 2

<u>Tax Increment Financing</u>		<u>Hotel/Motel Fund</u>	
<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
304,100	15,215	190,000	151,861
-	-	-	-
-	1,500,000	-	-
-	-	-	-
-	-	-	-
<u>350,100</u>	<u>1,582,933</u>	<u>252,150</u>	<u>200,404</u>
-	(1,238,473)	348,350	485,360
-	-	-	-
-	-	-	-
-	-	(348,350)	(348,350)
-	-	(348,350)	(348,350)
<u>\$ -</u>	<u>(1,238,473)</u>	<u>\$ -</u>	<u>137,010</u>
	<u>1,716,573</u>		<u>874,871</u>
	<u>\$ 478,100</u>		<u>\$ 1,011,881</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, 2012

	2002 Bond Issue		Convention Center	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Annex fees	-	-	-	-
Park extraction fees	-	-	-	-
Subdivision fees	-	-	-	-
Interest income	500	-	500	1,900
Build America bond rebates	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>500</u>	<u>-</u>	<u>500</u>	<u>1,900</u>
EXPENDITURES				
Administration				
Capital purchases	-	-	-	-
Police department				
Maintenance and repairs	-	-	-	-
Other professional services	-	-	-	-
Street department				
Maintenance and repairs	-	-	-	-
Engineering and other professional services	-	-	-	-
Capital purchases	-	-	-	-
Park department				
Maintenance and repairs	-	-	-	-
Other professional services	-	-	-	-
Capital purchases	-	-	-	-
Water department				
Other professional services	-	-	-	-
Debt service				
Bond issuance costs	-	-	-	-
Principal retirement	322,320	322,320	187,340	187,340
Interest and fiscal charges	<u>466,378</u>	<u>466,378</u>	<u>341,465</u>	<u>341,665</u>
Total expenditures	<u>788,698</u>	<u>788,698</u>	<u>528,805</u>	<u>529,005</u>

(continued on next page)

STATEMENT 5

Park Sports Complex		Park Land Fund			Prop S Infrastructure	
Final Budget	Actual	Original Budget	Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,650,000	1,566,452
-	-	125,000	125,000	169,750	-	-
-	-	25,000	25,000	14,992	-	-
-	-	-	-	17,500	-	-
7,000	1,189	2,500	2,500	1,556	1,000	1,177
160,414	160,414	-	-	-	-	-
-	-	-	-	-	-	14,305
<u>167,414</u>	<u>161,603</u>	<u>152,500</u>	<u>152,500</u>	<u>203,798</u>	<u>1,651,000</u>	<u>1,581,934</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,610,825	478,249
-	-	-	-	-	130,000	103,357
-	-	-	-	-	-	988,935
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
245,340	245,340	-	-	-	-	-
905,352	905,228	-	-	-	-	-
<u>1,150,692</u>	<u>1,150,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,740,825</u>	<u>1,570,541</u>

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

(continued)

Year Ended April 30, 2012

	<u>2002 Bond Issue</u>		<u>Convention Center</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Excess (deficiency) of revenues over expenditures	<u>(788,198)</u>	<u>(788,698)</u>	<u>(528,305)</u>	<u>(527,105)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Transfer from other funds	788,198	788,200	528,305	529,182
Transfer (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>788,198</u>	<u>788,200</u>	<u>528,305</u>	<u>529,182</u>
Net change in fund balance	<u>\$ -</u>	<u>(498)</u>	<u>\$ -</u>	<u>2,077</u>
Fund balance, beginning of year		<u>426,214</u>		<u>1,375,821</u>
FUND BALANCE, END OF YEAR		<u>\$ 425,716</u>		<u>\$ 1,377,898</u>

Park Sports Complex		Park Land Fund			Prop S Infrastructure	
Final Budget	Actual	Original Budget	Final Budget	Actual	Final Budget	Actual
(983,278)	(988,965)	152,500	152,500	203,798	(89,825)	11,393
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,840,350	862,722	-	-	-	505,275	-
(1,857,072)	(2,233,208)	(152,500)	(247,000)	(179,500)	(415,450)	(415,450)
983,278	(1,370,486)	(152,500)	(247,000)	(179,500)	89,825	(415,450)
\$ -	(2,359,451)	\$ -	\$ (94,500)	24,298	\$ -	(404,057)
	2,733,086			786,596		2,070,110
	\$ 373,635			\$ 810,894		\$ 1,666,053

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

	1997 Bond Issue		2002 Bond Issue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Interest income	-	-	-	-
Grant income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Street department				
Maintenance and repairs	-	-	-	-
Engineering and other professional services	-	-	-	-
Capital purchases	-	-	-	-
Debt service				
Principal retirement	55,000	55,000	-	-
Interest and fiscal charges	175,996	175,996	-	-
Total expenditures	230,996	230,996	-	-
Excess (deficiency) of revenues over expenditures	(230,996)	(230,996)	-	-
OTHER FINANCING SOURCES (USES)				
Transfer (to) other funds	-	-	-	-
Transfer from other funds	230,996	230,996	-	-
Total other financing sources (uses)	230,996	230,996	-	-
Net change in fund balance	\$ -	-	\$ -	-
Fund balance, beginning of year		-		287,192
FUND BALANCE, END OF YEAR		\$ -		\$ 287,192

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, 2012

Special Service Areas		Subaru		Newbold		Harley Davidson	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ 314,265	\$ 312,959	\$ 79,300	\$ 78,500	\$ 199,000	\$ 197,001	\$ 169,800	\$ 168,200
-	-	-	-	-	-	-	-
1,500	1,081	500	32	500	688	500	685
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>315,765</u>	<u>314,040</u>	<u>79,800</u>	<u>78,532</u>	<u>199,500</u>	<u>197,689</u>	<u>170,300</u>	<u>168,885</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
130,000	130,000	20,000	20,000	50,000	50,000	40,000	40,000
<u>185,765</u>	<u>185,585</u>	<u>59,800</u>	<u>59,300</u>	<u>149,500</u>	<u>149,880</u>	<u>130,300</u>	<u>130,190</u>
<u>315,765</u>	<u>315,585</u>	<u>79,800</u>	<u>79,300</u>	<u>199,500</u>	<u>199,880</u>	<u>170,300</u>	<u>170,190</u>
-	(1,545)	-	(768)	-	(2,191)	-	(1,305)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>(1,545)</u>	<u>\$ -</u>	<u>(768)</u>	<u>\$ -</u>	<u>(2,191)</u>	<u>\$ -</u>	<u>(1,305)</u>
	<u>512,918</u>		<u>82,139</u>		<u>366,931</u>		<u>314,137</u>
	<u>\$ 511,373</u>		<u>\$ 81,371</u>		<u>\$ 364,740</u>		<u>\$ 312,832</u>

STATEMENT 7

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Match</u>
Grant revenue from DCEO	<u>\$ 89,000</u>	<u>\$ 89,000</u>	<u>\$ -</u>
Expenditures			
Equipment/material/labor	83,000	83,000	-
Contingency	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total expenditures	<u>89,000</u>	<u>89,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</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, 2012

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

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Match</u>
Grant revenue from DCEO	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>
Expenditures			
Design/engineering	32,000	32,000	-
Equipment/material/labor	316,000	316,000	-
Construction management	32,000	32,000	-
Contingency	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</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	\$ 35,122,644	\$22,902,344	\$ 1,278,730
Building	182,606	-	-
Planning and zoning	57,215	-	-
Total general administration	<u>35,362,465</u>	<u>22,902,344</u>	<u>1,278,730</u>
Recreational and education			
Park	<u>27,537,194</u>	<u>5,778,749</u>	<u>-</u>
Public safety			
Police	9,302,779	398,136	-
Fire	2,914,549	-	-
Ambulance	1,196,004	-	-
Total public safety	<u>13,413,332</u>	<u>398,136</u>	<u>-</u>
Highways and streets			
Street	<u>116,876,664</u>	<u>870,254</u>	<u>36,215</u>
GOVERNMENTAL CAPITAL ASSETS	<u><u>\$ 193,189,655</u></u>	<u><u>\$29,949,483</u></u>	<u><u>\$ 1,314,945</u></u>

City of O'Fallon
St. Clair County, Illinois

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY

As of April 30, 2012

<u>Sports Park</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Infrastructure/ Improvements</u>
\$ -	\$ 144,378	\$ 10,030,109	\$ 748,853	\$ 18,230	\$ -
-	-	170,813	11,793	-	-
-	-	-	-	57,215	-
-	<u>144,378</u>	<u>10,200,922</u>	<u>760,646</u>	<u>75,445</u>	<u>-</u>
<u>18,690,484</u>	<u>1,276,388</u>	<u>868,115</u>	<u>709,272</u>	<u>214,186</u>	<u>-</u>
-	-	6,951,453	1,007,310	945,880	-
-	28,181	377,527	851,625	1,657,216	-
-	-	50,123	576,386	569,495	-
-	<u>28,181</u>	<u>7,379,103</u>	<u>2,435,321</u>	<u>3,172,591</u>	<u>-</u>
-	<u>262,021</u>	<u>420,240</u>	<u>1,329,817</u>	<u>805,203</u>	<u>113,152,914</u>
<u>\$18,690,484</u>	<u>\$ 1,710,968</u>	<u>\$ 18,868,380</u>	<u>\$ 5,235,056</u>	<u>\$ 4,267,425</u>	<u>\$113,152,914</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, 2012

FUNCTION/ACTIVITY	Governmental Capital Assets 5/01/11	Additions	Deletions	Governmental Capital Assets 4/30/12
General administration				
Administration	\$ 33,296,484	\$ 1,800,760	\$ -	\$ 35,097,244
Building	64,880	117,726	-	182,606
Planning and zoning	39,952	17,263	-	57,215
Total general administration	<u>33,401,316</u>	<u>1,935,749</u>	<u>-</u>	<u>35,337,065</u>
Recreation and education				
Park	24,706,216	2,830,977	-	27,537,193
Public safety				
Police	9,161,510	161,749	20,480	9,302,779
Fire	3,087,901	95,233	268,585	2,914,549
Ambulance	1,178,256	17,747	-	1,196,003
Total public safety	<u>13,427,667</u>	<u>274,729</u>	<u>289,065</u>	<u>13,413,331</u>
Highways and streets				
Street	115,048,204	1,871,474	17,612	116,902,066
GOVERNMENTAL CAPITAL ASSETS	<u><u>\$ 186,583,403</u></u>	<u><u>\$ 6,912,929</u></u>	<u><u>\$ 306,677</u></u>	<u><u>\$ 193,189,655</u></u>

ASSESSED VALUATIONS AND
PROPERTY TAX RATES

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSESSED VALUATIONS	<u>\$656,896,915</u>	<u>\$656,365,349</u>	<u>\$658,364,306</u>	<u>\$656,149,272</u>
PROPERTY TAX RATES				
General	0.0426	0.0430	0.0365	0.0375
Fire Protection	0.1818	0.1738	0.1561	0.1500
Ambulance	0.2017	0.2035	0.2003	0.1944
Library	0.1500	0.1500	0.1500	0.1480
Park and Recreation	0.0900	0.0900	0.0900	0.0900
Bond and Interest	-	-	-	-
Police Pension	0.1619	0.1452	0.1316	0.1173
Municipal Retirement	0.0535	0.0527	0.0521	0.0540
Social Security	0.1009	0.0832	0.0807	0.0820
TOTAL PROPERTY TAX RATES	<u>0.9824</u>	<u>0.9414</u>	<u>0.8973</u>	<u>0.8732</u>

City of O'Fallon
St. Clair County, Illinois

ASSESSED VALUATIONS AND PROPERTY TAX RATES

Tax Years 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003 and 2002

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>\$606,824,865</u>	<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>
0.0370	0.0419	0.0456	0.0460	0.0454	0.0467
0.1356	0.1303	0.1113	0.1021	0.1009	0.0995
0.1873	0.2038	0.2277	0.2386	0.2500	0.2487
0.1448	0.1442	0.1500	0.1500	0.1500	0.1493
0.0869	0.0900	0.0900	0.0900	0.0900	0.0896
0.0237	0.0261	0.0305	0.0348	0.0388	0.0423
0.1045	0.1056	0.1202	0.1244	0.1294	0.1326
0.0552	0.0576	0.0680	0.0781	0.0779	0.0764
<u>0.0836</u>	<u>0.0925</u>	<u>0.1074</u>	<u>0.1192</u>	<u>0.1355</u>	<u>0.1294</u>
<u>0.8586</u>	<u>0.8920</u>	<u>0.9507</u>	<u>0.9832</u>	<u>1.0179</u>	<u>1.0145</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>
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
2012	27,695,055	6,347,573	27,632	-	326,987	597,880

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>
\$ 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
13,587,611	1,462,057	495,600	2,716,362	321,011	28,430	765

TABLE 2

Miscella- neous	Cable TV	Donations	Employee Contri- butions	Bond Rebates
\$ 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
193,627	1,345,239	47,189	-	197,092

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>
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
2012	28,752,691	3,558,955	6,039,314	900,559	5,066,411	796,169

(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>
\$ 69,986	\$ 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
87,235	4,988,267	-	1,722,223	4,073,017	6,001	400,114

TABLE 3

<u>Tourism</u>	<u>TIF</u>	<u>Library</u>
\$ 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	912,746
48,543	67,718	998,165