

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

**ANNUAL FINANCIAL REPORT
Year Ended April 30, 2013**

**AND
INDEPENDENT AUDITOR'S REPORT**



City of O'Fallon
St. Clair County, Illinois

ANNUAL FINANCIAL REPORT

Year Ended April 30, 2013

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City of O'Fallon
St. Clair County, Illinois

April 30, 2013

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
Sandy Evans

October 17, 2013

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities, Each Major Proprietary Fund and the Aggregate Remaining Fund Information

The City has not determined whether the annual pension costs for the Police 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 position for the governmental activities based on the aggregate annual pension costs in relation to annual contributions made, which would change the expenses in the governmental activities. The amount by which this departure would affect assets, liabilities and expenses of the governmental activities is not reasonably determinable. The City has also excluded a portion of the Police Pension Fund disclosures to the Pension Trust Funds. 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 governmental activities, business-type activities 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.

Qualified Opinions on the Governmental Activities, the Business-Type Activities, Each Major Proprietary Fund and the Aggregate Remaining Fund Information

In our opinion, except for the omission of a portion of the Police Pension Fund disclosures as described in the “Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities, Each Major Proprietary Fund and the Aggregate Remaining Fund Information” paragraphs, 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, 2013, and the respective changes in financial position, thereof, for the year then ended in conformity with U. S. generally accepted accounting principles.

In addition, in our opinion, except for the other matters discussed in the “Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities, Each Major Proprietary Fund and the Aggregate Remaining Fund Information” paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major proprietary fund of the City of O’Fallon, Illinois, as of April 30, 2013, and the respective changes in net position and cash flows, where applicable, thereof, for the year then ended in conformity with U. S. generally accepted accounting principles.

Unmodified Opinions

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 unit and each major governmental fund of the City of O’Fallon, Illinois as of April 30, 2013, and the respective changes in financial position, thereof, for the year then ended in accordance with U. S. generally accepted accounting principles.

Other Matters

Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the City's April 30, 2012 financial statements and, in our report dated December 13, 2012, we expressed unmodified opinions on the respective financial statements of the aggregate discretely presented component unit and each major governmental fund. We expressed qualified opinions on the governmental activities, business-type activities and each major proprietary fund for not determining the net pension obligation funding status, not recognizing the other post-employment benefits (OPEB) expense or obligation or disclosing descriptive information about OPEB and on the aggregate remaining fund information because a portion of the Police Pension Fund disclosures were omitted.

Required Supplementary Information

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. 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.

Other 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. The accompanying supplementary information and other supplementary information and the List of Officials, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements as a whole.

The other supplementary information and List of Officials, 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.

Belleville, Illinois

October 17, 2013

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, 2013, and have issued our report thereon dated October 17, 2013, which was qualified for not determining whether the net pension obligation for the Police Pension is over or underfunded, an omission of a portion of the Police 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.

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.

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City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET POSITION

April 30, 2013
(With Summarized Comparative Information for April 30, 2012)

			2013
	Governmental	Business-Type	Total
	Activities	Activities	Primary
			Government
ASSETS			
Cash and cash equivalents	\$ 33,986,028	\$ 5,120,278	\$ 39,106,306
Investments	562,435	-	562,435
Restricted			
Cash and cash equivalents	-	1,124,089	1,124,089
Accounts receivable, net	-	13,912	13,912
Receivables			
Property taxes	4,300,415	-	4,300,415
Other governmental entities	1,805,521	-	1,805,521
Interest receivable	329	-	329
Other	293,633	92,000	385,633
Water and sewer fees	-	1,393,614	1,393,614
Service fees	144,479	-	144,479
Prepaid expenses	645,403	368,726	1,014,129
Due from employees	17,234	-	17,234
Bond issuance costs, net of amortization	549,413	1,069	550,482
Deferred loss on refunding of bonds	2,153,459	-	2,153,459
Deferred discounts on bonds	67,667	-	67,667
Capital assets, nondepreciable	32,827,709	1,990,204	34,817,913
Capital assets, net of accumulated depreciation	56,708,113	37,221,592	93,929,705
Total assets	134,061,838	47,325,484	181,387,322
LIABILITIES			
Accounts payable	939,660	1,403,526	2,343,186
Accrued payroll	235,415	64,943	300,358
Due to Police Pension	-	-	-
Unearned revenue			
Property taxes	3,156,616	-	3,156,616
Fees	125,025	-	125,025
Deferred credits, net	527,581	-	527,581
Accrued interest payable	655,459	-	655,459
Pension contributions payable	1,143,799	-	1,143,799

(continued on next page)

EXHIBIT A

2012 Total Primary Government	2013 Component Unit	2012 Component Unit
\$ 38,784,102	\$ 1,589,382	\$ 1,511,098
453,442	2,367,995	2,129,978
1,017,896	-	-
9,233	-	-
4,389,801	962,552	978,655
2,064,759	-	-
287	7,746	8,566
343,440	1,235	864
1,469,854	-	-
211,027	-	-
471,718	18,757	12,139
19,823	-	-
528,497	17,333	18,000
2,210,965	-	-
-	-	-
31,947,695	-	-
93,277,599	1,216,160	1,234,490
177,200,138	6,181,160	5,893,790
1,213,009	6,031	30,734
253,205	12,296	10,483
46,161	-	-
3,333,506	962,552	978,655
137,302	-	-
571,373	-	-
-	-	-
1,056,295	-	-

STATEMENT OF NET POSITION
(continued)
April 30, 2013
(With Summarized Comparative Information for April 30, 2012)

	Governmental Activities	Business-Type Activities	2013 Total Primary Government
LIABILITIES (continued)			
Deposits - customers	-	3,419	3,419
Payable from restricted assets			
Long-term debt - due within one year	-	478,163	478,163
Accounts payable	-	2,000	2,000
Accrued interest	-	49,958	49,958
Noncurrent liabilities			
Long-term debt - due within one year	2,923,973	648,400	3,572,373
Equipment notes payable	619,745	-	619,745
Compensated absences	1,652,443	519,824	2,172,267
Notes payable	-	7,804,808	7,804,808
Bonds payable	44,895,000	-	44,895,000
Total liabilities	<u>56,874,716</u>	<u>10,975,041</u>	<u>67,849,757</u>
NET POSITION			
Net investment in capital assets	41,097,104	30,280,425	71,377,529
Restricted	22,562,167	1,086,043	23,648,210
Unrestricted	<u>13,527,851</u>	<u>4,983,975</u>	<u>18,511,826</u>
TOTAL NET POSITION	<u>\$ 77,187,122</u>	<u>\$ 36,350,443</u>	<u>\$ 113,537,565</u>

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

EXHIBIT A

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<u>2012</u> <u>Total</u> <u>Primary</u> <u>Government</u>	<u>2013</u> <u>Component</u> <u>Unit</u>	<u>2012</u> <u>Component</u> <u>Unit</u>
3,419	-	-
464,642	-	-
4,985	-	-
54,910	-	-
2,679,078	-	85,000
910,828	-	-
2,100,283	70,712	91,961
7,881,932	-	-
45,270,000	-	1,795,000
<u>65,980,928</u>	<u>1,051,591</u>	<u>2,991,833</u>
68,018,814	1,216,160	1,234,490
23,677,400	3,913,409	1,667,467
19,522,996	-	-
<u>\$ 111,219,210</u>	<u>\$ 5,129,569</u>	<u>\$ 2,901,957</u>

STATEMENT OF ACTIVITIES

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 4,262,505	\$ 1,840,312	\$ -	\$ -
Public safety	9,919,266	990,403	143,914	-
Highways and streets	4,979,064	153,250	195,216	-
Culture and recreation	3,644,946	1,735,738	50,000	-
Interest on long-term debt	2,403,922	-	160,414	-
Total governmental activities	25,209,703	4,719,703	549,544	-
Business-type activities				
Water	9,895,766	10,502,669	-	-
Sewer	4,185,212	5,044,268	-	92,000
Total business-type activities	14,080,978	15,546,937	-	92,000
TOTAL PRIMARY GOVERNMENT	39,290,681	20,266,640	549,544	92,000
COMPONENT UNIT				
Library	979,404	44,868	29,002	21,928
General revenues				
Taxes				
Property				
Replacement				
Motor fuel				
Sales				
Utility				
Income				
Food and beverage				
Miscellaneous				
Other governmental entities				

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF ACTIVITIES

Year Ended April 30, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

Net (Expenses) Revenues and Changes in Net Position					
Primary Government					
Governmental Activities	Business-Type Activities	2013 Total	2012 Total	2013 Component Unit	2012 Component Unit
\$ (2,422,193)	\$ -	\$ (2,422,193)	\$ (2,423,712)	\$ -	\$ -
(8,784,949)	-	(8,784,949)	(7,956,810)	-	-
(4,630,598)	-	(4,630,598)	(4,594,503)	-	-
(1,859,208)	-	(1,859,208)	(127,896)	-	-
(2,243,508)	-	(2,243,508)	(2,425,167)	-	-
(19,940,456)	-	(19,940,456)	(17,528,088)	-	-
-	606,903	606,903	546,586	-	-
-	951,056	951,056	737,896	-	-
-	1,557,959	1,557,959	1,284,482	-	-
(19,940,456)	1,557,959	(18,382,497)	(16,243,606)	-	-
-	-	-	-	(883,606)	(1,011,386)
5,760,484	-	5,760,484	5,629,549	976,611	977,300
23,082	-	23,082	21,809	6,163	5,823
703,863	-	703,863	860,425	-	-
9,043,754	-	9,043,754	8,337,599	-	-
1,623,582	-	1,623,582	1,462,057	-	-
2,680,913	-	2,680,913	2,396,139	-	-
644,581	-	644,581	597,880	-	-
343,670	-	343,670	326,987	-	-
429,938	-	429,938	845,994	-	-

(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)			
Franchise fees			
Investment income (loss)			
Donations not restricted to specific activities			
Gain on disposition of fixed assets			
Transfers			
Miscellaneous			
	Total general revenues		
	Change in net position		
	NET POSITION - BEGINNING		
	Prior period adjustment		
	NET POSITION - ENDING		

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

STATEMENT OF ACTIVITIES
(continued)
Year Ended April 30, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

Net (Expenses) Revenues and Changes in Net Position					
Primary Government					
Governmental Activities	Business-Type Activities	2013 Total	2012 Total	2013 Component Unit	2012 Component Unit
1,577,453	-	1,577,453	1,345,239	-	-
85,023	6,065	91,088	45,686	232,785	(69,690)
13,656	-	13,656	10,238	15,659	15,322
44,913	-	44,913	8,286	-	-
-	-	-	2,000,000	-	(2,000,000)
91,893	-	91,893	34,318	-	-
23,066,805	6,065	23,072,870	23,922,206	1,231,218	(1,071,245)
3,126,349	1,564,024	4,690,373	7,678,600	347,612	(2,082,631)
76,655,391	34,563,819	111,219,210	103,540,610	2,901,957	4,984,588
(2,594,618)	222,600	(2,372,018)	-	1,880,000	-
\$ 77,187,122	\$ 36,350,443	\$ 113,537,565	\$ 111,219,210	\$ 5,129,569	\$ 2,901,957

City of O'Fallon
St. Clair County, Illinois

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2013
(With Summarized Comparative Information for April 30, 2012)

	General	Park	Fire
ASSETS			
ASSETS			
Cash	\$ 11,446,537	\$ 1,446,177	\$ 2,202,612
Investments	-	-	-
Prepaid expenses	362,908	27,601	86,890
Receivables			
Property taxes	247,273	577,402	1,166,455
Other governmental entities	1,635,874	-	-
Interest receivable	-	-	-
Other	197,710	-	-
Ambulance fees	-	-	-
Due from employees	17,234	-	-
Due from other funds	99,760	-	-
TOTAL ASSETS	<u>\$ 14,007,296</u>	<u>\$ 2,051,180</u>	<u>\$ 3,455,957</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 277,332	\$ 172,233	\$ 35,359
Accrued payroll	171,891	24,730	12,755
Unearned revenue			
Property taxes	247,273	577,402	1,166,455
Fees	-	125,025	-
Due to Police Pension	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>696,496</u>	<u>899,390</u>	<u>1,214,569</u>

(continued on next page)

EXHIBIT C

Ambulance	Other Governmental Funds	2013	2012
		Total Governmental Funds	Total Governmental Funds
\$ 4,141,342	\$ 14,749,360	\$ 33,986,028	\$ 33,433,754
-	562,435	562,435	453,442
168,004	-	645,403	275,132
1,154,804	1,154,481	4,300,415	4,389,801
-	169,647	1,805,521	2,064,759
-	329	329	287
-	95,923	293,633	343,440
144,479	-	144,479	211,027
-	-	17,234	19,823
-	250	100,010	950,761
<u>\$ 5,608,629</u>	<u>\$ 16,732,425</u>	<u>\$ 41,855,487</u>	<u>\$ 42,142,226</u>
\$ 98,255	\$ 356,481	\$ 939,660	\$ 702,931
25,002	1,037	235,415	206,182
1,154,804	1,154,481	4,300,415	4,389,801
-	-	125,025	737,400
-	-	-	46,161
-	100,010	100,010	950,761
<u>1,278,061</u>	<u>1,612,009</u>	<u>5,700,525</u>	<u>7,033,236</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
(continued)
April 30, 2013
(With Summarized Comparative Information for April 30, 2012)

	<u>General</u>	<u>Park</u>	<u>Fire</u>
LIABILITIES AND FUND BALANCE (continued)			
FUND BALANCE			
Reserved for			
Nonspendable	380,142	27,601	86,890
Restricted	-	1,124,189	2,154,498
Unassigned	<u>12,930,658</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>13,310,800</u>	<u>1,151,790</u>	<u>2,241,388</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 14,007,296</u></u>	<u><u>\$ 2,051,180</u></u>	<u><u>\$ 3,455,957</u></u>

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

EXHIBIT C

Page 2

<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>2013 Total Governmental Funds</u>	<u>2012 Total Governmental Funds</u>
168,004	-	662,637	294,955
4,162,564	15,120,916	22,562,167	22,710,166
-	(500)	12,930,158	12,103,869
<u>4,330,568</u>	<u>15,120,416</u>	<u>36,154,962</u>	<u>35,108,990</u>
<u>\$ 5,608,629</u>	<u>\$ 16,732,425</u>	<u>\$ 41,855,487</u>	<u>\$ 42,142,226</u>

City of O'Fallon
St. Clair County, Illinois

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

April 30, 2013

TOTAL FUND BALANCE OF GOVERNMENTAL FUNDS (EXHIBIT C)	\$ 36,154,962
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$198,455,255, net of accumulated depreciation of \$108,919,433, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	89,535,822
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 \$730,784, net of accumulated amortization of \$181,371	549,413
Bond premiums of \$761,651, net of accumulated amortization of \$243,935	(517,716)
Bond discounts of \$72,500, net of accumulated amortization of \$4,833	67,667
Gain on refunded bonds of \$23,675, net of accumulated amortization of \$13,810	(9,865)
Loss on refunded bonds of \$2,695,225, net of accumulated amortization of \$541,766	2,153,459
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Long-term liabilities	(50,091,161)
Accrued interest payable	(655,459)
NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT A)	<u>\$ 77,187,122</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, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

	General	Park	Fire
REVENUES			
Taxes			
Property taxes	\$ 277,618	\$ 585,983	\$ 1,183,690
Utility	777,479	846,103	-
Food and beverage	644,581	-	-
Rural fire district	-	-	-
Intergovernmental receipts			
Replacement tax	-	-	-
Motor fuel taxes	-	-	-
State sales tax	7,372,235	14,193	-
State income tax	3,281,011	-	-
Road and bridge tax	268,782	-	-
Grants	111,173	50,000	-
MEGSI	32,741	-	-
Other	-	-	429,938
Licenses and permits	661,330	-	1,315
Subdivision fees	18,275	-	-
Police reports	11,571	-	-
Combined dispatch	100,000	-	-
Fines and fees	311,211	-	8,810
Service fees	-	102,872	-
Recreation fees	-	829,961	-
Room tax	-	-	-
Interest income	11,541	711	2
Phone and cable television fees	745,936	831,517	-
Rentals	11,700	137,241	-
Miscellaneous revenues and reimbursements	7,515	1,067	33,869
Concession income	-	191,416	-
Donations	-	13,656	-
Annex fees	-	-	-
Park extraction fees	-	-	-
Build America bond rebates	-	-	-
Cemetery revenue	24,400	-	-
Insurance refunds and claims	14,670	-	-
Fee in lieu of taxes	604,750	-	-
Total revenues	15,288,519	3,604,720	1,657,624

(continued on next page)

EXHIBIT E

Ambulance	Other Governmental Funds	2013	2012
		Total Governmental Funds	Total Governmental Funds
\$ 1,313,253	\$ 2,131,158	\$ 5,491,702	\$ 5,370,273
-	-	1,623,582	1,462,057
-	-	644,581	597,880
343,670	-	343,670	326,987
-	23,082	23,082	21,809
-	703,863	703,863	860,425
-	1,657,326	9,043,754	8,337,599
-	-	3,281,011	2,408,499
-	-	268,782	259,276
-	195,216	356,389	813,345
-	-	32,741	62,473
-	-	429,938	845,994
-	-	662,645	495,600
-	17,500	35,775	40,033
-	-	11,571	14,850
-	-	100,000	100,000
-	-	320,021	321,011
775,960	-	878,832	830,753
-	-	829,961	854,265
-	695,511	695,511	685,143
247	72,522	85,023	27,973
-	-	1,577,453	1,345,239
-	-	148,941	16,946
322	26,450	69,223	33,553
-	-	191,416	156,602
-	-	13,656	10,238
-	153,250	153,250	169,750
-	18,850	18,850	14,992
-	160,414	160,414	161,970
-	3,700	28,100	20,438
8,000	-	22,670	765
-	40,080	644,830	585,218
<u>2,441,452</u>	<u>5,898,922</u>	<u>28,891,237</u>	<u>27,251,956</u>

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

Year Ended April 30, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

	General	Park	Fire
EXPENDITURES			
Current			
General government	1,473,748	-	-
Public safety	6,412,412	-	-
Fire	-	-	909,312
Highways and streets	2,555,885	-	-
Zoning	811,199	-	-
Development	216,881	-	-
Cemetery	80,251	-	-
Culture and recreation	-	2,476,986	-
Tax increment financing	-	-	-
Tourism	-	-	-
Tax rebates	8,640	-	-
Capital expenditures	836,308	569,095	761,532
Debt service			
Bond issuance costs	-	-	-
Principal retirement	43,948	31,734	125,162
Interest and fiscal charges	3,237	2,002	33,888
	<u>12,442,509</u>	<u>3,079,817</u>	<u>1,829,894</u>
Excess (deficiency) of revenues over expenditures	<u>2,846,010</u>	<u>524,903</u>	<u>(172,270)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of notes	48,497	110,675	642,010
Proceeds from bond issue	-	-	-
Proceeds from sale of assets	42,819	-	11,111
Premium (discount) on sale of bonds	-	-	-
Transfer from other funds	-	20,000	-
Transfer (to) other funds	(1,957,745)	(680,997)	-
	<u>(1,866,429)</u>	<u>(550,322)</u>	<u>653,121</u>
Net change in fund balance	979,581	(25,419)	480,851
FUND BALANCE, BEGINNING OF YEAR	<u>12,331,219</u>	<u>1,177,209</u>	<u>1,760,537</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,310,800</u>	<u>\$ 1,151,790</u>	<u>\$ 2,241,388</u>

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

EXHIBIT E

Page 2

Ambulance	Other Governmental Funds	2013	2012
		Total Governmental Funds	Total Governmental Funds
-	1,216,367	2,690,115	2,239,565
1,845,475	-	8,257,887	7,582,041
-	-	909,312	805,326
-	573,787	3,129,672	3,200,938
-	-	811,199	778,906
-	82,672	299,553	400,114
-	3,758	84,009	65,205
-	-	2,476,986	2,157,290
-	19,323	19,323	67,718
-	50,464	50,464	48,543
-	-	8,640	8,152
353,354	2,801,134	5,321,423	6,912,929
-	63,362	63,362	-
5,335	4,794,500	5,000,679	1,434,661
491	2,365,635	2,405,253	2,452,603
2,204,655	11,971,002	31,527,877	28,153,991
236,797	(6,072,080)	(2,636,640)	(902,035)
-	-	801,182	79,601
-	2,900,000	2,900,000	-
-	-	53,930	14,473
-	(72,500)	(72,500)	-
-	3,826,635	3,846,635	7,178,805
(185,006)	(1,022,887)	(3,846,635)	(5,178,805)
(185,006)	5,631,248	3,682,612	2,094,074
51,791	(440,832)	1,045,972	1,192,039
4,278,777	15,561,248	35,108,990	33,916,951
<u>\$ 4,330,568</u>	<u>\$ 15,120,416</u>	<u>\$ 36,154,962</u>	<u>\$ 35,108,990</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, 2013

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS (EXHIBIT E)	\$ 1,045,972
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.	5,321,423
Income taxes received more than sixty days after the end of the fiscal year are reported as unearned revenue in the governmental funds. However, in the government-wide financial statements this is treated as revenue.	(600,098)
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.	(53,930)
Governmental funds report the proceeds from sale of property as revenue. This is the amount of gain from disposition of fixed assets.	44,913
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.	5,000,679
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 position.	(3,701,182)
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 position.	(79,354)
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	(3,989,267)

(continued on next page)

EXHIBIT F

Page 2

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

(continued)

Year Ended April 30, 2013

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 and
discounts and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.

Bond issuance costs	63,362
Discount on bonds	72,500
Loss on defeasance of bonds	91,888

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.	(149,716)
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The changes in accrued interest payable provide or use current financial
resources in the statement of activities but are not reported in
the governmental funds.

59,159

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)

<u>\$ 3,126,349</u>

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

City of O'Fallon
St. Clair County, Illinois

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2013
(With Summarized Comparative Information for April 30, 2012)

	Business-Type Activities			
			2013	2012
	Water	Sewer	Total	Total
	Funds	Funds	Proprietary	Proprietary
			Funds	Funds
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,529,395	\$ 1,590,883	\$ 5,120,278	\$ 5,350,348
Prepaid expenses	173,224	195,502	368,726	196,586
Receivables				
Customers	901,966	531,273	1,433,239	1,501,128
Less allowance for doubtful accounts	(26,661)	(12,964)	(39,625)	(31,274)
Other	-	92,000	92,000	-
Total current assets	4,577,924	2,396,694	6,974,618	7,016,788
RESTRICTED ASSETS				
Cash and cash equivalents	294,309	829,780	1,124,089	1,017,896
Accounts receivable	10,977	2,935	13,912	9,233
Total restricted assets	305,286	832,715	1,138,001	1,027,129
NONCURRENT ASSETS				
Capital assets				
Cost	41,100,248	28,023,833	69,124,081	64,839,463
Accumulated depreciation	17,093,161	12,819,124	29,912,285	27,826,852
Total noncurrent assets	24,007,087	15,204,709	39,211,796	37,012,611
OTHER ASSETS				
Unamortized bond issuance costs	1,069	-	1,069	3,164
Total assets	28,891,366	18,434,118	47,325,484	45,059,692
CURRENT LIABILITIES				
Accounts payable	381,506	1,022,020	1,403,526	510,078
Accrued payroll	32,593	32,350	64,943	47,023

(continued on next page)

EXHIBIT G

Page 2

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

(continued)

April 30, 2013

(With Summarized Comparative Information for April 30, 2012)

	Business-Type Activities		2013 Total Proprietary Funds	2012 Total Proprietary Funds
	Water Funds	Sewer Funds		
CURRENT LIABILITIES (continued)				
Customer deposits	3,419	-	3,419	3,419
Current portion of long-term debt	648,400	-	648,400	626,691
Total current liabilities	1,065,918	1,054,370	2,120,288	1,187,211
LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Accounts payable	-	2,000	2,000	4,985
Current portion of long-term debt	-	478,163	478,163	464,642
Accrued interest	34,022	15,936	49,958	54,910
Total liabilities payable from restricted assets	34,022	496,099	530,121	524,537
NONCURRENT LIABILITIES				
Compensated absences	375,320	144,504	519,824	527,193
Bonds payable	-	-	-	375,000
Notes payable	5,335,323	2,469,485	7,804,808	7,881,932
Total noncurrent liabilities	5,710,643	2,613,989	8,324,632	8,784,125
Total liabilities	6,810,583	4,164,458	10,975,041	10,495,873
NET POSITION				
Net investment in capital assets	18,023,364	12,257,061	30,280,425	27,664,346
Restricted for				
Construction	243,280	445,856	689,136	571,878
Debt service	27,984	368,923	396,907	395,356
Unrestricted	3,786,155	1,197,820	4,983,975	5,932,239
TOTAL NET POSITION	<u>\$ 22,080,783</u>	<u>\$ 14,269,660</u>	<u>\$ 36,350,443</u>	<u>\$ 34,563,819</u>

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 NET POSITION
PROPRIETARY FUNDS

Year Ended April 30, 2013

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

	Business-Type Activities			
	Water Funds	Sewer Funds	2013	2012
			Total Proprietary Funds	Total Proprietary Funds
OPERATING REVENUES				
Charges for services				
Sales	\$ 9,526,486	\$ 4,505,412	\$ 14,031,898	\$ 12,863,390
Tap-on fees	543,267	97,001	640,268	663,584
Service charges and fees	308,891	439,281	748,172	692,096
Sprinklers and hydrants	109,558	-	109,558	103,821
Miscellaneous refunds and rebates	14,467	2,574	17,041	24,026
Total operating revenues	10,502,669	5,044,268	15,546,937	14,346,917
OPERATING EXPENSES				
Personnel services	1,858,799	1,170,922	3,029,721	2,969,942
Contractual services	5,784,121	1,755,830	7,539,951	6,632,350
Commodities	278,170	248,325	526,495	556,506
Miscellaneous	311	701	1,012	1,242
Fee in lieu of taxes	449,985	194,845	644,830	585,218
Depreciation and amortization	1,345,450	742,078	2,087,528	2,043,925
Total operating expenses	9,716,836	4,112,701	13,829,537	12,789,183
Operating income	785,833	931,567	1,717,400	1,557,734
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(178,930)	(72,511)	(251,441)	(273,252)
Interest income	5,868	197	6,065	17,713
Grant income	-	92,000	92,000	-
Total nonoperating revenues (expenses)	(173,062)	19,686	(153,376)	(255,539)
Change in net position	612,771	951,253	1,564,024	1,302,195
TOTAL NET POSITION, BEGINNING OF YEAR	21,468,012	13,095,807	34,563,819	33,261,624
Prior period adjustment	-	222,600	222,600	-
TOTAL NET POSITION, END OF YEAR	<u>\$22,080,783</u>	<u>\$14,269,660</u>	<u>\$36,350,443</u>	<u>\$34,563,819</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, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

	Business-Type Activities			
	Water Funds	Sewer Funds	2013	2012
			Total Proprietary Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 9,771,514	\$ 4,546,194	\$ 14,317,708	\$ 12,353,972
Receipts from miscellaneous revenues	976,183	538,856	1,515,039	1,490,891
Payments to suppliers	(6,202,237)	(1,107,659)	(7,309,896)	(6,903,442)
Payments to and for employees	(2,311,923)	(1,380,548)	(3,692,471)	(3,533,351)
Net cash provided by operating activities	2,233,537	2,596,843	4,830,380	3,405,454
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase in compensated absences	(6,765)	(604)	(7,369)	19,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on notes	(266,184)	(464,642)	(730,826)	(732,308)
Acquisition and construction of capital assets	(1,301,460)	(2,983,158)	(4,284,618)	(670,841)
Principal payments on bonds	(360,000)	-	(360,000)	(350,000)
Proceeds from notes	-	673,932	673,932	-
Interest paid on notes	(178,930)	(72,511)	(251,441)	(273,252)
Net cash (used) by capital and related financing activities	(2,106,574)	(2,846,379)	(4,952,953)	(2,026,401)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	5,868	197	6,065	17,713
Net increase (decrease) in cash and cash equivalents	126,066	(249,943)	(123,877)	1,415,893

(continued on next page)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(continued)
Year Ended April 30, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

	Business-Type Activities			
	Water Funds	Sewer Funds	2013 Total Proprietary Funds	2012 Total Proprietary Funds
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,697,638	2,670,606	6,368,244	4,952,351
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,823,704</u>	<u>\$ 2,420,663</u>	<u>\$ 6,244,367</u>	<u>\$ 6,368,244</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 785,833	\$ 931,567	\$ 1,717,400	\$ 1,557,734
Adjustments to reconcile income from operations to net cash provided (used) by operating activities				
Depreciation expense	1,343,355	742,078	2,085,433	2,040,832
Amortization expense	2,095	-	2,095	3,093
Bad debt allowance	6,036	2,315	8,351	(6,041)
Changes in assets and liabilities				
(Increase) decrease in current assets				
Customer receivables	245,028	40,782	285,810	142,174
Prepaid expenses	(111,516)	(60,624)	(172,140)	(8,824)
Increase (decrease) in current liabilities				
Accounts payable	(38,747)	929,210	890,463	(321,423)
Accrued payroll	3,139	14,781	17,920	2,683
Accrued interest	(1,686)	(3,266)	(4,952)	(4,774)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,233,537</u>	<u>\$ 2,596,843</u>	<u>\$ 4,830,380</u>	<u>\$ 3,405,454</u>
ACCOUNTED FOR AS FOLLOWS				
Unrestricted cash and cash equivalents			\$ 5,120,278	\$ 5,350,348
Restricted cash and cash equivalents			1,124,089	1,017,896
TOTAL AS ABOVE			<u>\$ 6,244,367</u>	<u>\$ 6,368,244</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 POSITION
FIDUCIARY FUNDS

April 30, 2013
(With Summarized Comparative Information for April 30, 2012)

	Pension Trust Funds	2013 Fiduciary Total	2012 Fiduciary Total
ASSETS			
Cash	\$ 314,984	\$ 314,984	\$ 370,756
Investments	19,346,973	19,346,973	16,580,346
Receivables, less allowance for uncollectible amounts			
Interest receivable	65,726	65,726	58,782
Member buyback	1,540	1,540	3,439
Contribution from City of O'Fallon	1,143,799	1,143,799	1,056,295
Due from other governmental entities	1,054	1,055	737
Due from General Fund	-	-	46,161
Total assets	20,874,076	20,874,076	18,116,516
LIABILITIES			
None	-	-	-
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 20,874,076</u>	<u>\$ 20,874,076</u>	<u>\$ 18,116,516</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 POSITION
FIDUCIARY FUNDS

Year Ended April 30, 2013
(With Summarized Comparative Information for Year Ended April 30, 2012)

	2013 Pension Trust Funds	2012 Pension Trust Funds
ADDITIONS		
Contributions		
Plan members	\$ 313,336	\$ 307,314
Employer	1,141,625	1,049,699
Total contributions	1,454,961	1,357,013
Intergovernmental revenue - replacement taxes	5,263	4,972
Investment income		
Net appreciation in fair value of investments	903,368	116,118
Realized gain on sale of investments	201,199	95,340
Investment income	870,283	523,171
	1,974,850	734,629
Less investment fees	(28,460)	(26,751)
Net investment income	1,946,390	707,878
Miscellaneous income	-	13,733
Total additions	3,406,614	2,083,596
DEDUCTIONS		
Benefits	633,450	557,435
Administration services	15,604	19,576
Total deductions	649,054	577,011
Change in net position	2,757,560	1,506,585
Net position held in trust for pension benefits		
Net position, beginning of year	18,116,516	16,609,931
NET POSITION, END OF YEAR	\$ 20,874,076	\$ 18,116,516

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, 2013

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City of O'Fallon
St. Clair County, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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 Statement No. 14, *The Financial Reporting Entity*, and updated in GASB Statement No. 61, is financial accountability. Financial accountability is defined as either 1) 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 or 2) the component unit is fiscally dependent on the primary government and there are potential financial benefits or burdens 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.

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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 position 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 Park Special Revenue Fund is used to account for the financial transactions and proceeds of parks and recreation programs and services for the City including the Park Sports Complex.

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 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, 2013

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).

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.

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

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 unearned revenue on its financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned 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 unearned 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. 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 balances over the Federal Deposit Insurance Corporation (FDIC) limitations.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)
April 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

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 \$39,625 and \$31,274 for 2013 and 2012, respectively, in the following funds. This comprises the balances on accounts outstanding over a certain period.

	2013	2012
Water Funds	\$ 26,661	\$ 20,625
Sewer Funds	12,964	10,649
Total	<u>\$ 39,625</u>	<u>\$ 31,274</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 2011 property tax levy in revenue.

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

	2012	2011
ASSESSED VALUATION	<u>\$ 647,311,486</u>	<u>\$ 656,896,915</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

J. Property Taxes (continued)

	2012		2011
	<u>Maximum</u>	<u>Actual</u>	<u>Actual</u>
Tax rates			
General	0.3000	0.0382	0.0426
Fire Protection	0.3000	0.1802	0.1818
Ambulance	0.2500	0.1784	0.2017
Library	0.1500	0.1487	0.1500
Park and Recreation	0.0900	0.0892	0.0900
Police Pension	N/A	0.1767	0.1619
Municipal Retirement	N/A	0.0595	0.0535
Social Security	N/A	0.1165	0.1009
		<u>0.9874</u>	<u>0.9824</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 \$34,289,925. Each area has a maximum rate of 0.3500 and the actual rate for all areas combined is 0.5682. The total extension for all areas combined is \$19,484.

K. Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is 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:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

K. Capital Assets (continued)

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 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 position is legally restricted by outside parties for a specific purpose.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

O. Restricted Net Position

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

	Water Funds	Sewer Funds	Total
Contingency and construction	\$ 243,280	\$ 445,856	\$ 689,136
Debt service	27,984	368,923	396,907
Total restricted net position	<u>\$ 271,264</u>	<u>\$ 814,779</u>	<u>\$ 1,086,043</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 October 17, 2013, the date on which the financial statements were available to be issued.

S. Reclassification

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 financial statement presentation.

T. New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the City has reviewed for application to their accounting and reporting. GASB Statement No. 63,

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 1: Summary of Significant Accounting Policies (continued)

T. New GASB Pronouncements (continued)

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for reporting some deferred outflows of resources and deferred inflows of resources and has adopted a change of “net assets” to “net position”. The City has implemented this reporting for the year ended April 30, 2013. The City did not have any deferred outflows or inflows of resources that qualify under the guidance of GASB Statement No. 63 to report for the year ended April 30, 2013.

For the year ended April 30, 2014, the City will be adopting GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, which will require the reclassification of some assets and liabilities to deferred outflows and inflows of resources. In addition, GASB Statement No. 65 will require the removal of bond issuance costs from assets, when applicable, in the government-wide and proprietary fund financial statements as a change in accounting standards.

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, 2013:

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, 2012 through March 31, 2012.
3. A public hearing on the proposed budget was held on April 16, 2012.
4. Formal adoption of the budget was on April 16, 2012.

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, 2013

Note 3: Deposits and Investments (continued)

Deposits

At year-end the carrying amount of the City's deposits totaled \$7,488,481 and bank balances totaled \$8,419,146. Of the bank balances, \$1,000,000 was insured by the Federal Deposit Insurance Corporation (FDIC), \$7,229,078 was covered by pledged collateral, which was held in the City's name and \$190,068 was uncollateralized. The carrying amount of the component unit's deposits totaled \$852,908. 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	\$ 4,489,805	\$ 5,250,491	\$ 109,586	\$ 113,636
Corporate Bonds	1,200,436	1,226,544	241,175	239,595
Municipal Bonds	1,025,708	1,069,951	298,121	313,584
	<u>6,715,949</u>	<u>7,546,986</u>	<u>648,882</u>	<u>666,815</u>
Investments not subject to custodial credit risk				
External Investment Pools				
Illinois Funds	31,522,983	31,522,983	736,474	736,474
Illinois Metropolitan Investment Fund	1,514,019	1,533,915	-	-
Mutual Funds	10,112,430	12,362,422	1,438,892	1,701,180
	<u>\$49,865,381</u>	<u>\$52,966,306</u>	<u>\$2,824,248</u>	<u>\$3,104,469</u>

Reconciliation to financial statements:

Primary Government

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Exhibit A			
Cash and cash equivalents	\$ 6,558,742	\$ 32,547,564	\$ 39,106,306
Investments	-	562,435	562,435
Restricted cash	928,709	195,380	1,124,089

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 3: Deposits and Investments (continued)

Primary Government (continued)

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Exhibit J			
Cash	1,030	313,954	314,984
Investments	-	19,346,973	19,346,973
Above Carrying Amounts	<u>\$ 7,488,481</u>	<u>\$ 52,966,306</u>	<u>\$ 60,454,787</u>

Component Unit

Exhibit A			
Cash	\$ 852,908	\$ 736,474	\$ 1,589,382
Investments	-	2,367,995	2,367,995
Above Carrying Amounts	<u>\$ 852,908</u>	<u>\$ 3,104,469</u>	<u>\$ 3,957,377</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, 2013 the City's investment in the Illinois Funds and Illinois Metropolitan Investment external investment pools were rated AAAM and AAAF by Standard & Poor's, respectively. The City's investments in corporate bonds, municipal bonds and mutual bond funds are rated as follows:

	<u>Moody's</u>	<u>S & P</u>
Corporate Bonds		
Aetna, Inc.	P-2	A-
Anheuser Busch	A3	A
Walmart Stores	Aa2	AA
John Deere	A2	A
Berkshire Hathaway	Aa2	AA+
General Electric	Aa3	AA+
Municipal Bonds		
Illinois State GO Bonds	A2	A-
Chicago, Illinois GO Bond	Aa3	A+
Tinley Park, Illinois Build America Bonds	No rating	AA+
Northbrook, Illinois Refunding	AAA	AAA
Libertyville, Illinois Refunding	Aa2	No rating

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)
April 30, 2013

Note 3: Deposits and Investments (continued)

Credit Risk (continued)

	<u>Moody's</u>	<u>S & P</u>
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 Intermediate Term Investment Grade Admiral	No rating	No rating
Vanguard Short-Term Investment Grade	Aaa	No rating
Vanguard Short-Term Bond Index Signal Shares	Aaa	No rating

Interest Rate Risk

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

Segmented Time Distribution
Investment Maturities (in Years)

	<u>Fair Value</u>	<u><1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
U. S. Government securities	\$ 5,250,491	\$ 205,842	\$ 1,721,244	\$ 1,998,419	\$ 1,324,986
Corporate bonds	1,226,544	10,221	142,545	1,073,778	-
Municipal bonds	1,069,951	-	703,316	366,635	-
Illinois Funds	31,522,983	31,522,983	-	-	-
Illinois Metropolitan Investment Fund	1,533,915	1,533,915	-	-	-
Mutual Funds	12,362,422	12,362,422	-	-	-
	<u>\$ 52,966,306</u>	<u>\$ 45,635,383</u>	<u>\$ 2,567,105</u>	<u>\$ 3,438,832</u>	<u>\$ 1,324,986</u>

Note 4: Net Position/Fund Balance

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. In the current year, the City does not have any deferred outflows or inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 4: Net Position/Fund Balance (continued)

Fund Balances - Governmental Funds

As of April 30, 2013, 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, 2013.

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, 2013.

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.

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, 2013, fund balances are comprised of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Major Funds			
General	\$ 380,142	\$ -	\$ 12,930,658
Park	27,601	1,124,189	-
Fire	86,890	2,154,498	-
Ambulance	168,004	4,162,564	-
Other Governmental Funds			
Cemetery	-	589,127	-
IMRF	-	168,743	-
Motor Fuel Tax	-	4,116,594	-
Social Security	-	82,485	-

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 4: Net Position/Fund Balance (continued)

Fund Balances - Governmental Funds (continued)

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Unassigned</u>
Other Governmental Funds (continued)			
Special Service Areas (SR)	-	177,769	-
Tax Increment Financing	-	812,257	-
Hotel/Motel	-	1,177,547	-
Capital Improvement	-	1,511,509	-
2002 Bond Issue (CP)	-	425,146	-
Convention Center	-	1,379,185	-
Park Sports Complex	-	373,450	-
Park Land Fund	-	792,268	-
Prop S Infrastructure	-	2,020,168	-
1997 Bond Issue	-	-	(250)
2002 Bond Issue (DS)	-	287,192	-
Special Service Areas (DS)	-	511,043	-
Subaru	-	79,759	-
Newbold	-	332,654	-
Harley Davidson	-	284,020	-
Build America	-	-	(250)
	<hr/>	<hr/>	<hr/>
Total all funds	<u>\$ 662,637</u>	<u>\$ 22,562,167</u>	<u>\$ 12,930,158</u>

Note 5: Employee Retirement Systems

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

A. Police 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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 5: Employee Retirement Systems (continued)

A. Police Pension Fund (continued)

Defined Benefit Pension Plan (continued)

1. Plan Description (continued)

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, 2013 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	17
Current employees	<u>47</u>
TOTAL	<u><u>64</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 determined by an enrolled actuary. For the year ended April 30, 2013, the City's contribution as a percentage of covered payroll was 44.59%.

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 position for the Police Pension Plan.

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 5: Employee Retirement Systems (continued)

A. Police Pension Fund (continued)

Defined Benefit Pension Plan (continued)

3. Annual Pension Cost

Employer contributions have been determined as follows:

Actuarial Valuation Date	Police Pension 5/1/2012
Funding Method	Projected Unit Credit
Asset Valuation Method	Investment gains and losses are recognized over 5-year period
Amortization Method	Normal cost plus adjustment
Amortization Period	2040 for 90% funding
Significant Actuarial Assumptions	
a. Rate of Return on Present and Future Assets	6.75% Compounded Annually
b. Projected Salary Increase - Attributable to Inflation	4.50%
c. Additional Increases - Tier 2 Cost of Living	1.25%

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)
April 30, 2013

Note 5: Employee Retirement Systems (continued)

B. Pension Plan (continued)

Plan Description (continued)

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 2012 was 11.25%. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The City's required contribution for calendar year 2012 was \$664,531.

Trend Information

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 664,531	100%	\$ 53,524
12/31/11	621,416	100%	52,403
12/31/10	596,882	91%	51,306

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 5: Employee Retirement Systems (continued)

B. Pension Plan (continued)

Annual Pension Cost (continued)

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, 2010 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, 2012, the most recent actuarial valuation date, the regular plan was 71.89% funded. The actuarial accrued liability for benefits was \$12,716,254 and the actuarial value of assets was \$9,141,746, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,574,508. The covered payroll for calendar year 2012 (annual payroll for active employees covered by the plan) was \$5,906,945 and the ratio of the UAAL to the covered payroll was 61%.

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, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 29,949,483	\$ 221,287	\$ -	\$ 30,170,770
Construction in progress	1,314,945	1,341,994	-	2,656,939
Total capital assets not being depreciated	31,264,428	1,563,281	-	32,827,709
Capital assets being depreciated				
Land/building improvements	1,710,968	720,152	-	2,431,120
Buildings	18,868,380	-	-	18,868,380
Equipment	5,235,056	469,030	-	5,704,086
Vehicles	4,267,425	470,340	55,823	4,681,942

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 6: Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES (continued)				
Capital assets being depreciated (continued)				
Parks/Sportsplex	18,690,484	467,856	-	19,158,340
Infrastructure	113,152,914	1,630,764	-	114,783,678
Total capital assets being depreciated	161,925,227	3,758,142	55,823	165,627,546
Less accumulated depreciation for				
Land/building improvements	1,127,670	73,533	-	1,201,203
Buildings	4,501,935	557,208	-	5,059,143
Equipment	3,308,165	426,753	-	3,734,918
Vehicles	2,587,085	315,299	46,806	2,855,578
Parks/Sportsplex	-	941,221	-	941,221
Infrastructure	93,452,117	1,675,253	-	95,127,370
Total accumulated depreciation	104,976,972	3,989,267	46,806	108,919,433
Total capital assets being depreciated, net	56,948,255	(231,125)	9,017	56,708,113
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 88,212,683</u>	<u>\$ 1,332,156</u>	<u>\$ 9,017</u>	<u>\$ 89,535,822</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in process	\$ 384,038	\$ 1,038,717	\$ 59,006	\$ 1,363,749
Land	299,229	327,226	-	626,455
Total capital assets not being depreciated	683,267	1,365,943	59,006	1,990,204
Capital assets being depreciated				
Buildings	2,045,746	204,567	-	2,250,313
Building improvements	35,625	-	-	35,625
Equipment	7,802,958	752,046	-	8,555,004
Utility systems	54,271,867	2,021,068	-	56,292,935
Total capital assets being depreciated	64,156,196	2,977,681	-	67,133,877
Less accumulated depreciation for				
Buildings	537,512	72,016	-	609,528
Building improvements	26,017	6,167	-	32,184
Equipment	4,876,065	673,689	-	5,549,754
Utility systems	22,387,258	1,333,561	-	23,720,819

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 6: Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES (continued)				
Total accumulated depreciation	27,826,852	2,085,433	-	29,912,285
Total capital assets being depreciated, net	36,329,344	892,248	-	37,221,592
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 37,012,611</u>	<u>\$ 2,258,191</u>	<u>\$ 59,006</u>	<u>\$ 39,211,796</u>
PRIMARY GOVERNMENT CAPITAL ASSETS, NET	<u>\$ 125,225,294</u>	<u>\$ 3,590,347</u>	<u>\$ 68,023</u>	<u>\$ 128,747,618</u>

Depreciation expense is charged to functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 343,559
Public safety	726,444
Highways and streets, including depreciation of general infrastructure assets	1,824,154
Cultural and recreational	<u>1,095,110</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 3,989,267</u>
BUSINESS-TYPE ACTIVITIES	
Water Funds	\$ 1,343,355
Sewer Funds	<u>742,078</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 2,085,433</u>

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, 2013 and the related fund where this debt is recorded on the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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, 2012	New Debt Issued	Debt Retired	Balance April 30, 2013	Due Within One Year
Primary Government					
GOVERNMENTAL ACTIVITIES					
Debt Service Funds					
Bonds payable SSA 1	\$ 1,520,000	\$ -	\$ 75,000	\$ 1,445,000	\$ 75,000
Bonds payable SSA 2	325,000	-	20,000	305,000	20,000
Bonds payable SSA 4	1,015,000	-	50,000	965,000	50,000
Bonds payable SSA 5	600,000	-	20,000	580,000	20,000
Bonds payable SSA 6	1,510,000	-	1,510,000	-	-
Bonds payable SSA 7	1,325,000	-	1,325,000	-	-
Bonds payable 2006	4,495,000	-	235,000	4,260,000	245,000
Bonds payable 2009	18,080,000	-	365,000	17,715,000	375,000
Bonds payable 2009A	9,155,000	-	85,000	9,070,000	85,000
Bonds payable 2010	10,445,000	-	840,000	9,605,000	860,000
Bonds payable 2012A SSA 6	-	1,540,000	45,000	1,495,000	75,000
Bonds payable 2012B SSA 7	-	1,360,000	40,000	1,320,000	60,000
Total debt service funds	48,470,000	2,900,000	4,610,000	46,760,000	1,865,000
Other Funds - Capital Assets					
Fire truck	289,735	-	83,338	206,397	87,820
Rescue pumper	318,780	-	40,563	278,217	42,471
Ford Interceptor	4,637	-	4,637	-	-
Police car	13,446	-	7,541	5,905	5,905
Buscom recorder system	21,966	-	10,670	11,296	11,296
Venita Dr land	553,500	-	184,500	369,000	184,500
Police car	16,438	-	7,343	9,095	7,759
Pickup truck	14,103	-	5,633	8,470	5,917
Pickup truck	14,893	-	5,948	8,945	6,249
Transit vehicle	20,717	-	7,136	13,581	7,326
Planning and zoning vehicle	-	18,400	3,469	14,931	6,061
Lawn mower	-	49,850	9,389	40,461	16,429
Core aerator	-	22,503	4,238	18,265	7,416
Tractor/loader	-	38,322	10,971	27,351	19,200

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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, 2012	New Debt Issued	Debt Retired	Balance April 30, 2013	Due Within One Year
Primary Government (continued)					
GOVERNMENTAL ACTIVITIES (continued)					
Other Funds - Capital Assets (continued)					
Police car	-	30,097	4,043	26,054	9,874
Fire truck	-	642,010	1,260	640,750	640,750
Total other funds - capital assets	1,268,215	801,182	390,679	1,678,718	1,058,973
Other Funds - Compensated Absences	1,573,090	79,353	-	1,652,443	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 51,311,305</u>	<u>\$ 3,780,535</u>	<u>\$ 5,000,679</u>	<u>\$ 50,091,161</u>	<u>\$ 2,923,973</u>
BUSINESS-TYPE ACTIVITIES					
Water Fund					
Bonds Payable	<u>\$ 735,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>	<u>\$ 375,000</u>	<u>\$ 375,000</u>
Water Funds - Capital Assets					
Water construction note	817,518	-	40,585	776,933	42,126
Water tank note	5,057,389	-	225,599	4,831,790	231,274
Total water funds - capital assets	5,874,907	-	266,184	5,608,723	273,400
Total water funds	6,609,907	-	626,184	5,983,723	648,400
Sewer Funds - Capital Assets					
Construction loan	2,738,358	-	464,642	2,273,716	478,163
Construction loan	-	673,932	-	673,932	-
Total sewer funds - capital assets	2,738,358	673,932	464,642	2,947,648	478,163
Water/Sewer Funds - Compensated Absences	527,193	-	7,369	519,824	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 9,875,458</u>	<u>\$ 673,932</u>	<u>\$ 1,098,195</u>	<u>\$ 9,451,195</u>	<u>\$ 1,126,563</u>

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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, 2012	New Debt Issued	Debt Retired	Balance April 30, 2013	Due Within One Year
TOTAL PRIMARY GOVERNMENT LONG-TERM LIABILITIES	<u>\$ 61,186,763</u>	<u>\$ 4,454,467</u>	<u>\$ 6,098,874</u>	<u>\$ 59,542,356</u>	<u>\$ 4,050,536</u>
COMPONENT UNIT					
Compensated absences	<u>\$ 91,961</u>	<u>\$ -</u>	<u>\$ 21,249</u>	<u>\$ 70,712</u>	<u>\$ -</u>
TOTAL COMPONENT UNIT	<u>\$ 91,961</u>	<u>\$ -</u>	<u>\$ 21,249</u>	<u>\$ 70,712</u>	<u>\$ -</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt as of April 30, 2013 are as follows:

Fiscal Year Ending April 30,	Primary Government			
	Governmental Activities		Business-Type Activities	
	General			
	Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 1,865,000	\$ 1,966,377	\$ 375,000	\$ 13,125
2015	1,935,000	1,913,286	-	-
2016	1,990,000	1,855,065	-	-
2017	2,055,000	1,792,627	-	-
2018	2,150,000	1,717,807	-	-
2019	2,225,000	1,637,405	-	-
2020	2,305,000	1,550,304	-	-
2021	2,410,000	1,460,115	-	-
2022	2,505,000	1,362,360	-	-
2023	2,010,000	1,258,954	-	-
2024	2,115,000	1,170,233	-	-
2025	1,675,000	1,075,905	-	-
2026	1,715,000	995,392	-	-
2027	1,510,000	913,174	-	-
2028	1,380,000	846,911	-	-

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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)

Fiscal Year Ending April 30,	Primary Government			
	Governmental Activities		Business-Type Activities	
	General		Revenue Bonds	
	Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2029	1,315,000	787,587	-	-
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>\$ 46,760,000</u>	<u>\$ 26,461,764</u>	<u>\$ 375,000</u>	<u>\$ 13,125</u>

1. 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-7 for further details on the 2010 issue.

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)

April 30, 2013

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)

2. (continued)

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

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

Fiscal Year Ending April 30,	SSA 1		SSA 2		SSA 4	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$1,445,000</u>	<u>\$ 730,890</u>	<u>\$ 305,000</u>	<u>\$ 138,850</u>	<u>\$ 965,000</u>	<u>\$ 488,150</u>

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

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)
April 30, 2013

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)

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

During fiscal year 2013, the remaining portion of the SSA 6 and SSA 7 bonds were defeased with the 2012A Special Service Area Number 6 (\$1,540,000) and 2012B Special Service Area Number 7 (\$1,360,000) bond issues and the City has removed the original liabilities from its books. This refunding resulted in a net present value loss of \$91,888. Below are the debt service to maturity of the SSA 5 issue and the revised debt service to maturity for SSA 6 and SSA 7.

Fiscal Year Ending April 30,	SSA 5		SSA 6 (refunding issue)		SSA 7 (refunding issue)	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 20,000	\$ 56,100	\$ 75,000	\$ 41,725	\$ 60,000	\$ 37,125
2015	25,000	54,500	80,000	39,850	65,000	35,625
2016	25,000	52,500	85,000	37,850	70,000	34,000
2017	25,000	50,500	90,000	35,725	70,000	32,250
2018	30,000	48,500	95,000	33,475	75,000	30,500
2019	35,000	45,500	100,000	31,100	75,000	28,625
2020	35,000	42,000	100,000	28,600	80,000	26,750
2021	40,000	38,500	105,000	26,100	85,000	24,750
2022	45,000	34,500	115,000	22,950	90,000	22,200
2023	50,000	30,000	120,000	19,500	95,000	19,500
2024	55,000	25,000	130,000	15,900	100,000	16,650
2025	60,000	19,500	140,000	12,000	105,000	13,650
2026	65,000	13,500	145,000	7,800	110,000	10,500
2027	70,000	7,000	115,000	3,450	120,000	7,200
2028	-	-	-	-	120,000	3,600
	<u>\$ 580,000</u>	<u>\$ 517,600</u>	<u>\$ 1,495,000</u>	<u>\$ 356,025</u>	<u>\$ 1,320,000</u>	<u>\$ 342,925</u>

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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)

April 30, 2013

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,	Principal	Interest	Total
2014	\$ 245,000	\$ 207,262	\$ 452,262
2015	255,000	196,850	451,850
2016	265,000	186,012	451,012
2017	280,000	174,750	454,750
2018	295,000	160,750	455,750
2019	305,000	146,000	451,000
2020	320,000	130,750	450,750
2021	340,000	114,750	454,750
2022	355,000	97,750	452,750
2023	370,000	80,000	450,000
2024	390,000	61,500	451,500
2025	410,000	42,000	452,000
2026	430,000	21,500	451,500
	<u>\$4,260,000</u>	<u>\$1,619,874</u>	<u>\$5,879,874</u>

Included in this bond issue above was an advance refunding of \$5,375,000, which was used for 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 which have since been paid off from escrow. In 2010, the City defeased a portion of the 2006 issue. See Note 7A-5 below. The debt service to maturity indicated above is for the remaining portion of the 2006 issue.

5. 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, 2013

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,	Interest Rate	Principal	Interest	Total
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>\$ 17,715,000</u>	<u>\$ 12,556,593</u>	<u>\$ 30,271,593</u>

Included in this bond issue was an advance refunding of \$13,395,000, which was used for 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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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)

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, 2013 is \$12,327,541.

6. 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. These bonds were being paid from governmental funds and the component unit but the City approved in 2012 to pay all debt from governmental funds. The following is the future debt service maturity schedule:

Fiscal Year Ending April 30,	Interest Rate	Principal	Interest	Total
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

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NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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
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
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>\$9,070,000</u>	<u>\$7,928,647</u>	<u>\$16,998,647</u>

7. 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
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>\$ 9,605,000</u>	<u>\$ 1,782,210</u>	<u>\$ 11,387,210</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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)

8. 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:

Fiscal Year Ending April 30, 2014	Interest Rate 3.50%	Principal \$ 375,000	Interest \$ 13,125	Total \$ 388,125
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B. Loans and Notes Payable

The annual debt service requirements to maturity for loans and notes as of April 30, 2013 are as follows:

Fiscal Year Ending April 30,	Governmental Activities		Business-Type Activities	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2014	\$ 1,058,973	\$ 41,866	\$ 751,563	\$ 200,259
2015	383,268	15,925	772,355	179,467
2016	91,492	8,986	793,723	158,099
2017	48,466	6,521	815,687	136,135
2018	96,519	4,340	577,916	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	-	-	407,806	24,271
2029	-	-	335,721	14,912
2030	-	-	344,166	6,466
	<u>\$ 1,678,718</u>	<u>\$ 77,638</u>	<u>\$ 7,882,439</u>	<u>\$ 1,452,292</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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:

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 87,820	\$ 8,743	\$ 96,563
2015	92,543	4,020	96,563
2016	26,034	237	26,271
	<u>\$ 206,397</u>	<u>\$ 13,000</u>	<u>\$ 219,397</u>

2. 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:

Fiscal Year Ending April 30,	Principal	Interest	Total
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	96,519	4,340	100,859
	<u>\$ 278,217</u>	<u>\$ 42,590</u>	<u>\$ 320,807</u>

3. During 2010 the City borrowed \$22,483 for the purchase of a 2010 Ford Interceptor. This note was completely liquidated in fiscal year 2103.
4. 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:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

4. (continued)

Fiscal Year Ending April 30,	Principal	Interest	Total
<u>2014</u>	<u>\$ 5,905</u>	<u>\$ 123</u>	<u>\$ 6,028</u>

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

Fiscal Year Ending April 30,	Principal	Interest	Total
<u>2014</u>	<u>\$ 11,296</u>	<u>\$ 356</u>	<u>\$ 11,652</u>

6. 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:

Fiscal Year Ending April 30,	Principal
<u>2014</u>	<u>\$ 184,500</u>
2015	184,500
	<u>\$ 369,000</u>

7. 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
<u>2014</u>	<u>\$ 7,759</u>	<u>\$ 310</u>	<u>\$ 8,069</u>
2015	1,336	9	1,345
	<u>\$ 9,095</u>	<u>\$ 319</u>	<u>\$ 9,414</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

8. 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
2014	\$ 5,917	\$ 287	\$ 6,204
2015	2,553	32	2,585
	<u>\$ 8,470</u>	<u>\$ 319</u>	<u>\$ 8,789</u>

9. 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.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 6,249	\$ 303	\$ 6,552
2015	2,696	34	2,730
	<u>\$ 8,945</u>	<u>\$ 337</u>	<u>\$ 9,282</u>

10. 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
2014	\$ 7,326	\$ 272	\$ 7,598
2015	6,255	77	6,332
	<u>\$ 13,581</u>	<u>\$ 349</u>	<u>\$ 13,930</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)
April 30, 2013

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

11. During 2013 the City borrowed \$18,400 for the purchase of a vehicle. Repayment consists of 36 monthly payments of \$532 at an annual interest rate of 2.65%. The following is the debt service schedule to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 6,061	\$ 323	\$ 6,384
2015	6,227	157	6,384
2016	2,643	17	2,660
	<u>\$ 14,931</u>	<u>\$ 497</u>	<u>\$ 15,428</u>

12. During 2013 the City borrowed \$49,850 for the purchase of a mower. Repayment consists of 36 monthly payments of \$1,442 at an annual interest rate of 2.70%. The following is the debt service schedule to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 16,429	\$ 875	\$ 17,304
2015	16,870	434	17,304
2016	7,162	48	7,210
	<u>\$ 40,461</u>	<u>\$ 1,357</u>	<u>\$ 41,818</u>

13. During 2013 the City borrowed \$22,503 for the purchase of an aerator. Repayment consists of 36 monthly payments of \$651 at an annual interest rate of 2.70%. The following is the debt service schedule to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 7,416	\$ 396	\$ 7,812
2015	7,615	197	7,812
2016	3,234	22	3,256
	<u>\$ 18,265</u>	<u>\$ 615</u>	<u>\$ 18,880</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Governmental Activities (continued)

14. During 2013 the City borrowed \$38,322 for the purchase of a tractor/loader. Repayment consists of 24 monthly payments of \$1,641 at an annual interest rate of 2.70%. The following is the debt service schedule to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 19,200	\$ 492	\$ 19,692
2015	8,151	54	8,205
	<u>\$ 27,351</u>	<u>\$ 546</u>	<u>\$ 27,897</u>

15. During 2013 the City borrowed \$30,097 for the purchase of a police car. Repayment consists of 36 monthly payments of \$871 at an annual interest rate of 2.70%. The following is the debt service schedule to maturity.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	\$ 9,874	\$ 571	\$ 10,445
2015	10,140	306	10,446
2016	6,040	54	6,094
	<u>\$ 26,054</u>	<u>\$ 931</u>	<u>\$ 26,985</u>

16. During 2013 the City borrowed \$642,010 for the partial purchase of a fire truck. Since it is under construction and more financing may be needed, the loan is due on a current basis. It is currently due December 15, 2013 at an interest rate of 3.90%.

Fiscal Year Ending April 30,	Principal	Interest	Total
2014	<u>\$ 640,750</u>	<u>\$ 16,299</u>	<u>\$ 657,049</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

(continued)

April 30, 2013

Note 7: Long-Term Debt (continued)

B. Loans and Notes Payable (continued)

Business-Type Activities

17. Construction Loan - Sewer

The City received loans totaling \$8,105,534 of which \$8,018,298 was drawn down from the Illinois Environmental Protection Agency for sewer plant improvements. The loan is disbursed to the City based on drawdowns of construction. The current interest rate is 2.89% and 2.865% and accrued interest of \$123,386 has been added to the improvements costs. Repayment began when the construction period was complete. The loan is currently due on August 1, 2017 with semi-annual payments of \$270,210 beginning August 1, 1998. Additionally, the City received a loan during 2013 for \$673,932. This loan is still in process so no debt service schedule is available.

18. Construction Loan - Water

The City received loan proceeds from the Illinois Environmental Protection Agency (IEPA) 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.

19. 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 17 and 18) including interest as of April 30, 2013 are as follows:

Fiscal Year Ending April 30,	Water (Tank) Construction Loan		Water Construction Loan	
	Principal	Interest	Principal	Interest
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

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

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
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
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	80,324	1,121
2029	335,721	14,912	-	-
2030	344,166	6,466	-	-
	<u>\$4,831,790</u>	<u>\$1,128,955</u>	<u>\$776,933</u>	<u>\$155,304</u>

Fiscal Year Ending April 30,	Sewer Construction Loan	
	Principal	Interest
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>\$2,273,716</u>	<u>\$168,033</u>

The compensated absences listed below reflect the liabilities at April 30, 2013 and 2012:

	2013	2012
Governmental Activities	\$ 1,652,443	\$ 1,573,090
Business-Type Activities	519,824	527,193
Component Unit	70,712	91,961
Total	<u>\$ 2,242,979</u>	<u>\$ 2,192,244</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 7: Long-Term Debt (continued)

C. Legal Debt Margin

ASSESSED VALUATION - 2012 TAX LEVY		<u>\$647,311,486</u>
STATUTORY DEBT LIMITATIONS		
8.625% of assessed valuation		\$ 55,830,616
Less indebtedness		
Municipal bonds outstanding (general obligation bonds)	\$ 40,650,000	
Purchase agreement - land	369,000	
Note payable - equipment	97,373	
Note payable - vehicles	<u>1,212,345</u>	<u>42,328,718</u>
LEGAL DEBT MARGIN		<u>\$ 13,501,898</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 2013 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, 2013:

	<u>Due From</u>	<u>Due To</u>
GOVERNMENTAL FUNDS		
MAJOR FUNDS		
General Fund		
Tax Increment Financing	<u>\$ 99,760</u>	<u>\$ -</u>
Total Major Funds	<u>99,760</u>	<u>-</u>
NONMAJOR FUNDS		
Tax Increment Financing		
General	-	99,760
1997 Bond Issue		
2002 Bond Issue	-	250

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 9: Interfund Receivables and Payables (continued)

	<u>Due From</u>	<u>Due To</u>
GOVERNMENTAL FUNDS (continued)		
NONMAJOR FUNDS (continued)		
2002 Bond Issue		
1997 Bond Issue	250	-
	<u>250</u>	<u>-</u>
Total Nonmajor Funds	250	100,010
	<u>250</u>	<u>100,010</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 100,010</u>	<u>\$ 100,010</u>

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 the drainage area and 15 acres of green space back to the City.

Also, the City has entered into a TIF agreement, called "Green Mount Redevelopment" with a health care entity that provides for the establishment of a separate TIF district for the construction of improvements and mine remediation. This agreement calls for the issuance of bonds to cover certain preconstruction costs and is to be partially or fully funded by the incremental property tax revenues of the project. As of April 30, 2013, no debt issuance has occurred.

During fiscal year 2013, the City also approved three (3) redevelopment agreements, called "Central Park Redevelopment", with separate entities for the reimbursement of certain construction and/or operating expenses on an annual basis from the incremental property taxes collected on each property. The terms of these agreements are not fixed, but expire when the costs incurred have been fully reimbursed.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 10: Tax Increment Financing Funds (continued)

As of April 30, 2013, the TIF had incurred cumulative costs totaling \$99,760 for the above projects that were paid through the General Fund and reflected as an interfund balance at year-end.

Note 11: Rebates

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

	Total Rebate	Balance Owed April 30, 2013	Interest Rate	Expiration Date	Specific
Auto Dealer	\$ 250,000	\$ 204,462	N/A	July 2017	50% of collections over specific amount
Auto Dealer	500,000	-	N/A	August 2012	50% of collections
Auto Dealer*	150,000	125,552	N/A	November 2016	50% of collections
Retailer	125,000	-	N/A	October 2017	75% rebate 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 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:

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 13: Expenditures in Excess of Budget (continued)

	Actual Expenditures	Budgeted Expenditures
General	\$ 12,442,509	\$ 12,131,335
Park	3,079,817	2,464,568
Cemetery	3,758	-
IMRF	515,121	370,700
2002 Bond Issue (CP)	960,744	960,675
Park Sports Complex	1,150,663	1,150,605
Subaru	78,540	78,200
Newbold	1,727,827	195,500
Harley Davidson	1,521,047	167,100

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. The lessee is responsible for all operating costs, except general insurance, which is provided by the City. Also, the City has responsibility for all building exterior maintenance and improvements.
- B. The City, as lessor, entered into an agreement in July 2001 with a long distance carrier to construct a communication tower. The initial term of the lease is ten years with the lessee having the right to extend the lease for two successive five-year terms. The current contract states the monthly rent to be \$2,040 through 2010. In 2010 the lease was amended to permit the carrier to add, modify and/or replace equipment in order to be in compliance with future federal, state or local mandates. Monthly rent was increased by \$500 per month.
- C. The City, as a lessor, entered into an agreement in March 2005 with a cell phone carrier to lease property for the purpose of constructing a communications structure. The initial term of the lease is ten years with the lessee having the right to extend the lease for two successive five-year terms. The 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.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 15: Statistical Data

	2013	2012
Number of customers billed		
Water	17,852	17,736
Sewer	9,159	9,183

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, 2013 and for the year then ended.

	General Fund	Construction Fund	Debt Service Fund	Ohlendorf Bequest Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,531,643	\$ 41,123	\$ 16,616	\$ -	\$ 1,589,382
Investments	-	-	-	2,367,995	2,367,995
Prepaid expenses	18,757	-	-	-	18,757
Accrued interest	-	-	-	7,746	7,746
Accounts receivable	1,235	-	-	-	1,235
Property tax receivable	962,552	-	-	-	962,552
	<u>2,514,187</u>	<u>41,123</u>	<u>16,616</u>	<u>2,375,741</u>	<u>4,947,667</u>
LIABILITIES					
Deferred revenue	962,552	-	-	-	962,552
Accounts payable	6,031	-	-	-	6,031
Accrued wages	12,296	-	-	-	12,296
	<u>980,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,879</u>
EQUITY					
Fund balance - restricted	<u>\$ 1,533,308</u>	<u>\$ 41,123</u>	<u>\$ 16,616</u>	<u>\$ 2,375,741</u>	<u>\$ 3,966,788</u>
REVENUES					
Taxes	\$ 982,774	\$ -	\$ -	\$ -	\$ 982,774
Investment income	743	-	-	232,042	232,785
Grant	29,002	-	-	-	29,002
Donations	-	-	-	21,928	21,928
Others	60,527	-	-	-	60,527
	<u>1,073,046</u>	<u>-</u>	<u>-</u>	<u>253,970</u>	<u>1,327,016</u>

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 16: Component Unit (continued)

	General Fund	Construction Fund	Debt Service Fund	Ohldendorf Bequest Fund	Total
EXPENDITURES					
Library services	964,883	-	-	16,773	981,656
Excess of revenues over expenditures	108,163	-	-	237,197	345,360
Fund balance, beginning of year	1,425,145	41,123	16,616	2,138,544	3,621,428
FUND BALANCE, END OF YEAR	<u>\$ 1,533,308</u>	<u>\$ 41,123</u>	<u>\$ 16,616</u>	<u>\$ 2,375,741</u>	<u>\$ 3,966,788</u>

Note 17: Commitments

The City had the following contractual matters in progress at April 30, 2013:

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, 2013.

Note 19: Interfund Transfers

Interfund transfers for the year ended April 30, 2013 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	\$ -	\$ 598,805
2002 Bond Issue Capital Project	-	544,780
Convention Center	-	528,237

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 19: Interfund Transfers (continued)

	<u>Transfers From</u>	<u>Transfers To</u>
GOVERNMENTAL FUNDS (continued)		
<u>MAJOR FUNDS (continued)</u>		
General Fund (continued)		
Capital Improvement	-	265,924
Park	-	20,000
Park Fund		
General	20,000	-
Park Sports Complex	-	532,132
Build America	-	148,864
Ambulance Fund		
Capital Improvement	-	125,460
Park Sports Complex	-	59,546
	<hr/>	<hr/>
Total Major Funds	20,000	2,823,748
<u>NONMAJOR FUNDS</u>		
Capital Improvement Fund		
General	265,924	-
Ambulance	125,460	-
Park Land	209,484	-
Prop S Infrastructure Fund		
2002 Bond Issue Capital Project Fund	-	415,394
Hotel/Motel Fund		
Park Sports Complex	-	398,009
1997 Bond Issue Debt Service Fund		
General	598,805	-
2002 Bond Issue Capital Project Fund		
General	544,780	-
Prop S Infrastructure	415,394	-
Convention Center Fund		
General	528,237	-
Park Sports Complex Fund		
Park	532,132	-
Ambulance	59,546	-
Hotel/Motel Fund	398,009	-
Park Land Fund		
Capital Improvements	-	209,484
Build America Fund		
Park	148,864	-
	<hr/>	<hr/>
Total Nonmajor Funds	3,826,635	1,022,887
 TOTAL GOVERNMENTAL FUNDS	 \$ 3,846,635	 \$ 3,846,635

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
April 30, 2013

Note 19: Interfund Transfers (continued)

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.

Note 20: Prior Period Adjustment

The business-type activities and proprietary fund financial statements contain a prior period adjustment to include sewer revenue that should have been included in accounts receivable balances as of April 30, 2012.

The governmental activities contain a prior period adjustment to record prior year accrued interest payable in the amount of \$714,618.

The governmental activities and component unit contain a prior period adjustment to record the change in debt obligations between governmental activities and the component unit in the amount of \$1,880,000.

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 277,550	\$ 277,550	\$ 277,618
Utility	1,500,000	1,500,000	777,479
Food and beverage	635,000	635,000	644,581
Intergovernmental receipts			
Replacement tax	150	150	-
State sales tax	7,006,250	7,006,250	7,372,235
State income tax	2,264,300	2,264,300	3,281,011
Road and bridge tax	240,000	240,000	268,782
Grants	15,000	15,000	111,173
MEGSI	40,000	40,000	32,741
Other	-	-	-
Licenses and permits	615,400	615,400	661,330
Subdivision fees	19,000	19,000	18,275
Police reports	11,800	11,800	11,571
Combined dispatch	100,000	100,000	100,000
Fines and fees	252,000	252,000	311,211
Service and administrative fees	-	-	-
Interest income	10,050	10,050	11,541
Phone and cable television fees	1,322,000	1,322,000	745,936
Rentals	10,000	10,000	11,700
Miscellaneous revenues and reimbursements	3,500	3,500	7,515
Cemetery revenue	21,750	21,750	24,400
Insurance refunds and claims	500	500	14,670
Concessions	-	-	-
Recreation program fees	-	-	-
Donations	-	-	-
Fee in lieu of taxes	644,830	644,830	604,750
Total revenues	14,989,080	14,989,080	15,288,519
EXPENDITURES			
Administration			
Personnel services			
Salaries	612,950	612,950	702,206

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, 2013

Park Fund		Fire Fund		Ambulance Fund	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
\$ 616,845	\$ 585,983	\$ 1,185,620	\$ 1,183,690	\$ 1,666,330	\$ 1,656,923
734,598	846,103	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,500	14,193	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
55,000	50,000	-	-	-	-
-	-	-	-	-	-
-	-	395,000	429,938	-	-
-	-	4,000	1,315	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	15,000	8,810	-	-
111,750	102,872	-	-	850,000	775,960
525	711	-	2	200	247
680,000	831,517	-	-	-	-
104,950	137,241	-	-	-	-
1,150	1,067	-	33,869	-	322
-	-	-	-	-	-
-	-	-	-	-	8,000
129,750	191,416	-	-	-	-
676,500	829,961	-	-	-	-
5,000	13,656	-	-	-	-
-	-	-	-	-	-
<u>3,124,568</u>	<u>3,604,720</u>	<u>1,599,620</u>	<u>1,657,624</u>	<u>2,516,530</u>	<u>2,441,452</u>
-	-	-	-	-	-

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	General Fund		
	Original Budget	Final Budget	Actual
EXPENDITURES (continued)			
Administration (continued)			
Personnel services (continued)			
Payroll taxes	400	400	483
Group insurance	123,950	123,950	224,623
Contractual services			
Maintenance and repairs	3,700	3,700	7,171
Insurance	28,000	28,000	46,194
Utilities and telephone	7,000	7,000	4,716
Travel and training	21,000	21,000	16,088
Legal and accounting fees	20,000	20,000	11,781
Engineering and other professional fees	223,000	223,000	207,024
Other contractual services	56,900	56,900	56,527
Commodities			
Operating and maintenance supplies	1,000	1,000	588
Computer and office supplies	9,000	9,000	17,722
Miscellaneous	42,035	42,035	26,944
Tax rebates	20,000	20,000	8,640
Capital purchases	5,000	255,000	117,581
Debt service			
Principal retirement	6,000	6,000	-
Police Department			
Personnel services			
Salaries	4,250,000	4,250,000	4,408,776
Payroll taxes	7,500	7,500	17,874
Group insurance	850,560	850,560	834,634
Contractual services			
Maintenance and repairs	170,280	170,280	182,082
Insurance	266,985	266,985	193,231
Utilities and telephone	132,620	132,620	125,787
Travel and training	37,200	37,200	29,834
Legal and accounting fees	25,000	25,000	25,406
Engineering and other professional fees	203,700	203,700	230,740
Other contractual services	23,830	23,830	29,360
Commodities			
Operating and maintenance supplies	47,950	47,950	63,369
Gasoline and oil	115,000	115,000	139,154
Uniforms and food	58,800	58,800	69,714
Computer and office supplies	10,150	10,150	54,984
Miscellaneous	5,100	5,100	7,467

	General Fund		
	Original Budget	Final Budget	Actual
EXPENDITURES (continued)			
Police Department (continued)			
Capital purchases	-	-	144,123
Debt service			
Principal retirement	79,650	79,650	28,898
Interest and fiscal charges	3,000	3,000	2,098
Street Department			
Personnel services			
Salaries	890,000	890,000	813,530
Payroll taxes	5,000	5,000	3,865
Group insurance	201,900	201,900	158,233
Contractual services			
Maintenance and repairs	602,000	602,000	529,812
Insurance	140,000	140,000	121,495
Utilities and telephone	296,000	296,000	240,453
Travel and training	5,000	5,000	5,504
Legal and accounting fees	20,500	20,500	30,336
Engineering and other professional fees	288,761	288,761	421,878
Other contractual services	35,800	35,800	29,142
Commodities			
Operating and maintenance supplies	81,750	81,750	132,680
Gasoline and oil	45,000	45,000	42,567
Uniforms	6,000	6,000	3,476
Computer and office supplies	6,000	6,000	16,695
Miscellaneous	11,500	11,500	6,219
Capital purchases	198,500	198,500	554,468
Debt service			
Principal retirement	10,870	10,870	-
Facilities			
Contractual services			
Maintenance and repairs	175,000	175,000	94,446
Utilities and telephone	53,200	53,200	39,625
Engineering and other professional fees	50,000	50,000	11,610
Commodities			
Operating and maintenance supplies	3,200	3,200	6,000
Uniforms	300	300	-
Capital purchases	1,500	1,500	1,637
Planning and Zoning Department			
Personnel services			
Salaries	526,270	526,270	536,356

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, 2013

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	General Fund		
	Original Budget	Final Budget	Actual
EXPENDITURES (continued)			
Planning and Zoning Department (continued)			
Personnel services (continued)			
Payroll taxes	2,000	2,000	2,898
Group insurance	106,350	106,350	101,845
Contractual services			
Maintenance and repairs	7,000	7,000	7,077
Insurance	25,000	25,000	12,658
Telephone	7,000	7,000	5,809
Travel and training	16,600	16,600	16,947
Legal and accounting fees	29,500	29,500	27,664
Other professional fees	72,000	72,000	46,526
Abatements	6,000	6,000	3,790
Other contractual services	21,500	21,500	18,777
Commodities			
Operating and maintenance supplies	6,574	6,574	4,548
Gasoline and oil	8,000	8,000	10,259
Uniforms	2,000	2,000	2,234
Computer and office supplies	5,500	5,500	13,407
Miscellaneous	1,750	1,750	404
Capital purchases	-	-	18,499
Debt service			
Principal retirement	20,425	20,425	9,102
Interest and fiscal charges	1,000	1,000	536
Economic Development			
Personnel services			
Salaries	65,000	65,000	63,152
Group insurance	4,750	4,750	4,695
Contractual services			
Travel and training	33,665	33,665	14,128
Legal fees	5,000	5,000	3,510
Other professional fees	86,100	86,100	60,727
Other contractual services	44,500	44,500	29,100
Commodities			
Computer and office supplies	600	600	6,136
Miscellaneous	500	500	367
Development	69,240	69,240	35,066
Debt service			
Principal retirement	4,515	4,515	-

	General Fund		
	Original Budget	Final Budget	Actual
EXPENDITURES (continued)			
Cemetery			
Personnel services			
Salaries	37,500	37,500	23,691
Payroll taxes	350	350	483
Group insurance	9,850	9,850	7,418
Contractual services			
Maintenance and repairs	13,800	13,800	9,324
Insurance	3,200	3,200	2,014
Telephone and utilities	2,000	2,000	1,647
Training	250	250	-
Other professional fees	25,000	25,000	26,399
Other contractual services	600	600	387
Commodities			
Operating and maintenance supplies	5,500	5,500	3,931
Office supplies	100	100	589
Gasoline and oil	2,500	2,500	3,387
Uniforms	500	500	-
Miscellaneous	250	250	981
Debt service			
Principal retirement	5,925	5,925	5,948
Interest and fiscal charges	630	630	603
Parks Department			
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	-	-	-
Commodities			
Operating and maintenance supplies	-	-	-
Computer and office supplies	-	-	-
Gasoline and oil	-	-	-
Uniforms and food	-	-	-

	General Fund		
	Original Budget	Final Budget	Actual
EXPENDITURES (continued)			
Parks Department (continued)			
Recreation programs	-	-	-
Miscellaneous	-	-	-
Capital purchases	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Fire Department			
Personnel services			
Salaries	-	-	-
Payroll taxes	-	-	-
Pension expense	-	-	-
Group insurance	-	-	-
Contractual services			
Maintenance and repairs	-	-	-
Insurance	-	-	-
Telephone and utilities	-	-	-
Travel and training	-	-	-
Other professional fees	-	-	-
Other contractual services	-	-	-
Fire run expenses and fees	-	-	-
Commodities			
Operating and maintenance supplies	-	-	-
Computer and office supplies	-	-	-
Gasoline and oil	-	-	-
Uniforms	-	-	-
Miscellaneous	-	-	-
Capital purchases	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Ambulance			
Personnel services			
Salaries	-	-	-
Payroll taxes	-	-	-
Group insurance	-	-	-
Contractual services			
Maintenance and repairs	-	-	-
Insurance	-	-	-

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, 2013

Park Fund		Fire Fund		Ambulance Fund	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
383,900	487,729	-	-	-	-
5,350	433	-	-	-	-
190,000	569,095	-	-	-	-
24,526	31,734	-	-	-	-
1,802	2,002	-	-	-	-
-	-	213,460	219,641	-	-
-	-	-	483	-	-
-	-	48,560	20,830	-	-
-	-	55,565	48,377	-	-
-	-	142,050	107,803	-	-
-	-	65,040	49,918	-	-
-	-	66,240	51,747	-	-
-	-	34,850	25,616	-	-
-	-	744,370	100,064	-	-
-	-	18,950	12,769	-	-
-	-	154,830	113,573	-	-
-	-	61,000	57,665	-	-
-	-	7,000	28,650	-	-
-	-	29,400	28,605	-	-
-	-	61,000	31,161	-	-
-	-	-	12,410	-	-
-	-	182,000	761,532	-	-
-	-	143,910	125,162	-	-
-	-	28,590	33,888	-	-
-	-	-	-	1,114,577	999,310
-	-	-	-	3,000	4,348
-	-	-	-	254,154	244,768
-	-	-	-	117,500	124,186
-	-	-	-	86,962	40,431

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	General Fund		
	Original Budget	Final Budget	Actual
EXPENDITURES (continued)			
Ambulance (continued)			
Contractual services (continued)			
Telephone and utilities	-	-	-
Travel and training	-	-	-
Legal and accounting fees	-	-	-
Other professional fees	-	-	-
Other contractual services	-	-	-
Commodities			
Operating and maintenance supplies	-	-	-
Computer and office supplies	-	-	-
Gasoline and oil	-	-	-
Uniforms	-	-	-
Capital purchases	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	11,881,335	12,131,335	12,442,509
Excess (deficiency) of revenues over expenditures	3,107,745	2,857,745	2,846,010
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of long-term debt	24,000	24,000	48,497
Proceeds from sale of assets	7,500	7,500	42,819
Transfer from other funds	-	750,000	-
Transfer (to) other funds	(3,139,245)	(3,639,245)	(1,957,745)
Total other financing sources (uses)	(3,107,745)	(2,857,745)	(1,866,429)
Net change in fund balance	\$ -	\$ -	979,581
Fund balance, beginning of year			12,331,219
FUND BALANCE, END OF YEAR			\$ 13,310,800

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, 2013

Park Fund		Fire Fund		Ambulance Fund	
Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
-	-	-	-	75,000	64,475
-	-	-	-	42,420	16,047
-	-	-	-	25,000	7,760
-	-	-	-	199,400	202,875
-	-	-	-	18,500	18,018
-	-	-	-	47,000	56,763
-	-	-	-	8,500	16,411
-	-	-	-	35,000	40,834
-	-	-	-	17,000	9,249
-	-	-	-	325,482	353,354
-	-	-	-	20,775	5,335
-	-	-	-	800	491
<u>2,464,568</u>	<u>3,079,817</u>	<u>2,056,815</u>	<u>1,829,894</u>	<u>2,391,070</u>	<u>2,204,655</u>
<u>660,000</u>	<u>524,903</u>	<u>(457,195)</u>	<u>(172,270)</u>	<u>125,460</u>	<u>236,797</u>
-	110,675	-	642,010	-	-
-	-	2,000	11,111	-	-
20,000	20,000	455,195	-	-	-
<u>(680,000)</u>	<u>(680,997)</u>	<u>-</u>	<u>-</u>	<u>(125,460)</u>	<u>(185,006)</u>
<u>(660,000)</u>	<u>(550,322)</u>	<u>457,195</u>	<u>653,121</u>	<u>(125,460)</u>	<u>(185,006)</u>
<u>\$ -</u>	<u>(25,419)</u>	<u>\$ -</u>	<u>480,851</u>	<u>\$ -</u>	<u>51,791</u>
	<u>1,177,209</u>		<u>1,760,537</u>		<u>4,278,777</u>
	<u>\$ 1,151,790</u>		<u>\$ 2,241,388</u>		<u>\$ 4,330,568</u>

SCHEDULE B

City of O'Fallon
St. Clair County, Illinois

IMRF TREND INFORMATION

April 30, 2013

Illinois Municipal Retirement Fund (IMRF)
Schedule of Funding Progress

	(a)	(b)	(b-a)	(a)/(b)	(c)	((b-a)/(c))
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Unfunded as Percent of Payroll
12/31/12	\$ 9,141,746	\$ 12,716,254	\$ 3,574,508	71.89%	\$ 5,906,945	60.51%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$9,526,521. On a market basis, the funded ratio would be 74.92%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of O'Fallon. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

City of O'Fallon
St. Clair County, Illinois

POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION TREND INFORMATION

April 30, 2013

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	
4/30/12	\$ 18,473,548	\$ 21,820,195	85%	\$ 3,346,647	\$ 3,054,453	110%
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%

Employer Contributions

Actuarial Year	Employer Contributions
4/30/12	\$ 1,361,985
4/30/11*	N/A
4/30/10	703,521

* Actuarial data not available.

SCHEDULE D

City of O'Fallon
St. Clair County, Illinois

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2013

Note 1: Expenditures in Excess of Budget

The following funds had an expenditures in excess of budgeted amounts:

	Budget	Actual
General Fund	\$ 12,131,335	\$ 12,442,509
Park Fund	2,464,568	3,079,817

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

		Special Revenue Funds				
		Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund	Special Service Funds
ASSETS						
ASSETS						
Cash		\$ 26,363	\$ 167,979	\$4,269,060	\$ 78,623	\$ 177,944
Investments		562,435	-	-	-	-
Receivables, less allowance for uncollectible amounts						
Property taxes		-	385,150	-	754,118	15,213
Other governmental entities		-	764	48,834	3,862	-
Other		-	-	-	-	-
Accrued interest		329	-	-	-	-
Due from other funds		-	-	-	-	-
TOTAL ASSETS		<u>\$ 589,127</u>	<u>\$ 553,893</u>	<u>\$4,317,894</u>	<u>\$ 836,603</u>	<u>\$ 193,157</u>
LIABILITIES AND MUNICIPAL EQUITY						
LIABILITIES						
Accrued payroll		\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable		-	-	201,300	-	175
Unearned revenue						
Property taxes		-	385,150	-	754,118	15,213
Due to other funds		-	-	-	-	-
Total liabilities		<u>-</u>	<u>385,150</u>	<u>201,300</u>	<u>754,118</u>	<u>15,388</u>
MUNICIPAL EQUITY						
Fund balance						
Restricted		589,127	168,743	4,116,594	82,485	177,769
Unassigned		-	-	-	-	-
Total municipal equity		<u>589,127</u>	<u>168,743</u>	<u>4,116,594</u>	<u>82,485</u>	<u>177,769</u>
TOTAL LIABILITIES AND MUNICIPAL EQUITY		<u>\$ 589,127</u>	<u>\$ 553,893</u>	<u>\$4,317,894</u>	<u>\$ 836,603</u>	<u>\$ 193,157</u>

City of O'Fallon
St. Clair County, Illinois

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2013

Tax Increment Financing	Hotel/ Motel Fund	Capital Projects					
		Capital Improvement	2002 Bond Issue	Convention Center	Park Sports Complex	Park Land Fund	Prop S Infrastructure
\$ 912,017	\$ 1,088,304	\$ 1,659,272	\$ 425,146	\$ 1,379,185	\$ 373,450	\$ 792,268	\$ 1,905,331
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	116,187
-	95,923	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 912,017</u>	<u>\$ 1,184,227</u>	<u>\$ 1,659,272</u>	<u>\$ 425,146</u>	<u>\$ 1,379,185</u>	<u>\$ 373,450</u>	<u>\$ 792,268</u>	<u>\$ 2,021,518</u>
\$ -	\$ 1,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,643	147,763	-	-	-	-	1,350
-	-	-	-	-	-	-	-
99,760	-	-	-	-	-	-	-
<u>99,760</u>	<u>6,680</u>	<u>147,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
812,257	1,177,547	1,511,509	425,146	1,379,185	373,450	792,268	2,020,168
-	-	-	-	-	-	-	-
<u>812,257</u>	<u>1,177,547</u>	<u>1,511,509</u>	<u>425,146</u>	<u>1,379,185</u>	<u>373,450</u>	<u>792,268</u>	<u>2,020,168</u>
<u>\$ 912,017</u>	<u>\$ 1,184,227</u>	<u>\$ 1,659,272</u>	<u>\$ 425,146</u>	<u>\$ 1,379,185</u>	<u>\$ 373,450</u>	<u>\$ 792,268</u>	<u>\$ 2,021,518</u>

STATEMENT 1

Debt Service							
1997 Bond Issue	2002 Bond Issue	Special Service Areas	Subaru	Newbold	Harley Davidson	Build America	Totals
\$ -	\$ 286,942	\$ 511,043	\$ 79,759	\$ 332,654	\$ 284,020	\$ -	\$ 14,749,360
-	-	-	-	-	-	-	562,435
-	-	-	-	-	-	-	1,154,481
-	-	-	-	-	-	-	169,647
-	-	-	-	-	-	-	95,923
-	-	-	-	-	-	-	329
-	250	-	-	-	-	-	250
<u>\$ -</u>	<u>\$ 287,192</u>	<u>\$ 511,043</u>	<u>\$ 79,759</u>	<u>\$ 332,654</u>	<u>\$ 284,020</u>	<u>\$ -</u>	<u>\$ 16,732,425</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,037
-	-	-	-	-	-	250	356,481
-	-	-	-	-	-	-	1,154,481
250	-	-	-	-	-	-	100,010
250	-	-	-	-	-	250	1,612,009
-	287,192	511,043	79,759	332,654	284,020	-	15,120,916
(250)	-	-	-	-	-	(250)	(500)
(250)	287,192	511,043	79,759	332,654	284,020	(250)	15,120,416
<u>\$ -</u>	<u>\$ 287,192</u>	<u>\$ 511,043</u>	<u>\$ 79,759</u>	<u>\$ 332,654</u>	<u>\$ 284,020</u>	<u>\$ -</u>	<u>\$ 16,732,425</u>

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

	Special Revenue Funds				
	Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund	Special Service Fund
REVENUES					
Property taxes	\$ -	\$ 348,335	\$ -	\$ 656,954	\$ 14,863
Intergovernmental receipts					
Sales tax	-	-	-	-	-
Replacement taxes	-	3,811	-	19,271	-
Grants	-	-	195,216	-	-
Motor fuel taxes	-	-	703,863	-	-
Administrative fees and rentals	3,700	-	-	-	-
Room tax	-	-	-	-	-
Investment income	57,408	186	4,103	-	-
Annex fees	-	-	-	-	-
Park extraction fees	-	-	-	-	-
Subdivision fees	-	-	-	-	-
Build America bond rebates	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Fee in lieu of taxes	-	-	-	40,080	-
Total revenues	61,108	352,332	903,182	716,305	14,863
EXPENDITURES					
General government	3,758	515,121	-	699,330	-
Highways and streets	-	-	440,033	-	6,222
Development	-	-	-	-	-
Tax Increment Financing	-	-	-	-	-
Tourism	-	-	-	-	-
Capital expenditures	-	-	912,504	-	-
Debt service					
Bond issuance costs	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	3,758	515,121	1,352,537	699,330	6,222
Excess (deficiency) of revenues over expenditures	57,350	(162,789)	(449,355)	16,975	8,641
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issue	-	-	-	-	-
Discount on sale of bonds	-	-	-	-	-

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, 2013

Tax Increment Financing	Hotel/ Motel Fund	Capital Projects					
		Capital Improvement	2002 Bond Issue	Convention Center	Park Sports Complex	Park Land Fund	Prop S Infrastructure
\$ 354,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	1,657,326
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	695,511	-	-	-	-	-	-
86	550	1,412	-	1,607	377	1,258	1,873
-	-	-	-	-	-	153,250	-
-	-	-	-	-	-	18,850	-
-	-	-	-	-	-	17,500	-
-	-	-	-	-	160,414	-	-
-	-	-	-	-	-	-	26,450
-	-	-	-	-	-	-	-
<u>354,230</u>	<u>696,061</u>	<u>1,412</u>	<u>-</u>	<u>1,607</u>	<u>160,791</u>	<u>190,858</u>	<u>1,685,649</u>
-	-	1,916	-	-	-	-	-
-	-	-	-	-	-	-	127,532
750	81,922	-	-	-	-	-	-
19,323	-	-	-	-	-	-	-
-	50,464	-	-	-	-	-	-
-	-	1,100,022	-	-	-	-	788,608
-	-	-	-	-	-	-	-
-	-	184,500	537,400	193,800	253,800	-	-
-	-	-	423,344	334,757	896,863	-	-
<u>20,073</u>	<u>132,386</u>	<u>1,286,438</u>	<u>960,744</u>	<u>528,557</u>	<u>1,150,663</u>	<u>-</u>	<u>916,140</u>
<u>334,157</u>	<u>563,675</u>	<u>(1,285,026)</u>	<u>(960,744)</u>	<u>(526,950)</u>	<u>(989,872)</u>	<u>190,858</u>	<u>769,509</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

(continued on next page)

Debt Service							
1997 Bond Issue	2002 Bond Issue	Special Service Areas	Subaru	Newbold	Harley Davidson	Build America	Totals
\$ -	\$ -	\$ 321,960	\$ 76,900	\$ 193,002	\$ 165,000	\$ -	\$ 2,131,158
-	-	-	-	-	-	-	1,657,326
-	-	-	-	-	-	-	23,082
-	-	-	-	-	-	-	195,216
-	-	-	-	-	-	-	703,863
-	-	-	-	-	-	-	3,700
-	-	-	-	-	-	-	695,511
-	-	1,160	28	1,239	1,235	-	72,522
-	-	-	-	-	-	-	153,250
-	-	-	-	-	-	-	18,850
-	-	-	-	-	-	-	17,500
-	-	-	-	-	-	-	160,414
-	-	-	-	-	-	-	26,450
-	-	-	-	-	-	-	40,080
-	-	323,120	76,928	194,241	166,235	-	5,898,922
-	-	-	-	-	-	-	1,220,125
-	-	-	-	-	-	-	573,787
-	-	-	-	-	-	-	82,672
-	-	-	-	-	-	-	19,323
-	-	-	-	-	-	-	50,464
-	-	-	-	-	-	-	2,801,134
-	-	-	-	31,081	32,281	-	63,362
455,000	-	145,000	20,000	1,555,000	1,365,000	85,000	4,794,500
144,055	-	178,450	58,540	141,746	123,766	64,114	2,365,635
599,055	-	323,450	78,540	1,727,827	1,521,047	149,114	11,971,002
(599,055)	-	(330)	(1,612)	(1,533,586)	(1,354,812)	(149,114)	(6,072,080)
-	-	-	-	1,540,000	1,360,000	-	2,900,000
-	-	-	-	(38,500)	(34,000)	-	(72,500)

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

	Special Revenue Funds				
	Cemetery Fund	IMRF Fund	Motor Fuel Tax Fund	Social Security Fund	Special Service Fund
OTHER FINANCING SOURCES					
(USES) (continued)					
Transfer from other funds	-	-	-	-	-
Transfer (to) other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	57,350	(162,789)	(449,355)	16,975	8,641
Fund balance, beginning of year	531,777	331,532	4,565,949	65,510	169,128
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 589,127</u>	<u>\$ 168,743</u>	<u>\$ 4,116,594</u>	<u>\$ 82,485</u>	<u>\$ 177,769</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
(continued)
Year Ended April 30, 2013

Tax Increment Financing	Hotel/ Motel Fund	Capital Projects					
		Capital Improvement	2002 Bond Issue	Convention Center	Park Sports Complex	Park Land Fund	Prop S Infrastructure
-	-	600,868	960,174	528,237	989,687	-	-
-	(398,009)	-	-	-	-	(209,484)	(415,394)
-	(398,009)	600,868	960,174	528,237	989,687	(209,484)	(415,394)
334,157	165,666	(684,158)	(570)	1,287	(185)	(18,626)	354,115
478,100	1,011,881	2,195,667	425,716	1,377,898	373,635	810,894	1,666,053
<u>\$ 812,257</u>	<u>\$ 1,177,547</u>	<u>\$ 1,511,509</u>	<u>\$ 425,146</u>	<u>\$ 1,379,185</u>	<u>\$ 373,450</u>	<u>\$ 792,268</u>	<u>\$ 2,020,168</u>

Debt Service							
1997 Bond Issue	2002 Bond Issue	Special Service Areas	Subaru	Newbold	Harley Davidson	Build America	Totals
598,805	-	-	-	-	-	148,864	3,826,635
-	-	-	-	-	-	-	(1,022,887)
598,805	-	-	-	1,501,500	1,326,000	148,864	5,631,248
(250)	-	(330)	(1,612)	(32,086)	(28,812)	(250)	(440,832)
-	287,192	511,373	81,371	364,740	312,832	-	15,561,248
<u>\$ (250)</u>	<u>\$ 287,192</u>	<u>\$ 511,043</u>	<u>\$ 79,759</u>	<u>\$ 332,654</u>	<u>\$ 284,020</u>	<u>\$ (250)</u>	<u>\$15,120,416</u>

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

	Cemetery Fund		IMRF Fund	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ 348,830	\$ 348,335
Intergovernmental receipts				
Sales tax	-	-	-	-
Replacement taxes	-	-	3,000	3,811
Grant revenues	-	-	-	-
Motor fuel taxes	-	-	-	-
Administrative fees and rentals	7,000	3,700	-	-
Room tax	-	-	-	-
Investment income	-	57,408	150	186
Fee in lieu of taxes	-	-	-	-
Total revenues	7,000	61,108	351,980	352,332
EXPENDITURES				
Personnel services				
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Group insurance	-	-	-	-
IMRF expense	-	-	370,700	515,121
Contractual services				
Maintenance and repairs	-	-	-	-
Legal and accounting fees	-	-	-	-
Engineering and other professional fees	-	3,758	-	-
Development projects	-	-	-	-
Miscellaneous	-	-	-	-
Capital purchases	-	-	-	-
Total expenditures	-	3,758	370,700	515,121
Excess (deficiency) of revenues over expenditures	7,000	57,350	(18,720)	(162,789)

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, 2013

Motor Fuel Tax Fund		Social Security Fund		Special Service Funds	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ 657,915	\$ 656,954	\$ 15,200	\$ 14,863
-	-	-	-	-	-
-	-	15,000	19,271	-	-
-	195,216	-	-	-	-
750,000	703,863	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,000	4,103	-	-	-	-
-	-	40,080	40,080	-	-
<u>751,000</u>	<u>903,182</u>	<u>712,995</u>	<u>716,305</u>	<u>15,200</u>	<u>14,863</u>
-	-	-	-	-	-
-	-	725,750	699,330	-	-
-	-	-	-	-	-
-	-	-	-	-	-
120,000	130,874	-	-	9,800	6,222
-	-	-	-	1,350	-
206,000	309,159	-	-	4,050	-
-	-	-	-	-	-
-	-	-	-	-	-
3,690,000	912,504	-	-	-	-
<u>4,016,000</u>	<u>1,352,537</u>	<u>725,750</u>	<u>699,330</u>	<u>15,200</u>	<u>6,222</u>
<u>(3,265,000)</u>	<u>(449,355)</u>	<u>(12,755)</u>	<u>16,975</u>	<u>-</u>	<u>8,641</u>

(continued on next page)

STATEMENT 3

Tax Increment Financing		Hotel/Motel Fund	
Final Budget	Actual	Final Budget	Actual
\$ 350,000	\$ 354,144	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	675,000	695,511
100	86	500	550
-	-	-	-
350,100	354,230	675,500	696,061
-	-	31,850	30,217
-	-	-	-
-	-	2,190	3,130
-	-	-	-
-	-	-	-
125,000	17,080	-	-
108,000	2,243	29,800	17,117
350,100	750	200,000	81,922
-	-	-	-
-	-	-	-
583,100	20,073	263,840	132,386
(233,000)	334,157	411,660	563,675

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

	Cemetery Fund		IMRF Fund	
	Final Budget	Actual	Final Budget	Actual
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	-	-	18,720	-
Transfer (to) other funds	(7,000)	-	-	-
Total other financing sources (uses)	(7,000)	-	18,720	-
Net change in fund balance	\$ -	57,350	\$ -	(162,789)
Fund balance, beginning of year		531,777		331,532
FUND BALANCE, END OF YEAR		\$ 589,127		\$ 168,743

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

Year Ended April 30, 2013

Motor Fuel Tax Fund		Social Security Fund		Special Service Funds	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
3,265,000	-	12,755	-	-	-
-	-	-	-	-	-
3,265,000	-	12,755	-	-	-
<u>\$ -</u>	(449,355)	<u>\$ -</u>	16,975	<u>\$ -</u>	8,641
	4,565,949		65,510		169,128
	<u>\$ 4,116,594</u>		<u>\$ 82,485</u>		<u>\$ 177,769</u>

STATEMENT 3

Page 2

Tax Increment Financing		Hotel/Motel Fund	
Final Budget	Actual	Final Budget	Actual
233,000	-	-	-
-	-	(411,660)	(398,009)
233,000	-	(411,660)	(398,009)
\$ -	334,157	\$ -	165,666
	478,100		1,011,881
	\$ 812,257		\$ 1,177,547

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

	Capital Improvement			2002 Bond Issue	
	Original Budget	Final Budget	Actual	Final Budget	Actual
REVENUES					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -
Annex fees	-	-	-	-	-
Park extraction fees	-	-	-	-	-
Subdivision fees	-	-	-	-	-
Interest income	-	-	1,412	500	-
Build America bond rebates	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Total revenues	-	-	1,412	500	-
EXPENDITURES					
Administration					
Miscellaneous	-	-	1,916	-	-
Capital purchases	242,770	242,770	219,590	-	-
Street Department					
Maintenance and repairs	-	-	-	-	-
Engineering and other professional services	-	-	-	-	-
Capital purchases	-	-	150,114	-	-
Park Department					
Capital purchases	-	-	438,221	-	-
Fire Department					
Capital purchases	2,000,000	2,500,000	292,097	-	-
Debt Service					
Principal retirement	184,500	184,500	184,500	537,400	537,400
Interest and fiscal charges	-	-	-	423,275	423,344
Total expenditures	2,427,270	2,927,270	1,286,438	960,675	960,744
Excess (deficiency) of revenues over expenditures	(2,427,270)	(2,927,270)	(1,285,026)	(960,175)	(960,744)

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, 2013

Convention Center		Park Sports Complex		Park Land Fund		Prop S Infrastructure	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,650,000	\$1,657,326
-	-	-	-	125,000	153,250	-	-
-	-	-	-	15,000	18,850	-	-
-	-	-	-	15,000	17,500	-	-
500	1,607	1,500	377	200	1,258	800	1,873
-	-	160,415	160,414	-	-	-	-
-	-	-	-	-	-	-	26,450
<u>500</u>	<u>1,607</u>	<u>161,915</u>	<u>160,791</u>	<u>155,200</u>	<u>190,858</u>	<u>1,650,800</u>	<u>1,685,649</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,280,000	76,887
-	-	-	-	-	-	165,000	50,645
-	-	-	-	-	-	-	788,608
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
193,800	193,800	253,800	253,800	-	-	-	-
334,940	334,757	896,805	896,863	-	-	-	-
<u>528,740</u>	<u>528,557</u>	<u>1,150,605</u>	<u>1,150,663</u>	<u>-</u>	<u>-</u>	<u>1,445,000</u>	<u>916,140</u>
<u>(528,240)</u>	<u>(526,950)</u>	<u>(988,690)</u>	<u>(989,872)</u>	<u>155,200</u>	<u>190,858</u>	<u>205,800</u>	<u>769,509</u>

(continued on next page)

	Capital Improvement			2002 Bond Issue	
	Original Budget	Final Budget	Actual	Final Budget	Actual
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	2,427,270	2,927,270	600,868	960,175	960,174
Transfer (to) other funds	-	-	-	-	-
Total other financing sources (uses)	2,427,270	2,927,270	600,868	960,175	960,174
Net change in fund balance	\$ -	\$ -	(684,158)	\$ -	(570)
Fund balance, beginning of year			2,195,667		425,716
FUND BALANCE, END OF YEAR			\$ 1,511,509		\$ 425,146

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR CAPITAL PROJECTS FUNDS
(continued)
Year Ended April 30, 2013

Convention Center		Park Sports Complex		Park Land Fund		Prop S Infrastructure	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
528,240	528,237	988,690	989,687	-	-	209,595	-
-	-	-	-	(155,200)	(209,484)	(415,395)	(415,394)
528,240	528,237	988,690	989,687	(155,200)	(209,484)	(205,800)	(415,394)
\$ -	1,287	\$ -	(185)	\$ -	(18,626)	\$ -	354,115
	1,377,898		373,635		810,894		1,666,053
	<u>\$ 1,379,185</u>		<u>\$ 373,450</u>		<u>\$ 792,268</u>		<u>\$ 2,020,168</u>

	1997 Bond Issue		2002 Bond Issue	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Debt Service				
Bond issuance costs	-	-	-	-
Principal retirement	455,000	455,000	-	-
Interest and fiscal charges	144,305	144,055	-	-
Total expenditures	599,305	599,055	-	-
Excess (deficiency) of revenues over expenditures	(599,305)	(599,055)	-	-
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issue	-	-	-	-
Discount on sale of bonds	-	-	-	-
Transfer from other funds	599,305	598,805	-	-
Total other financing sources (uses)	599,305	598,805	-	-
Net change in fund balance	\$ -	(250)	\$ -	-
Fund balance, beginning of year		-		287,192
FUND BALANCE (DEFICIT), END OF YEAR		\$ (250)		\$ 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, 2013

Special Service Areas		Subaru		Newbold	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ 322,650	\$ 321,960	\$ 77,700	\$ 76,900	\$ 195,000	\$ 193,002
1,500	1,160	500	28	500	1,239
324,150	323,120	78,200	76,928	195,500	194,241
-	-	-	-	-	31,081
145,000	145,000	20,000	20,000	50,000	1,555,000
179,150	178,450	58,200	58,540	145,500	141,746
324,150	323,450	78,200	78,540	195,500	1,727,827
-	(330)	-	(1,612)	-	(1,533,586)
-	-	-	-	-	1,540,000
-	-	-	-	-	(38,500)
-	-	-	-	-	-
-	-	-	-	-	1,501,500
\$ -	(330)	\$ -	(1,612)	\$ -	(32,086)
	511,373		81,371		364,740
	\$ 511,043		\$ 79,759		\$ 332,654

STATEMENT 5

Harley Davidson		Build America	
Final Budget	Actual	Final Budget	Actual
\$ 166,600	\$ 165,000	\$ -	-
500	1,235	-	-
167,100	166,235	-	-
-	32,281	-	-
40,000	1,365,000	85,000	85,000
127,100	123,766	64,364	64,114
167,100	1,521,047	149,364	149,114
-	(1,354,812)	(149,364)	(149,114)
-	1,360,000	-	-
-	(34,000)	-	-
-	-	149,364	148,864
-	1,326,000	149,364	148,864
\$ -	(28,812)	\$ -	(250)
	312,832		-
	\$ 284,020		\$ (250)

City of O'Fallon
St. Clair County, Illinois

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC
OPPORTUNITY GRANT #12-203602
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL

Year Ended April 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Match</u>
Revenues			
Grant revenue from DCEO	<u>\$ 92,000</u>	<u>\$ 92,000</u>	<u>\$ -</u>
Expenditures			
Design/engineering	8,000	8,000	
Equipment/material/labor	74,500	74,500	-
Construction management and oversight	4,500	4,500	
Contingency	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>92,000</u>	<u>92,000</u>	<u>-</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	Total	Land	Construction in Progress
FUNCTION/ACTIVITY			
General administration			
Administration	\$ 35,666,299	\$ 22,902,344	\$ 1,396,311
Building	201,316	-	-
Planning and zoning	75,714	-	-
Total general administration	35,943,329	22,902,344	1,396,311
Recreational and education			
Park	28,525,006	5,778,749	-
Public safety			
Police	9,391,079	398,136	-
Fire	3,968,178	71,173	934,107
Ambulance	1,549,359	-	-
Total public safety	14,908,616	469,309	934,107
Highways and streets			
Streets	119,078,304	1,020,368	326,521
GOVERNMENTAL CAPITAL ASSETS	\$ 198,455,255	\$ 30,170,770	\$ 2,656,939

City of O'Fallon
St. Clair County, Illinois

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY

As of April 30, 2013

<u>Sports Park</u>	<u>Land/Building Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Infrastructure/ Improvements</u>
\$ -	\$ 350,862	\$ 10,030,109	\$ 968,443	\$ 18,230	\$ -
-	17,073	170,813	11,793	1,637	-
-	-	-	-	75,714	-
-	367,935	10,200,922	980,236	95,581	-
19,158,340	1,633,351	868,115	872,265	214,186	-
-	17,742	6,951,453	1,017,310	1,006,438	-
-	49,296	377,527	851,625	1,684,450	-
-	17,742	50,123	612,618	868,876	-
-	84,780	7,379,103	2,481,553	3,559,764	-
-	345,054	420,240	1,370,032	812,411	114,783,678
<u>\$ 19,158,340</u>	<u>\$ 2,431,120</u>	<u>\$ 18,868,380</u>	<u>\$ 5,704,086</u>	<u>\$ 4,681,942</u>	<u>\$ 114,783,678</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, 2013

FUNCTION/ACTIVITY	Governmental Capital Assets 5/01/12	Additions	Deletions	Governmental Capital Assets 4/30/13
General administration				
Administration	\$ 35,097,244	\$ 397,171	\$ -	\$ 35,494,415
Building	182,606	18,710	-	201,316
Planning and zoning	57,215	18,499	-	75,714
Total general administration	35,337,065	434,380	-	35,771,445
Recreation and education				
Park	27,537,193	1,007,316	-	28,544,509
Public safety				
Police	9,302,779	144,123	55,823	9,391,079
Fire	2,914,549	1,053,629	-	3,968,178
Ambulance	1,196,003	353,354	-	1,549,357
Total public safety	13,413,331	1,551,106	55,823	14,908,614
Highways and streets				
Streets	116,902,066	2,328,621	-	119,230,687
GOVERNMENTAL CAPITAL ASSETS	<u>\$ 193,189,655</u>	<u>\$ 5,321,423</u>	<u>\$ 55,823</u>	<u>\$ 198,455,255</u>

ASSESSED VALUATIONS AND
PROPERTY TAX RATES

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSESSED VALUATIONS	<u>\$647,311,486</u>	<u>\$656,896,915</u>	<u>\$656,365,349</u>	<u>\$658,364,306</u>
PROPERTY TAX RATES				
General	0.0382	0.0426	0.0430	0.0365
Fire Protection	0.1802	0.1818	0.1738	0.1561
Ambulance	0.1784	0.2017	0.2035	0.2003
Library	0.1487	0.1500	0.1500	0.1500
Park and Recreation	0.0892	0.0900	0.0900	0.0900
Bond and Interest	-	-	-	-
Police Pension	0.1767	0.1619	0.1452	0.1316
Municipal Retirement	0.0595	0.0535	0.0527	0.0521
Social Security	<u>0.1165</u>	<u>0.1009</u>	<u>0.0832</u>	<u>0.0807</u>
TOTAL PROPERTY TAX RATES	<u>0.9874</u>	<u>0.9824</u>	<u>0.9414</u>	<u>0.8973</u>

City of O'Fallon
St. Clair County, Illinois

ASSESSED VALUATIONS AND PROPERTY TAX RATES

Tax Years 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004 and 2003

2008	2007	2006	2005	2004	2003
<u>\$ 656,149,272</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>
0.0375	0.0370	0.0419	0.0456	0.0460	0.0454
0.1500	0.1356	0.1303	0.1113	0.1021	0.1009
0.1944	0.1873	0.2038	0.2277	0.2386	0.2500
0.1480	0.1448	0.1442	0.1500	0.1500	0.1500
0.0900	0.0869	0.0900	0.0900	0.0900	0.0900
-	0.0237	0.0261	0.0305	0.0348	0.0388
0.1173	0.1045	0.1056	0.1202	0.1244	0.1294
0.0540	0.0552	0.0576	0.0680	0.0781	0.0779
<u>0.0820</u>	<u>0.0836</u>	<u>0.0925</u>	<u>0.1074</u>	<u>0.1192</u>	<u>0.1355</u>
<u>0.8732</u>	<u>0.8586</u>	<u>0.8920</u>	<u>0.9507</u>	<u>0.9832</u>	<u>1.0179</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>
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	28,280,273	6,347,573	27,632	-	326,987	597,880
2013	30,218,253	6,468,313	29,245	-	343,670	644,581

City of O'Fallon
St. Clair County, Illinois

GENERAL GOVERNMENTAL FUNDS AND COMPONENT UNIT
REVENUES BY SOURCE

Last Ten Fiscal Years

<u>Intergov-</u> <u>ernmental</u>	<u>Utility</u> <u>Tax</u>	<u>Fee in</u> <u>lieu of taxes</u>	<u>Licenses</u> <u>and</u> <u>Permits</u>	<u>Charges</u> <u>for</u> <u>Services</u>	<u>Fines and</u> <u>Forfeits</u>	<u>Interest</u> <u>Received</u>
\$ 9,093,279	\$ 1,024,298	\$ -	\$ 526,595	\$ 1,116,804	\$ 192,662	\$ 232,479
11,282,232	1,118,584	-	503,755	1,371,598	163,133	240,255
11,358,564	1,301,367	-	632,551	1,352,614	139,407	631,154
12,726,463	1,184,546	-	578,784	2,204,722	130,231	1,427,464
13,566,578	1,149,925	-	495,222	1,972,922	225,614	1,092,190
12,409,665	1,327,070	-	317,557	2,354,598	249,415	334,777
11,191,318	1,172,662	-	302,434	2,516,068	310,375	483,817
13,151,472	1,429,106	-	662,683	2,808,564	282,305	601,379
13,587,611	1,462,057	585,218	495,600	2,716,362	321,011	28,430
14,145,480	1,623,582	644,830	662,645	2,919,950	320,021	317,808

TABLE 2

<u>Insurance Claims</u>	<u>Miscella- neous</u>	<u>Cable TV</u>	<u>Donations</u>	<u>Bond Rebates</u>
\$ 6,099	\$ 3,699,279	\$ 439,070	\$ 74,117	\$ -
3,085	244,036	443,018	47,601	-
80,761	735,219	570,576	48,255	-
41,657	621,612	492,932	60,864	-
6,418	490,457	1,148,153	417,144	-
492	279,557	1,213,695	1,400,945	-
44,800	265,121	1,267,959	28,291	-
61	340,466	1,320,132	128,262	306,020
765	193,627	1,345,239	47,189	197,092
22,670	286,348	1,577,453	51,243	160,414

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>
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
2013	32,509,533	3,037,563	6,556,535	1,962,941	5,529,144	829,698

(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

Cemetery	Park	Pool (1)	Ambulance	Debt Service	Special Service Areas	Economic Develop- ment
\$ 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
84,009	3,484,302	-	2,198,829	7,469,294	6,222	299,553

TABLE 3

<u>Tourism</u>	<u>TIF</u>	<u>Library</u>
\$ 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
50,464	19,323	981,656