

CITY OF WENTZVILLE, MISSOURI



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012

**CITY OF WENTZVILLE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2012**

Prepared by:
Finance Department

CITY OF WENTZVILLE, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2012

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CITY OF WENTZVILLE, MISSOURI

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is available at the City’s office.*

INTRODUCTORY SECTION

CITY OF WENTZVILLE, MISSOURI
PRINCIPAL OFFICIALS

December 31, 2012

MAYOR
Nick Guccione

ALDERMEN
Cheryl Kross
Forrest Gossett
Chris Gard
Sonya Shyrock
Mike Hays
Rick Stokes

CITY ADMINISTRATOR
Mike McDowell

FINANCE DIRECTOR
Jeff Lenk

CITY OF WENTZVILLE, MISSOURI
CERTIFICATE OF ACHIEVEMENT

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Wentzville
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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



Christopher P. Moirice

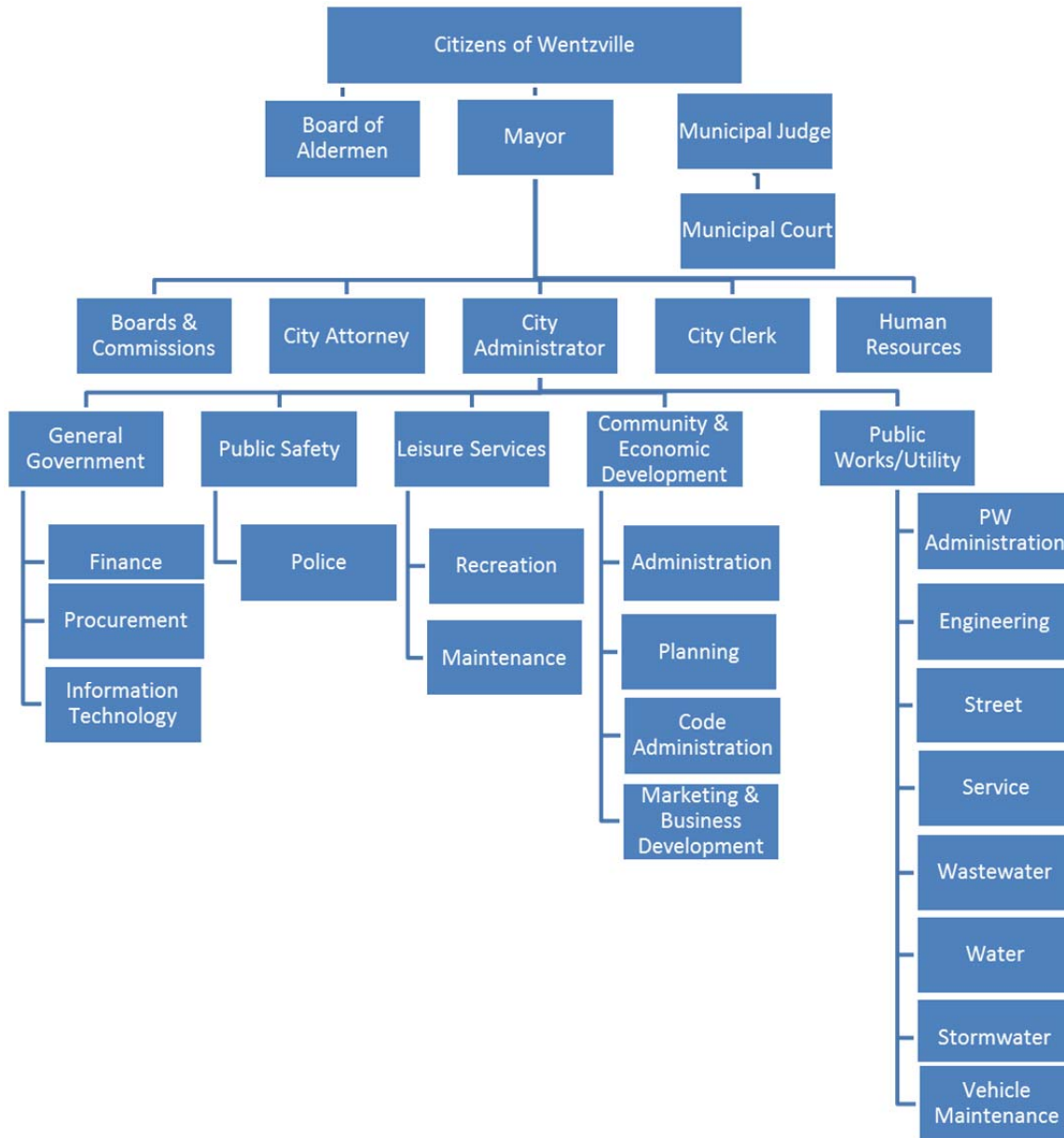
President

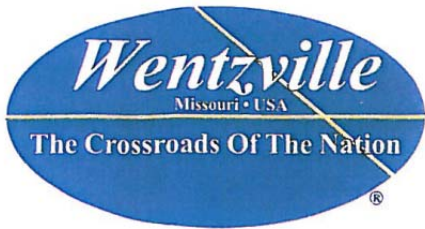
Jeffrey R. Emer

Executive Director

**CITY OF WENTZVILLE, MISSOURI
ORGANIZATIONAL CHART**

December 31, 2012





*The City of Wentzville
is a community of neighbors
working together to build
a better future.*

July 30, 2013

The Honorable Mayor and Members of the Board of Aldermen
City of Wentzville, Missouri

The Comprehensive Annual Financial Report (CAFR) of the City of Wentzville, Missouri (the City) for the fiscal year ended December 31, 2012, is hereby submitted. This report was prepared by the Finance Department and staff. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the City. The financial statements and supporting schedules have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is designed to fairly present the financial position and results of the various funds and operations of the City.

To provide a reasonable basis for making these representations, management of the City has established internal controls that are designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report. This year's CAFR is the ninth year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB).

PROFILE OF THE GOVERNMENT

The City was founded in 1855 as a railroad depot and incorporated in 1892. In compliance with Missouri State Statutes, the duties of the City are vested in the Mayor and Board of Aldermen consisting of six members. The City is located in western St. Charles County at the intersection of 1-70 and 1-64/US 40-61.

City Hall	Municipal Court	Police Department	Parks Department	Public Works	Utility Service Center
310 West Pearce Blvd. Wentzville, Missouri 63385 636.327.5101 • 636.332.5101 fax: 636.639.2017	1019 Schroeder Creek Blvd. Wentzville, Missouri 63385 636.327.5141 fax: 636.639.6217	1019 Schroeder Creek Blvd. Wentzville, Missouri 63385 636.327.3109 fax: 636.327.5896	968 Meyer Road Wentzville, Missouri 63385 636.327.7665 • 636.332.9236 fax: 636.327.3066	200 Fourth Street Wentzville, Missouri 63385 636.327.5102 • 636.332.5102 fax: 636.327.4892	5 West Pearce Blvd. Wentzville, Missouri 63385 636.639.2155 fax: 636.639.2029

LOCAL ECONOMY

The City has been fortunate seeing a slight increase in sales tax revenue during this period of a national economic slowdown. We have also seen a decrease in property tax revenue over the last year. Property taxes on both residential and commercial properties are one of the primary sources of revenue. The City also relies on sales tax from local businesses as a primary source of revenue.

Housing sales follow national trends and the City has seen a slight increase in 2012 in the number of homes being sold throughout the community. Home values have fallen but the City continues to be a desirable community in which to live due to our superior services and proximity to shopping and major highways.

The City has a diverse economic base represented by a mixture of industrial enterprises, commercial enterprises, support services, and medical facilities. Two Fortune 500 companies are located in the City: General Motors and Century Link. There are several retail areas located throughout the City including big box retailers, several strip shopping centers, and numerous shops in the City's quaint central business district. The City has continued to grow and has added a new Sam's Club in 2012 and a hotel started construction in 2012. The local General Motors plant began expansion beginning in 2012 adding a shift to the current van line. Construction for the expansion will include a 500,000 sq. ft. addition that will house a new truck line planned for the 2014 model.

With the downturn in property and slow increase in sales tax, the City's purchasing policy has played an important role in keeping spending under control. More items are purchased on citywide contracts rather than individual department purchases. Operating reserves required in the fund balance policy give additional assurance that the City can continue to operate during these slight downturns in the economy.

MAJOR INITIATIVES

The City desires to plan for the success of the City for decades to come. To encourage growth and stability, the City has actively sought out and supported residential and commercial development. TIF, CID, and NID financing have been approved by the Board to assist various projects.

The City is in various stages of many road enhancement projects. West Meyer Road Phase II, Interstate Drive Phase II, and Luetkenhaus Road have been completed. The Wentzville Parkway/Pearce Blvd. intersection, Mexico Road, and Church Street were completed in 2012. Dave Hoekel Parkway and additional lanes on Wentzville Parkway are in various stage of engineering. The wastewater treatment plant expansion was completed in autumn of 2012 with funding from the Missouri Department of Natural Resources Direct Loan Program.

The City is in the process of building three new parks. They include Heartland, soccer fields and a lake, Peruque Valley, baseball fields, and Peine Park, Splash Station aquatics center.

LONG-TERM FINANCIAL PLANNING

The voters approved a ½ - cent capital improvement sales tax. These funds are being used to pay the annual debt requirement for leasehold revenue bonds issued to build a new law enforcement center and for stormwater projects. The remaining funds are to purchase equipment for the City departments.

The voters also passed a ½ - cent sales tax for transportation. The City uses this tax for transportation improvements. The revenues from this tax pay for the City's share of the new construction and improvements of roads.

The voters also passed a ½ - cent sales tax for parks in August of 2010. Collection of this park sales tax began January 2011. The City is using 80% of the revenue generated to pay the debt issued to cover developing new parks and 20% on operations. In 2010 the City issued certificates of participation for \$3,710,000 that included a 45% Recovery Zone subsidy on interest through the Missouri Department of Economic Development. In 2011 certificates of participation for \$18,900,000 were issued. The funds from these two issues will be used to build the new parks projects.

INDEPENDENT AUDIT

City ordinances require an annual audit by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik, L.C. was selected by the Board of Aldermen to perform this year's audit. The auditor's report is included in this report.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for Excellence in Finance Reporting. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. Such CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for the certificate.

ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis was made possible by the dedicated service and cooperation of the entire staff of the City. Each member has my sincere appreciation for their contributions made in the preparation of this report. We would also like to acknowledge the assistance of our independent public accountants, Allen, Gibbs & Houlik, L.C., in formulating this report. In closing, without the support of the Mayor and Board of Aldermen, preparation of this report would not have been possible.

Respectfully submitted,

Jeffrey D. Lenk

Jeffrey D. Lenk
Finance Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Wentzville, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wentzville, Missouri (City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wentzville, Missouri, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as of and for the year ended December 31, 2012 as a whole. The combining and individual nonmajor fund financial statements and schedules, and the other information, such as the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information as of and for the year ended December 31, 2012 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information as of and for the year ended December 31, 2012 is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The supplementary information as of and for the year ended December 31, 2011 was audited by other auditors whose report, dated June 26, 2012 expressed an unqualified opinion on such information in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2013 on our consideration of the City of Wentzville, Missouri's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 30, 2013
Wichita, Kansas

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

Our discussion and analysis of the City of Wentzville's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the City's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended December 31, 2012, the City's total net position increased by \$14,743,781 from \$153,223,668 to \$167,967,449, or 9.62% from the prior year.
- During the year, the City's expenses for governmental activities were \$24,768,187 and were funded by program revenues of \$13,842,118 and further funded with taxes and other general revenues which totaled \$23,674,952.
- For the City's business-type activities, such as utilities, revenues exceeded expenses by \$1,994,898.
- General Fund fund balance increased \$1,602,313. At December 31, 2012, the General Fund fund balance of \$10,597,204 represents an increase of 17.81% from the prior year.
- Park Fund has a fund balance of \$2,076,408. New sales tax revenue began in 2011. A portion of this balance is planned to be used for construction and equipment needed for the new park complexes once completed.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are governmental-wide statements for each of three categories of activities, governmental, business-type and discretely presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as liabilities (including all long-term debt).

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise Funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows. This includes an Internal Service Fund where cost is centralized then fully allocated to the departments of the City.

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased from \$153,223,668 to \$167,967,449 between fiscal years 2011 and 2012. Looking at the net position of governmental and business-type activities separately, governmental activities at \$12,217,036 had a larger increase than business-type activities at \$2,526,745.

	Governmental Activities		Business Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Current and other assets	\$ 46,445,513	\$ 42,555,197	\$ 15,519,869	\$ 13,967,654	\$ 61,965,382	\$ 56,522,851
Capital assets, net	105,877,697	97,480,476	85,142,207	77,163,051	191,019,904	174,643,527
Total assets	\$152,323,210	\$140,035,673	\$100,662,076	\$ 91,130,705	\$ 252,985,286	\$ 231,166,378
Liabilities						
Current liabilities	\$ 6,703,072	\$ 4,981,275	\$ 4,248,163	\$ 5,707,103	\$ 10,951,235	\$ 10,688,378
Non current liabilities	32,999,094	34,650,390	41,067,508	32,603,942	74,066,602	67,254,332
Total liabilities	39,702,166	39,631,665	45,315,671	38,311,045	85,017,837	77,942,710
Net Assets						
Net investment in capital assets	89,486,138	81,931,132	41,874,539	43,106,783	131,360,677	125,037,915
Restricted	12,410,596	10,807,515	2,085,852	900,130	14,496,448	11,707,645
Unrestricted	10,724,310	7,665,361	11,386,014	8,812,747	22,110,324	16,478,108
Total net position	\$ 112,621,044	\$ 100,404,008	\$ 55,346,405	\$ 52,819,660	\$ 167,967,449	\$ 153,223,668

Changes in Net Position

For the years ended December 31, 2012 and 2011, changes in net position of the primary activities are presented in the table on the following page.

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Charges for services	\$ 3,514,953	\$ 3,043,810	\$ 13,629,783	\$ 11,850,465	\$ 17,144,736	\$ 14,894,275
Operating grants and contributions	5,130,373	2,320,375	--	--	5,130,373	2,320,375
Capital grants and contributions	5,196,792	2,570,518	2,530,514	1,623,641	7,727,306	4,194,159
Total program revenues	13,842,118	7,934,703	16,160,297	13,474,106	30,002,415	21,408,809
Sales tax	13,739,967	9,765,640	--	--	13,739,967	9,765,640
Property tax	4,586,707	5,473,163	--	--	4,586,707	5,473,163
Utility tax	3,024,369	2,922,041	--	--	3,024,369	2,922,041
Other tax	1,642,985	2,299,859	--	--	1,642,985	2,299,859
Investment income	76,134	139,781	262,065	71,676	338,199	211,457
Insurance recovery	45,989	6,088	--	--	45,989	6,088
Other	558,801	619,672	104,234	52,580	663,035	672,252
Total general revenues	23,674,952	21,226,244	366,299	124,256	24,041,251	21,350,500
Total revenues	37,517,070	29,160,947	16,526,596	13,598,362	54,043,666	42,759,309
Expenses						
General government	3,782,561	4,087,955	--	--	3,782,561	4,087,955
Public safety	7,209,303	7,142,582	--	--	7,209,303	7,142,582
Community development	10,134,812	8,789,788	--	--	10,134,812	8,789,788
Parks and recreation	2,278,578	2,339,552	--	--	2,278,578	2,339,552
Interest and fiscal charges	1,362,933	1,150,571	--	--	1,362,933	1,150,571
Water	--	--	5,405,112	5,007,476	5,405,112	5,007,476
Sewer	--	--	5,760,124	5,183,392	5,760,124	5,183,392
Stormwater and trash	--	--	3,366,462	1,925,079	3,366,462	1,925,079
Total expenses	24,768,187	23,510,448	14,531,698	12,115,947	39,299,885	35,626,395
Excess (deficiency) of revenues over expenses	12,748,883	5,650,499	1,994,898	1,482,415	14,743,781	7,132,914
Transfers	(531,847)	(1,395,500)	531,847	1,395,500	--	--
Changes in net position	12,217,036	4,254,999	2,526,745	2,877,915	14,743,781	7,132,914
Net Position - beginning	100,404,008	96,149,009	52,819,660	49,941,745	153,223,668	146,090,754
Net Position - ending	\$ 112,621,044	\$ 100,404,008	\$ 55,346,405	\$ 52,819,660	\$ 167,967,449	\$ 153,223,668

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenues (Expenses). The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

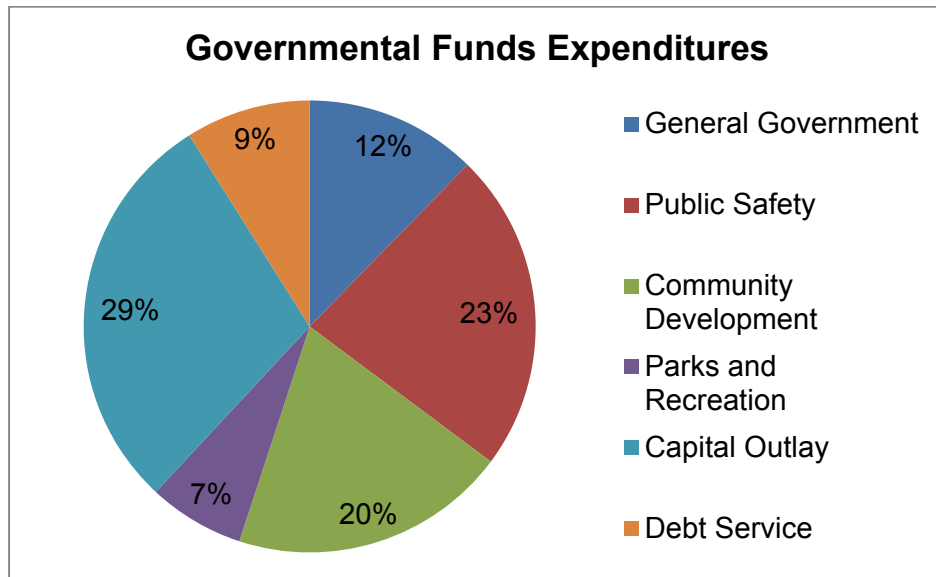
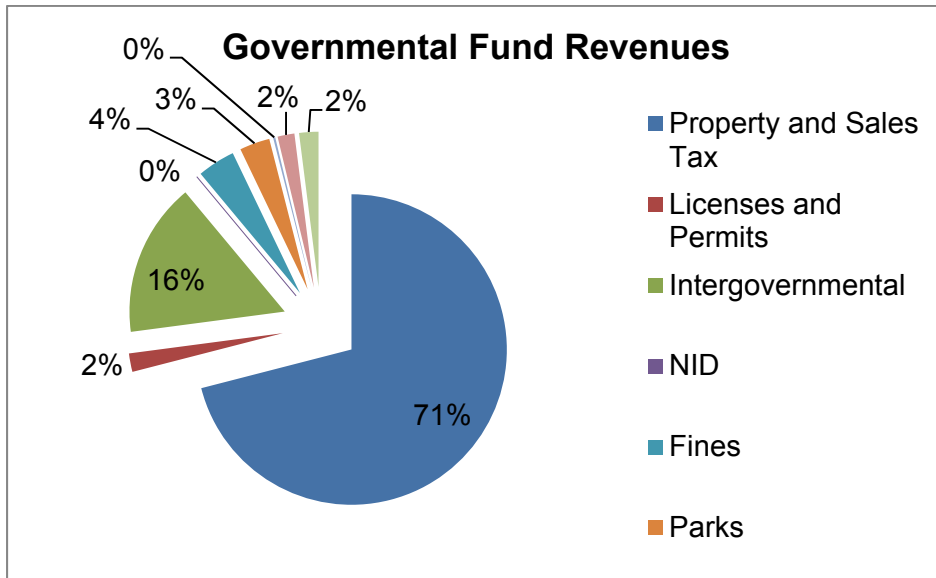
Total expenses and net revenues (expenses) of the functions as reported in the Statement of Activities for governmental activities are as follows:

	Total expenses of function	Net revenue (expense) of function
General government	\$ 3,782,561	\$ (1,696,901)
Public safety	7,209,303	(7,167,772)
Community development	10,134,812	551,541
Parks and recreation	2,278,578	(1,250,004)
Interest and fiscal charges	1,362,933	(1,362,933)
Total	\$ 24,768,187	\$ (10,926,069)

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

For the year ended December 31, 2012, the City's governmental fund activities were as follows:



The City's governmental activities increase in net position of \$12,217,036 represents a 12.17% increase in net assets from the prior year. In governmental activities, revenues increased from \$29,160,947 to \$37,517,070 or \$8,356,123. Taxes and other general revenues before transfers increased \$2,448,708, program revenues increased \$5,907,415. Charges for services have increased by \$471,143. Operating grants increased by \$2,809,998 and capital grants for road projects increased by \$2,626,274.

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

Government activities expenses increased by 5.32% or \$1,257,739 from \$23,510,448 to \$24,768,187. Of these total expenses, taxpayers and other general revenues before transfers funded \$23,669,060, while those directly benefiting from the programs funded \$10,327,165 from grants and other contributions and \$3,514,953 from charges for services.

Of the increase in expenditures, General Government decreased \$305,394, Public Safety increased \$66,721, Community Development increased \$1,345,024, with the construction of several road improvement projects as well as utility infrastructure installation projects, Parks decreased \$60,974 and interest and other fiscal charges increased \$212,362, because of the additional interest payments on the new Parks debt.

Business-type Activities

In reviewing the business-type activities net revenues (expenses), the following highlights should be noted:

- Total business-type activities reported program related revenues of \$16,160,297 and expenses of \$14,531,698 for a net increase of \$1,628,599.

In business-type activities program revenues increased by \$2,686,191 or 19.94%, meanwhile expenses increased by \$2,415,751 or 19.93%. The revenue increases are an increase in charges for services of \$1,779,318. In water and wastewater, part of this increase was due to additional customers resulting from new construction activity as well as a regional drought during the summer months translating to all-time highs in water usage.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2012 fiscal year, the governmental funds reported a combined fund balance of \$40,093,619, a \$2,663,805 or 7.12% increase from the prior year. The Enterprise Funds reported combined net position of \$55,272,928, a \$2,526,745 or 4.77% increase from 2011's combined net position of \$52,757,143. The City fund balance policy requires an unrestricted fund balance of not less than 25% of operating expenditures in the General Fund and 15% of operating expenditures in both the Water and Wastewater Funds. The policy also requires a fund balance restricted for parks of not less than 25% of operating expenditures in the Park Fund. Fund balances being reported exceed the minimum in the General Fund. In the General Fund the budgeted required minimum for operating was \$3,996,363 and the ending unassigned was \$9,762,864.

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

Other fund highlights include:

- For the fiscal year ended December 31, 2012, the General Fund had revenues of \$16,228,007 and expenditures of \$14,965,288, resulting in a \$1,262,719 increase in fund balance before any transfers. Transfers to and from other funds of \$339,594 resulted in a net increase to fund balance of \$1,602,313 or 17.81%.
- Total Revenues in the General Fund grew modestly in 2012 compared to 2011, resulting in an increase of \$907,862 or 5.93%. Property tax decreased by \$278,253 due to decrease in property values. Sales tax increased \$735,537 in 2012. Investment Income was up \$1,378 as the City held true to its investment policy of safety of principal first, then liquidity and yield last. Gross receipts tax were up \$102,328, licenses and permits were up \$215,630 as the real estate markets started to rebound, and fines were up \$155,737.
- Tightened controls through budgeting and purchasing procedures limited the increase in General Fund expenditures of \$154,889 or 1.05%. General government decreased by \$127,678, public safety increased by \$115,283 and community development increased by \$58,435 while capital outlay increased by \$108,849.
- The Park Special Revenue Fund's total fund balance increased by \$469,995 including transfers out of \$1,590,630. The revenues increased by \$488,012, which is related to the new parks sales tax. The expenditures decreased by \$301,495, with operating costs decreasing by \$68,890 and capital outlay and debt service increasing by \$95,820. Revenues exceeded expenditures, before transfers and other financing source by \$2,059,068. There were no funds transferred in from the General Fund and Capital Fund. In August 2010 the City's voters passed a ½ of a cent sales tax to support the parks. The sales tax will be used 80% for capital improvements and 20% for operations.
- The Transportation Special Revenue Fund's total fund balance increased by \$1,364,735. The revenues increased by \$3,833,300, which is related to county road board grants received for road construction such as Church Street & Mexico Road widening. The expenditures increased by \$3,650,892, with operating costs increasing by \$1,331,445 and capital outlay and debt service increasing by \$2,393,472. Revenues exceeded expenditures, before transfers and other financing sources and uses by \$1,364,735. The grants received for construction weren't all expended in 2012 as final payments were received in 2013.
- The Park Debt Fund's total fund balance decreased by \$1,892,963 including transfers in of \$1,590,630. The revenues decreased by \$5,116. The expenditures increased by \$1,236,240, with operating costs decreasing by \$2,907 and capital outlay and debt service increasing by \$1,239,147. Expenditures exceeded revenues, before transfers and other financing source by \$3,483,593. The decrease in the fund balance for the year is due to the ongoing construction of Splash Station and the design stage of Heartland Park and Perque Valley Park.
- The Water Fund reported an increase in net position for the year ended December 31, 2012 of \$1,780,133 and the Wastewater Fund reported an increase of \$2,280,441. The increases are due to additional customers resulting from new construction activity as well as a regional drought during the summer months resulting in all-time highs in water usage.

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

General Fund Budgetary Highlights

Actual revenues were \$16,228,007, \$609,558 or 3.90% more than the revised budget. Expenditures were \$15,254,936 or 6.38% under revised budget of \$15,985,453. The final budget was \$70,279 more than the original budget of \$15,915,174.

Fiscal year 2012 revenues were budgeted originally at \$345,830 less than the 2011 actual. The actual increase from 2011 to 2012 is \$907,862 or 5.93%. Property and sales tax was budgeted \$25,285 below 2011 and came in \$483,031 above budget. The increase in property tax and sales tax was primarily due to increased new home sales & the completion of the Sam's Club warehouse.

Expenditures were originally budgeted to increase \$1,104,775 or 7.46% over 2011 actual, the actual increase in expenditures was \$154,889 or 1.05% more than the 2011 actual. The primary increase in expenditures from 2011 to 2012 were in the areas of contract services, which increased by \$186,974, and capital outlay, which increased \$108,849. Repair and maintenance offset the increase with a reduction of \$49,972 and personnel also offset the increase with a reduction of \$40,661.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2010, the City had \$164,078,141, invested in capital assets, net of depreciation, including police equipment, building, park facilities, water lines and sewer lines. At the end of December 31, 2011 the amount has risen to \$174,643,527, an increase of \$10,565,386 or 6.44%. By the end of 2012 the amount has risen to \$191,019,904.

Government activities capital assets increased by \$8,397,221 business activities increased by \$7,979,156.

See Note II.B. to the financial statements for more detailed information on the City's capital assets and changes therein.

Primary Government Long-Term Debt

In 2010, the City refunded the 2004 leasehold bonds for the law enforcement center (LEC) with \$5,555,000 of certificates of participation, issue 2010A, resulting in a net savings of \$156,668.96. This allowed the City to use the LEC as collateral in the issuance of the 2010B certificates of participation in the amount of \$3,710,000 for park capital projects. The 2010B issue includes a 45% recovery zone subsidy through the Missouri Department of Economic Development and will be used for the development of three new parks. The new parks and amenities are Heartland Park, a lake and soccer field, Peruque Valley Park, a baseball complex, and Peine Park, to include a new aquatics center.

CITY OF WENTZVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2012

In 2011 additional certificates of participation were issued in the amount of \$18,900,000 to complete funding for the parks projected detailed above. Also, the City participated in the Missouri Department of Natural Resources Direct Loan Program in order to further expand the waste water treatment plant. The City issued revenue bonds for up to \$20,631,000, with the interest being reduced by the Loan Program. The expansion was completed and operational in the fourth quarter of 2012. The 2005 Leasehold Revenue Bonds for a water tower and booster station were refunded in 2011. The new issue for \$5,990,000 and resulted in a total debt service savings of \$344,000 over the remaining life of the bonds.

See Note II.C. to the financial statements for more detailed information on the City's long-term debt and changes therein.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The 2013 budget includes expenditures of \$52,181,856 and revenues of \$54,181,856, excluding any transfers between funds. Other major items in 2012 include the start of construction on the three new Parks and the completion of the Treatment Plant expansion.

We are already seeing sales tax the first quarter of 2013 is higher than 2012 and we anticipate additional economic growth in 2013 including the full year effect of the new Sam's store that opened in the fall of 2012 and continued expansion at the Wentzville GM Plant. GM's total expansion is now over 600,000 square feet with a capital investment of \$513 million. . We hope that these major economic engines (Sam's and GM) will spur future economic expansion in retail and industrial (GM suppliers and other related businesses).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 5 W. Pearce, Wentzville, MO 63385 or by phone (636) 639-2155.

City of Wentzville, Missouri
Statement of Net Position
December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wentzville Bluffs Community Improvement District
Assets				
Cash and cash equivalents	\$ 4,705,316	\$ 1,376,945	\$ 6,082,261	\$ 550
Investments	13,291,405	9,479,951	22,771,356	--
Receivable:				
Property tax, net	2,639,968	--	2,639,968	--
Other taxes	4,158,793	--	4,158,793	2,752
Accounts, net	2,131,932	990,014	3,121,946	--
Accrued interest	21,167	21,229	42,396	--
Internal balances	(701,671)	701,671	--	--
Inventories	156,094	254,154	410,248	--
Prepaid items	499,026	92,450	591,476	--
Restricted cash and cash equivalents	19,270,086	2,159,227	21,429,313	11,883
Deferred charges	273,397	444,228	717,625	17,806
Capital assets:				
Land and construction in progress	21,963,472	1,461,165	23,424,637	--
Other capital assets, net of depreciation	83,914,225	83,681,042	167,595,267	--
Total assets	<u>152,323,210</u>	<u>100,662,076</u>	<u>252,985,286</u>	<u>32,991</u>
Liabilities				
Accounts payable	2,703,536	470,371	3,173,907	--
Retainage payable	120,963	--	120,963	--
Accrued liabilities	530,199	24,871	555,070	--
Interest payable	599,464	431,105	1,030,569	1,370,836
Customer deposits	2,500	170,762	173,262	--
Developer deposits	867,561	--	867,561	--
Regulatory and other liabilities	35,074	19,878	54,952	--
Unearned revenue	--	869,542	869,542	--
Noncurrent liabilities:				
Due within one year	1,843,775	2,261,634	4,105,409	--
Due in more than one year	32,901,766	41,067,508	73,969,274	3,735,134
Due in more than one year - net pension obligation	58,350	--	58,350	--
Due in more than one year - net OPEB obligation	38,978	--	38,978	--
Total liabilities	<u>39,702,166</u>	<u>45,315,671</u>	<u>85,017,837</u>	<u>5,105,970</u>
Net Position				
Net investment in capital assets	89,486,138	41,874,539	131,360,677	--
Restricted for:				
Parks	2,023,591	--	2,023,591	--
Transportation	5,818,083	--	5,818,083	--
Capital improvements	2,861,586	--	2,861,586	--
NID projects	100,193	--	100,193	--
TIF districts	71,829	--	71,829	--
Debt service	1,535,314	2,085,852	3,621,166	--
Unrestricted	10,724,310	11,386,014	22,110,324	(5,072,979)
Total net position	<u>\$ 112,621,044</u>	<u>\$ 55,346,405</u>	<u>\$ 167,967,449</u>	<u>\$ (5,072,979)</u>

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Wentzville Bluffs Community Improvement District
Governmental activities:								
General government	\$ 3,782,561	\$ 1,877,796	\$ 45,199	\$ 162,665	\$ (1,696,901)	\$ --	\$ (1,696,901)	\$ --
Public safety	7,209,303	24,834	16,697	--	(7,167,772)	--	(7,167,772)	--
Community development	10,134,812	583,749	5,068,477	5,034,127	551,541	--	551,541	--
Parks and recreation	2,278,578	1,028,574	--	--	(1,250,004)	--	(1,250,004)	--
Interest and fiscal charges	1,362,933	--	--	--	(1,362,933)	--	(1,362,933)	--
Total governmental activities	<u>\$ 24,768,187</u>	<u>\$ 3,514,953</u>	<u>\$ 5,130,373</u>	<u>\$ 5,196,792</u>	<u>(10,926,069)</u>	<u>--</u>	<u>(10,926,069)</u>	<u>--</u>
Business-type activities:								
Water	5,405,112	6,020,969	--	1,037,679	--	1,653,536	1,653,536	--
Wastewater	5,760,124	5,781,875	--	1,492,835	--	1,514,586	1,514,586	--
Stormwater	1,572,190	--	--	--	--	(1,572,190)	(1,572,190)	--
Trash	1,794,272	1,826,939	--	--	--	32,667	32,667	--
Total business-type activities	<u>14,531,698</u>	<u>13,629,783</u>	<u>--</u>	<u>2,530,514</u>	<u>--</u>	<u>1,628,599</u>	<u>1,628,599</u>	<u>--</u>
Total primary government	<u>\$ 39,299,885</u>	<u>\$ 17,144,736</u>	<u>\$ 5,130,373</u>	<u>\$ 7,727,306</u>	<u>(10,926,069)</u>	<u>1,628,599</u>	<u>(9,297,470)</u>	<u>--</u>
Component unit:								
Community Improvement District	<u>\$ 333,001</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(333,001)</u>
General revenues								
Sales tax					13,739,967	--	13,739,967	28,093
Property tax					4,586,707	--	4,586,707	--
Utility tax					3,024,369	--	3,024,369	--
Other tax					1,642,985	--	1,642,985	--
Investment income					76,134	262,065	338,199	--
Insurance recovery					45,989	--	45,989	--
Grants and contributions not related to specific programs					112,816	--	112,816	--
Other					445,985	104,234	550,219	--
Transfers					<u>(531,847)</u>	<u>531,847</u>	<u>--</u>	<u>--</u>
Total general revenues and transfers					<u>23,143,105</u>	<u>898,146</u>	<u>24,041,251</u>	<u>28,093</u>
Change in net position					<u>12,217,036</u>	<u>2,526,745</u>	<u>14,743,781</u>	<u>(304,908)</u>
Net position-beginning					<u>100,404,008</u>	<u>52,819,660</u>	<u>153,223,668</u>	<u>(4,768,071)</u>
Net position-ending					<u>\$ 112,621,044</u>	<u>\$ 55,346,405</u>	<u>\$ 167,967,449</u>	<u>\$ (5,072,979)</u>

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri

Balance Sheet

Governmental Funds

December 31, 2012

	General Fund	Park Fund	Transportation Fund	Park Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 2,617,390	\$ 238,510	\$ 1,152,317	\$ --	\$ 536,227	\$ 4,544,444
Investments	5,291,873	1,097,793	4,152,708	--	1,929,575	12,471,949
Receivable:						
Property taxes, net	2,493,580	57,261	--	--	--	2,550,841
Other taxes	1,499,862	--	2,020,441	--	727,617	4,247,920
Other	73,817	500,647	--	978,080	579,388	2,131,932
Accrued interest	5,901	1,586	6,239	1,483	4,611	19,820
Inventories	127,947	5,436	22,711	--	--	156,094
Prepaid items	416,745	47,381	13,960	--	--	478,086
Restricted cash and cash equivalents	47,255	--	--	18,527,821	695,010	19,270,086
Due from other funds	--	504,438	--	--	--	504,438
Total Assets	<u>\$ 12,574,370</u>	<u>\$ 2,453,052</u>	<u>\$ 7,368,376</u>	<u>\$ 19,507,384</u>	<u>\$ 4,472,428</u>	<u>\$ 46,375,610</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 460,849	\$ 83,122	\$ 1,427,697	\$ 505,553	\$ --	\$ 2,477,221
Retainage payable	--	--	85,925	35,038	--	120,963
Due to other funds	--	--	--	504,438	628,200	1,132,638
Accrued liabilities	271,224	258,975	--	--	--	530,199
Customer deposits	--	2,500	--	--	--	2,500
Developer deposits	867,561	--	--	--	--	867,561
Regulatory and other liabilities	35,074	--	--	--	--	35,074
Deferred revenue	342,458	32,047	--	--	741,330	1,115,835
Total Liabilities	<u>1,977,166</u>	<u>376,644</u>	<u>1,513,622</u>	<u>1,045,029</u>	<u>1,369,530</u>	<u>6,281,991</u>
Fund Balances:						
Nonspendable:						
Prepaid items	416,745	47,381	13,960	--	--	478,086
Inventories	127,947	5,436	22,711	--	--	156,094
Restricted for:						
Parks	--	2,023,591	--	--	--	2,023,591
Transportation	--	--	5,818,083	--	--	5,818,083
Capital improvements	--	--	--	16,886,068	2,861,586	19,747,654
NID districts	--	--	--	--	100,193	100,193
TIF districts	--	--	--	--	71,829	71,829
Debt service	--	--	--	1,576,287	558,491	2,134,778
Assigned for:						
Purchase of supplies and services	289,648	--	--	--	--	289,648
Unassigned	9,762,864	--	--	--	(489,201)	9,273,663
Total fund balances	<u>10,597,204</u>	<u>2,076,408</u>	<u>5,854,754</u>	<u>18,462,355</u>	<u>3,102,898</u>	<u>40,093,619</u>
Total liabilities and fund balances	<u>\$ 12,574,370</u>	<u>\$ 2,453,052</u>	<u>\$ 7,368,376</u>	<u>\$ 19,507,384</u>	<u>\$ 4,472,428</u>	<u>\$ 46,375,610</u>

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2012

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

Total fund balance -- governmental funds		\$ 40,093,619
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 143,436,128	
Accumulated depreciation	<u>(37,558,431)</u>	105,877,697
Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements.		
		1,334,470
The Internal Service Fund is used by the City to charge for services provided for insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities statement of net position.		
		484,194
Certain obligations are not financial uses and, therefore, are not reported in the governmental funds. These items consist of the following:		
Net OPEB obligation		(38,978)
Net pension obligation		(58,350)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:		
Leasehold revenue bonds	(950,970)	
Certificates of participation	(27,180,000)	
Neighborhood improvement district bonds	(790,000)	
Notes payable, 2005 A and B	(4,514,705)	
Notes payable, other	(258,400)	
Tax increment revenue notes	(1,002,000)	
Accrued interest payable	(599,464)	
Discounts	420,295	
Deferrals	208,151	
Compensated absences	<u>(677,912)</u>	(35,345,005)
Cost of issuing debt is not a financial resource and, therefore, is not reported in the funds.		
		<u>273,397</u>
Total net position -- governmental activities		<u><u>\$ 112,621,044</u></u>

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Statement of Revenues, Expenditures and Changes in
Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Park Fund	Transportation Fund	Park Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 13,340,535	\$ 3,213,998	\$ 3,719,234	\$ --	\$ 2,939,720	\$ 23,213,487
Licenses and permits	628,119	--	--	--	--	628,119
Intergovernmental	61,896	125	5,068,477	112,691	--	5,243,189
NID Assessments	--	--	--	--	--	--
Fines and forfeitures	1,283,818	--	--	--	--	1,283,818
Parks memberships and programs	--	1,028,574	--	--	--	1,028,574
Investment income	38,746	4,095	17,016	2,601	10,513	72,971
Administrative charge	574,442	--	--	--	--	574,442
Other	300,451	44,707	--	--	309,481	654,639
Total revenues	<u>16,228,007</u>	<u>4,291,499</u>	<u>8,804,727</u>	<u>115,292</u>	<u>3,259,714</u>	<u>32,699,239</u>
Expenditures						
Current:						
General government	2,994,412	--	406,611	--	229,628	3,630,651
Public safety	6,755,198	--	--	--	--	6,755,198
Community development	4,744,152	--	1,109,649	--	--	5,853,801
Parks and recreation	--	2,026,537	--	4,420	--	2,030,957
Capital outlay	471,526	36,921	5,923,732	1,844,812	316,113	8,593,104
Debt Service:						
Principal	--	168,973	--	785,000	373,038	1,327,011
Interest and fiscal charges	--	--	--	964,653	349,769	1,314,422
Total expenditures	<u>14,965,288</u>	<u>2,232,431</u>	<u>7,439,992</u>	<u>3,598,885</u>	<u>1,268,548</u>	<u>29,505,144</u>
Revenues over (under) expenditures	<u>1,262,719</u>	<u>2,059,068</u>	<u>1,364,735</u>	<u>(3,483,593)</u>	<u>1,991,166</u>	<u>3,194,095</u>
Other financing sources (uses)						
Sale of capital assets	--	1,557	--	--	--	1,557
Transfer in	339,594	--	--	1,590,630	345,093	2,275,317
Transfer out	--	(1,590,630)	--	--	(1,216,534)	(2,807,164)
Total other financing sources (uses)	<u>339,594</u>	<u>(1,589,073)</u>	<u>--</u>	<u>1,590,630</u>	<u>(871,441)</u>	<u>(530,290)</u>
Net change in fund balances	1,602,313	469,995	1,364,735	(1,892,963)	1,119,725	2,663,805
Fund balances at beginning of year	8,994,891	1,606,413	4,490,019	20,355,318	1,983,173	37,429,814
Fund balances at end of year	<u>\$ 10,597,204</u>	<u>\$ 2,076,408</u>	<u>\$ 5,854,754</u>	<u>\$ 18,462,355</u>	<u>\$ 3,102,898</u>	<u>\$ 40,093,619</u>

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

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

Net change in fund balances -- total governmental funds		\$ 2,663,805
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the amount of assets capitalized in the current period.</p>		
Depreciation expense	(5,071,315)	
Capital assets capitalized	8,441,861	3,370,546
<p>Contributions of capital assets are reported as capital contributions in statement of activities</p>		
		5,034,127
<p>In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only any proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of capital assets sold.</p>		
		(7,449)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(219,449)
<p>Deferred refunding on bonds payable decrease the current financial resources to governmental funds but do not decrease long-term liabilities in the statement of net position.</p>		
		(40,150)
<p>The amortization of bond premiums and discounts decrease the long term liabilities in the statement of net position but do not provide current financial resources to the governmental funds.</p>		
		(26,044)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Leasehold revenue bonds	43,038	
Certificates of participation	985,000	
Neighborhood improvement district bonds	130,000	
Notes payable, 2005 A and B	104,373	
Notes payable, other	64,600	1,327,011
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		38,454
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
		43,623
<p>In the statement of activities, an asset is incurred for the cost of bond issuance, whereas in governmental funds, the cost of bond issuance expenditure is reported when paid.</p>		
		(20,772)
<p>In the statement of activities, a liability is accrued for other post employment benefits, whereas in governmental funds, other post employment benefits expenditure is reported when paid.</p>		
Net pension obligation		785
Other post employment liability		(19,635)
<p>The internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities in the statement of activities.</p>		
		72,184
Change in net position of governmental activities		\$ 12,217,036

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2012

	Water Fund	Wastewater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
Assets:					
Cash and cash equivalents	\$ 600,898	\$ 750,831	\$ 25,216	\$ 1,376,945	\$ 160,872
Investments	6,681,442	2,707,636	90,873	9,479,951	819,456
Receivable:					
Accounts, net	402,238	537,948	49,828	990,014	--
Accrued interest	13,403	7,826	--	21,229	1,349
Inventories	209,409	44,745	--	254,154	--
Prepaid items	38,955	52,384	1,105	92,444	28,380
Due from other funds	--	628,200	--	628,200	--
Total current assets	<u>7,946,345</u>	<u>4,729,570</u>	<u>167,022</u>	<u>12,842,937</u>	<u>1,010,057</u>
Noncurrent assets					
Capital assets:					
Land and construction in progress	379,574	1,081,591	--	1,461,165	--
Other capital assets, net of accumulated depreciation	<u>23,700,497</u>	<u>59,980,545</u>	<u>--</u>	<u>83,681,042</u>	<u>--</u>
Total capital assets	24,080,071	61,062,136	--	85,142,207	--
Restricted cash and cash equivalents	765,881	1,393,346	--	2,159,227	--
Deferred charges	<u>70,399</u>	<u>373,829</u>	<u>--</u>	<u>444,228</u>	<u>--</u>
Total noncurrent assets	24,916,351	62,829,311	--	87,745,662	--
Total assets	<u>32,862,696</u>	<u>67,558,881</u>	<u>167,022</u>	<u>100,588,599</u>	<u>1,010,057</u>
Liabilities:					
Current Liabilities:					
Accounts payable	219,919	167,994	82,458	470,371	226,321
Accrued liabilities	11,683	12,737	451	24,871	--
Interest payable	73,375	357,730	--	431,105	--
Customer deposits	170,762	--	--	170,762	226,065
Deferred revenue	310,879	558,663	--	869,542	--
Compensated absences - current	27,469	19,638	102	47,209	--
Bond payable - current	<u>490,000</u>	<u>1,724,425</u>	<u>--</u>	<u>2,214,425</u>	<u>--</u>
Total current liabilities	<u>1,304,087</u>	<u>2,841,187</u>	<u>83,011</u>	<u>4,228,285</u>	<u>452,386</u>
Noncurrent Liabilities:					
Compensated absences	8,300	5,934	31	14,265	--
Regulatory and other liabilities	--	19,878	--	19,878	--
Bond payable	<u>5,167,139</u>	<u>35,886,104</u>	<u>--</u>	<u>41,053,243</u>	<u>--</u>
Total noncurrent liabilities	5,175,439	35,911,916	31	41,087,386	--
Total liabilities	<u>6,479,526</u>	<u>38,753,103</u>	<u>83,042</u>	<u>45,315,671</u>	<u>452,386</u>
Net position:					
Net investment in capital assets	18,422,932	23,451,607	--	41,874,539	--
Restricted for debt service	692,506	1,393,346	--	2,085,852	--
Unrestricted	<u>7,267,732</u>	<u>3,960,825</u>	<u>83,980</u>	<u>11,312,537</u>	<u>557,671</u>
Total net position	<u>\$ 26,383,170</u>	<u>\$ 28,805,778</u>	<u>\$ 83,980</u>	<u>\$ 55,272,928</u>	<u>\$ 557,671</u>
Adjustment to reflect the consolidation of the Internal Service Fund's activities related to Enterprise Funds				<u>73,477</u>	
Net position of business-type activities				<u>\$ 55,346,405</u>	

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Statement of Revenues, Expenses and Changes in
Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Water Fund	Wastewater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
Operating revenues					
Charges for services	\$ 6,013,984	\$ 5,781,875	\$ 1,826,939	\$ 13,622,798	\$ 2,938,733
Licenses and permits	6,985	--	--	6,985	--
Miscellaneous income	101,840	2,394	--	104,234	--
Total operating revenues	<u>6,122,809</u>	<u>5,784,269</u>	<u>1,826,939</u>	<u>13,734,017</u>	<u>2,938,733</u>
Operating expenses					
Personnel services	684,500	745,467	28,427	1,458,394	--
Other charges and services	2,978,946	771,420	22,936	3,773,302	2,276,161
Operating supplies	483,276	112,378	2,667	598,321	--
Repairs and maintenance	70,665	405,981	--	476,646	--
Depreciation and amortization	980,135	2,440,194	--	3,420,329	--
Contractual services	31,445	69,136	1,740,477	1,841,058	582,591
Total operating expenses	<u>5,228,967</u>	<u>4,544,576</u>	<u>1,794,507</u>	<u>11,568,050</u>	<u>2,858,752</u>
Operating income (loss)	<u>893,842</u>	<u>1,239,693</u>	<u>32,432</u>	<u>2,165,967</u>	<u>79,981</u>
Nonoperating revenues (expenses)					
Investment income	40,690	221,375	--	262,065	3,163
Interest expense	(180,408)	(1,222,004)	--	(1,402,412)	--
Gain (loss) on disposal of capital assets	--	--	(1,572,196)	(1,572,196)	--
Total nonoperating revenues (expenses)	<u>(139,718)</u>	<u>(1,000,629)</u>	<u>(1,572,196)</u>	<u>(2,712,543)</u>	<u>3,163</u>
Income (loss) before capital contributions and transfers	<u>754,124</u>	<u>239,064</u>	<u>(1,539,764)</u>	<u>(546,576)</u>	<u>83,144</u>
Capital contributions	1,037,679	1,492,835	--	2,530,514	--
Transfers in	--	548,542	--	548,542	--
Transfers out	(11,670)	--	(5,025)	(16,695)	--
Change in net position	<u>1,780,133</u>	<u>2,280,441</u>	<u>(1,544,789)</u>	<u>2,515,785</u>	<u>83,144</u>
Beginning net position	<u>24,603,037</u>	<u>26,525,337</u>	<u>1,628,769</u>		<u>474,527</u>
Ending net position	<u>\$ 26,383,170</u>	<u>\$ 28,805,778</u>	<u>\$ 83,980</u>		<u>\$ 557,671</u>
Adjustment to reflect the consolidation of the Internal Service Fund's activities related to Enterprise Funds				<u>10,960</u>	
Net position of business-type activities				<u>\$ 2,526,745</u>	

The accompanying notes are an integral part
of the basic financial statements.

City of Wentzville, Missouri
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Water Fund	Wastewater Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 6,051,020	\$ 6,708,598	\$ 1,828,468	\$ 14,588,086	\$ --
Receipts from interfund services provided	--	--	--	--	2,946,173
Payments to suppliers	(3,666,652)	(2,998,638)	(1,699,751)	(8,365,041)	(2,773,000)
Payments to employees	(691,982)	(737,626)	(28,475)	(1,458,083)	--
Net cash provided by (used in) operating activities	<u>1,692,386</u>	<u>2,972,334</u>	<u>100,242</u>	<u>4,764,962</u>	<u>173,173</u>
Cash flows from noncapital financing activities:					
Change in interfund receivables and payables	--	69,800	--	69,800	--
Transfers from other funds	--	548,542	--	548,542	--
Transfers to other funds	--	--	(31,021)	(31,021)	--
Net cash provided by (used in) noncapital financing activities	<u>--</u>	<u>618,342</u>	<u>(31,021)</u>	<u>587,321</u>	<u>--</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,536,791)	(8,916,040)	--	(10,452,831)	--
Principal payments	(515,000)	(1,361,932)	--	(1,876,932)	--
Interest payments	(131,353)	(1,304,446)	--	(1,435,799)	--
Proceeds from debt issuance	--	10,761,336	--	10,761,336	--
Net cash provided by (used in) capital and related financing activities	<u>(2,183,144)</u>	<u>(821,082)</u>	<u>--</u>	<u>(3,004,226)</u>	<u>--</u>
Cash flows from investing activities:					
Investment income	38,053	215,098	--	253,151	2,903
(Purchase) sale of investments	(2,204,002)	(2,707,637)	(90,873)	(5,002,512)	(579,907)
Net cash provided by (used in) investing activities	<u>(2,165,949)</u>	<u>(2,492,539)</u>	<u>(90,873)</u>	<u>(4,749,361)</u>	<u>(577,004)</u>
Net increase (decrease) in cash and cash equivalents	(2,656,707)	277,055	(21,652)	(2,401,304)	(403,831)
Cash and cash equivalents January 1, 2012	<u>4,023,486</u>	<u>1,867,122</u>	<u>46,868</u>	<u>5,937,476</u>	<u>564,703</u>
Cash and cash equivalents December 31, 2012	<u>\$ 1,366,779</u>	<u>\$ 2,144,177</u>	<u>\$ 25,216</u>	<u>\$ 3,536,172</u>	<u>\$ 160,872</u>
Reconciliation of cash to statement of net position:					
Cash and cash equivalents	\$ 600,898	\$ 750,831	25,216	\$ 1,376,945	\$ 160,872
Restricted cash and cash equivalents	765,881	1,393,346	-	2,159,227	--
Cash and cash equivalents December 31, 2012	<u>\$ 1,366,779</u>	<u>\$ 2,144,177</u>	<u>\$ 25,216</u>	<u>\$ 3,536,172</u>	<u>\$ 160,872</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 893,842	\$ 1,239,693	\$ 32,432	\$ 2,165,967	\$ 79,981
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	980,135	2,440,194	--	3,420,329	--
(Increase) decrease in:					
Accounts receivable	(47,470)	940,366	1,529	894,425	--
Other receivable	--	--	--	--	--
Inventories and prepaid items	61,499	(5,119)	97	56,477	(28,380)
Increase (decrease) in:					
Accounts payable	(163,819)	(1,634,604)	66,232	(1,732,191)	114,132
Accrued liabilities	656	2,836	76	3,568	--
Compensated absences	(8,138)	5,005	(124)	(3,257)	--
Customer deposits	(12,306)	--	--	(12,306)	--
Deferred revenue	(12,013)	(16,037)	--	(28,050)	7,440
Total adjustments	<u>798,544</u>	<u>1,732,641</u>	<u>67,810</u>	<u>2,598,995</u>	<u>93,192</u>
Net cash provided by (used in) operating activities	<u>\$ 1,692,386</u>	<u>\$ 2,972,334</u>	<u>\$ 100,242</u>	<u>\$ 4,764,962</u>	<u>\$ 173,173</u>
Noncash activities:					
Capital contributions from developers	\$ 1,037,679	\$ 1,492,835	\$ --	\$ 2,530,514	\$ -
Noncash transfers	(11,670)	-	25,996	14,326	-
	<u>\$ 1,026,009</u>	<u>\$ 1,492,835</u>	<u>\$ 25,996</u>	<u>\$ 2,544,840</u>	<u>\$ -</u>

The accompanying notes are an integral part
of the basic financial statements.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wentzville, Missouri (the City), was incorporated in March 1872. The City's major operations include public safety (police), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services. The City, with a population of 29,070, is located in St. Charles County and covers 19.98 square miles.

The City of Wentzville has established a Council-Administrator form of government as set forth in Chapter 77 of the Revised Statutes of Missouri. The Mayor is elected at-large for a four-year term. The Board of Aldermen is comprised of six members, two from each of the three wards. Board members serve staggered two-year terms and are responsible for determining policy, enacting ordinances and authorizing expenditures. The City Administrator, appointed by the Board of Aldermen, provides professional leadership in carrying out the policies and objectives formulated by the Board of Aldermen.

The accounting and reporting policies of the City of Wentzville, Missouri conform to accounting principles generally accepted in the United States of America. The more significant accounting and reporting policies and practices employed by the City are as follows:

A. Reporting Entity

Generally accepted accounting principles require that the basic financial statements present the City (the primary government) and its component units. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City.

Wentzville Bluffs Community Improvement District (CID) – The CID was incorporated in 2006. Three of the five directors of the CID are appointed by the City, and the directors have the ability to impose the City's will. The CID is organized to develop certain public infrastructure improvements. The CID is a component unit of the City and is discretely presented as such in the financial statements.

A separately issued financial report is available for the Wentzville Bluffs Community Improvement District. This report may be obtained by contacting the administrator of the community improvement district, Development Dynamics, 1001 Boardwalk Springs Place, Suite 50, O'Fallon, Missouri 63366 or by calling 636-561-8602.

Wentzville Economic Development Council (WEDC) – The WEDC was formed in 1994 as a Missouri not-for-profit corporation for the purpose of facilitating the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City. The WEDC is legally separate from the City; however, its governing body is substantively the same as the City's. Consequently, it is, in substance, the same as the primary government. As such, the balances and transactions of this component unit are blended into the accompanying financial statements and reported in a capital projects fund in a manner similar to the balances and transactions of the City itself.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide Financial Statements

The government wide financial statements (i.e., Statement of Net Position and the Statement of Activities) report information about the City as a whole. Governmental activities, which are generally supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations of interfund charges and balances have been made in these statements to minimize the double-counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each program of the governmental activities. Direct expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

The City's net position is reported in three components – net investment in capital assets; restricted net position; and unrestricted net position. The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The major governmental funds of the City are described below:

General Fund – This is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Park Fund – This special revenue fund is used to account for taxes and park programs revenue and for the activities related to the parks department.

Transportation Fund – This special revenue fund it used to account for the special revenues received from transportation taxes.

Park Debt Fund – This debt service fund is used to account for debt proceeds and related capital projects

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

B. Basis of Presentation (Continued)

Water Fund – This enterprise fund is used to account for the operations of the City's water department

Wastewater Fund – This enterprise fund is used to account for the operations of the City's wastewater department.

Additionally, the City reports the following fund type:

Internal Service Fund – this fund is used to account for services provided to other departments of the City by the Self-Insurance Fund. Charges for services are allocated to various City departments on a cost recovery basis.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. All assets and liabilities associated with the operation of the City are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus, only current assets and current liabilities are generally included on the balance sheet. 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Assets, Liabilities, and Equity

1. Deposits and Investments

The City considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. State statute RSMo 30.260 authorizes the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are reported at fair value based on quoted market prices.

The City pools temporarily idle cash from all funds for investments purposes. Each fund's portion of the pool is shown on the Statement of Net Position as cash and cash equivalents and investments. Deposits during the year included cash in interest bearing and demand bank accounts, money market funds, and repurchase agreements. Interest is allocated to each fund based on the respective invested balance on a monthly basis.

2. Receivables

Property tax receivable - The City's property taxes are levied each October based on the assessed valuation for all real property located in the City as of the previous January 1. Taxes are due upon receipt of billing and become delinquent after December 31. Liens are placed on property for delinquent taxes on January 1 following the due date.

The St. Charles County Assessor establishes assessed values and the County tax collector makes collections. The assessed value at January 1, 2012 upon which the 2012 levy was based for real estate, personal property, and railroads and utilities taxes was \$610,722,360. The City's tax rate was levied at \$0.7902 per \$100 of assessed valuation which is used completely for general government services.

Special assessment receivable – Special assessments receivable represents the residents' portions of improvements related to the Neighborhood Improvement District which have been completed and billed. The City's portion of such improvements is expended as incurred. At the time of the levy, special assessments receivable in the amount of the levy and deferred revenue equal to the amount that is not currently available are recognized in the Neighborhood Improvement District.

Allowance for uncollectible receivables

The allowance for uncollectible receivables is as follows as of December 31, 2012:

	Governmental activities	Business-type activities
General fund	\$ 61,482	\$ --
Park fund	5,590	--
Water fund	--	10,000
Wastewater fund	--	3,181
Trash fund	--	3,000
Total	<u>\$ 67,072</u>	<u>\$ 16,181</u>

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Assets, Liabilities, and Equity (Continued)

3. *Inventories*

Inventories in the governmental and proprietary funds are valued at cost (first-in, first-out) and the expense is recognized when inventory items are consumed in operations. Inventories are equally offset by a fund balance amount which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

4. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased. Prepaid items are equally offset by a fund balance amount which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

5. *Capital Assets*

Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, etc.), are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to capital outlay expenditures as purchased. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and a useful life in excess of one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance which do not add value to the asset or materially extend the assets useful lives are expensed as incurred. Assets which have been acquired with funds received through grants must be used in accordance with the terms of the grant.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets, and is computed on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	10-30 years
Equipment	3-10 years
Infrastructure	30-40 years

6. *Compensated Absences*

City employees earn vacation at varying rates based upon their length of service. The City's policies allow up to 240 hours of vacation leave to be carried over into the next year for full-time employees. Regular full-time employees who are separated from service are compensated for vacation accrued up to the date of separation. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Assets, Liabilities, and Equity (Continued)

6. *Compensated Absences (Continued)*

City employees earn sick leave at varying rates based upon their length of service and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination, but is payable upon retirement or death. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations or retirements. Compensated absences are generally liquidated by the funds in which they originate.

7. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

In the governmental funds, equity is shown as fund balance and classified into five components:

Nonspendable – assets that are not in spendable form.

Restricted – amounts with externally imposed constraints, such as those mandated by creditors, grantors, contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.

Committed – Amounts with a purpose formally imposed by formal action (ordinance) of the Board of Aldermen; the highest level of decision making authority; binding unless modified or rescinded by the Board of Aldermen.

Assigned – In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Aldermen or a City official delegated that authority. Encumbrances shall be considered assigned unless they specifically meet the requirements to be restricted or committed.

Unassigned – All amounts not included in the other classifications.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Assets, Liabilities, and Equity (Continued)

8. *Fund Equity (Continued)*

The City applies restricted resources first to finance qualifying expenditures, when either restricted or unrestricted amounts are available. For unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a General Fund balance of not less than 25% of annual operating expenditures for the current fiscal year. Should the balance fall below the 25% threshold, the City will identify a plan to restore the fund balance to its targeted amount as part of the budget proposal.

Effective January 1, 2012, the City implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. GASB 63 provides guidance for reporting deferred outflows and deferred inflows of resources. A deferred outflow of resources is the consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets applicable to a future reporting period. The City does not have any financial statement balances under current GAAP that meet the definition of a deferred outflow or a deferred inflow. As such, other than replacing the term "net assets" with the term "net position" and the change in terminology from "Invested in capital assets net of related debt" to "net investment in capital assets," the adoption of this standard had no impact on the City's financial statements.

9. *Net Position*

Net position represents the difference between assets and liabilities. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net positions are reported as *restricted* when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

10. *Restricted Assets*

Certain General Fund monies are classified as restricted assets on the balance sheet because their use is limited to refunding court bonds paid and protested taxes. Certain cash and investments of the Enterprise Funds and Government Funds are restricted for the repayment of the outstanding bonds, interest, and capital improvements in accordance with bond ordinances and the related trust indentures.

11. *Proprietary Funds Operating and Nonoperating Revenues and Expenses*

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 water fund, wastewater fund and internal service fund are charges to customers for sales and services.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Assets, Liabilities, and Equity (Continued)

11. *Proprietary Funds Operating and Nonoperating Revenues and Expenses (Continued)*

The water fund and wastewater fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

12. *Capital Contributions*

Capital contributions represent government grants and other aid used to fund capital projects. Donations by developers are recognized as revenue when final subdivision plats are accepted by the City. Other capital contributions are recognized as revenue when the expenditure is made and the amounts become subject to claim for reimbursement.

13. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenses included in such financial statements. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial Credit Risk. For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the financial institution, the City will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of these securities must amount to 100% of the City's cash not insured by the Federal Deposit Insurance Corporation.

At December 31, 2012, the City's deposits were covered by Federal depository insurance or were fully collateralized by securities held by the City's agent in the City's name.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2012, the City's investments were exposed to custodial credit risk due to the investments being held in custody by the counterparty.

Credit Risk. According to the City's investment policy on credit risk the city will minimize credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business. In addition the City will diversify the portfolio so that potential losses on individual securities will be minimized. Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. The ratings shown below are provided by Standard & Poor's as of year-end for each investment.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. In accordance with its formal investment policy, the City minimizes concentration of credit risk by diversifying its investment portfolio.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

A. Deposits and Investments (Continued)

At December 31, 2012, the City held \$3,022,620, or 12.5% of its portfolio, in investments issued by the Federal Home Loan Mortgage Corporation and \$12,510,419, or 51.73% of its portfolio, in investments issued by the Federal National Mortgage Association.

Interest Rate Risk. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City's investment policy follows state statutes which generally limit investments with maturities of less than five years. To minimize the risk of loss, the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable.

As of December 31, 2012, the City had the following investments and maturities:

Investment Type	Investment maturities (in Years)			Rating
	Fair Value	Less than 1	1-5	
Governmental funds				
Repurchase agreement	\$ 4,090,000	\$ 4,090,000	\$ --	AA+
Certificates of deposit	2,483,684	479,861	2,003,823	N/A
US government agencies	9,988,265	--	9,988,265	AA+
Money market funds	886,062	886,062	--	Not rated
Total investments	<u>\$ 17,448,011</u>	<u>\$ 5,455,923</u>	<u>\$ 11,992,088</u>	
Amounts included in cash and cash equivalents	(4,976,062)			
Total governmental funds	<u>\$ 12,471,949</u>			
Proprietary funds				
Certificates of deposit	\$ 4,514,981	\$ 239,902	\$ 4,275,079	N/A
US government agencies	4,964,970	--	4,964,970	AA+
Money market funds	8,066	8,066	--	Not rated
Total investments	<u>\$ 9,488,017</u>	<u>\$247,968</u>	<u>\$9,240,049</u>	
Amounts included in cash and cash equivalents	(8,066)			
Total proprietary funds	<u>\$ 9,479,951</u>			
Internal service fund				
US government agencies	\$ 579,456	\$ --	\$ 579,456	AA+
Certificates of deposit	240,000	240,000	--	N/A
	<u>\$ 819,456</u>	<u>\$ 240,000</u>	<u>\$ 579,456</u>	
Component unit				
Money market funds	<u>\$ 12,433</u>	<u>\$ 12,433</u>	<u>\$ --</u>	Not rated
Amounts included in cash and cash equivalents	(12,433)			
Total component unit	<u>\$ --</u>			

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

B. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Increases	Decreases	Transfers	Balance December 31, 2012
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 15,557,322	\$ 197,023	\$ --	\$ 263,037	\$ 16,017,382
Construction in progress	4,615,045	3,874,701	(2,623,054)	79,398	5,946,090
Total capital assets, not being depreciated	<u>20,172,367</u>	<u>4,071,724</u>	<u>(2,623,054)</u>	<u>342,435</u>	<u>21,963,472</u>
Capital assets, being depreciated:					
Buildings	11,907,460	176,812	--	--	12,084,272
Equipment	9,077,470	414,392	(174,449)	--	9,317,413
Infrastructure	88,910,969	9,863,924	--	1,296,078	100,070,971
Total capital assets being depreciated	<u>109,895,899</u>	<u>10,455,128</u>	<u>(174,449)</u>	<u>1,296,078</u>	<u>121,472,656</u>
Less accumulated depreciation for:					
Buildings	(5,591,246)	(423,293)	--	--	(6,014,539)
Equipment	(6,227,442)	(726,500)	166,997	--	(6,786,945)
Infrastructure	(20,769,102)	(3,921,522)	--	(66,323)	(24,756,947)
Total accumulated depreciation	<u>(32,587,790)</u>	<u>(5,071,315)</u>	<u>166,997</u>	<u>(66,323)</u>	<u>(37,558,431)</u>
Total capital assets, being depreciated, net	<u>77,308,109</u>	<u>5,383,813</u>	<u>(7,452)</u>	<u>1,229,755</u>	<u>83,914,225</u>
Governmental activities capital assets, net	<u>\$ 97,480,476</u>	<u>\$ 9,455,537</u>	<u>\$ (2,630,506)</u>	<u>\$ 1,572,190</u>	<u>\$ 105,877,697</u>

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

B. Capital Assets (Continued)

	Balance January 1, 2012	Increases	Decreases	Transfers	Balance December 31, 2012
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,683,202	\$ --	\$ --	\$ (263,037)	\$ 1,420,165
Construction in progress	9,871,279	--	(9,750,881)	(79,398)	41,000
Total capital assets, not being depreciated	<u>11,554,481</u>	<u>--</u>	<u>(9,750,881)</u>	<u>(342,435)</u>	<u>1,461,165</u>
Capital assets, being depreciated:					
Buildings	20,899,455	17,609,137	--	--	38,508,592
Water system	27,769,556	3,189,037	--	--	30,958,593
Sewer system	37,124,387	1,516,329	--	--	38,640,716
Equipment	3,723,358	419,731	(68,197)	(1,296,078)	2,778,814
Total capital assets being depreciated	<u>89,516,756</u>	<u>22,734,234</u>	<u>(68,197)</u>	<u>(1,296,078)</u>	<u>110,886,715</u>
Less accumulated depreciation for:					
Buildings	(3,450,362)	(895,144)	--	--	(4,345,506)
Water system	(6,579,651)	(929,408)	--	--	(7,509,059)
Sewer system	(11,849,525)	(1,434,736)	--	--	(13,284,261)
Equipment	(2,028,648)	(161,042)	56,520	66,323	(2,066,847)
Total accumulated depreciation	<u>(23,908,186)</u>	<u>(3,420,330)</u>	<u>56,520</u>	<u>66,323</u>	<u>(27,205,673)</u>
Total capital assets, being depreciated, net	<u>65,608,570</u>	<u>19,313,904</u>	<u>(11,677)</u>	<u>(1,229,755)</u>	<u>83,681,042</u>
Business-type activities capital assets, net	<u>\$ 77,163,051</u>	<u>\$ 19,313,904</u>	<u>\$ (9,762,558)</u>	<u>\$ (1,572,190)</u>	<u>\$ 85,142,207</u>

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

B. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government for the year ended December 31, 2012 as follows:

Governmental activities:	
General government	\$ 110,695
Public safety	413,247
Community development	4,293,758
Parks and recreation	<u>253,615</u>
Total depreciation expense	<u>\$ 5,071,315</u>
Business-type activities:	
Wastewater	\$ 2,440,195
Water	<u>980,135</u>
Total depreciation expense	<u>\$ 3,420,330</u>

C. Long-Term Debt

Long-term liability activity for the year ended December 31, 2012 was as follows:

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Due within one year
Governmental activities					
Leasehold revenue bonds	\$ 994,008	\$ --	\$ 43,038	\$ 950,970	\$ 118,575
Less – Discounts	(446,339)	--	(26,044)	(420,295)	--
Less – Deferred loss	(248,301)	--	(40,150)	(208,151)	--
Certificates of participation	28,165,000	--	985,000	27,180,000	1,005,000
Tax increment revenue notes	1,002,000	--	--	1,002,000	--
Neighborhood improvement district bonds	920,000	--	130,000	790,000	135,000
2005A and 2005B notes payable	4,619,078	--	104,373	4,514,705	--
Notes payable, other	323,000	--	64,600	258,400	64,600
Compensated absences	721,535	483,555	527,178	677,912	520,600
OPEB	<u>19,346</u>	<u>23,632</u>	<u>4,000</u>	<u>38,978</u>	<u>--</u>
Total governmental activities	<u>\$ 36,069,327</u>	<u>\$ 507,187</u>	<u>\$ 1,791,995</u>	<u>\$ 34,784,519</u>	<u>\$ 1,843,775</u>

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Due within one year
Business-type activities					
Leasehold revenue bonds	\$ 11,565,993	\$ --	\$ 1,011,963	\$ 10,554,030	\$ 931,425
Sewer system revenue bonds	22,914,922	10,761,366	865,000	32,811,288	1,283,000
Plus – Premium	201,824	--	13,710	188,114	--
Less – Deferred loss	(317,917)	--	(32,153)	(285,764)	--
Compensated absences	68,692	51,730	58,948	61,474	47,209
Total business-type activities	<u>\$ 34,433,514</u>	<u>\$ 10,813,096</u>	<u>\$ 1,917,468</u>	<u>\$ 43,329,142</u>	<u>\$ 2,261,634</u>
Component unit					
CID notes payable	<u>\$ 3,735,134</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,735,134</u>	<u>\$ --</u>

WEDC – Leasehold Revenue Bonds

Funding of such capital improvements and facilities has been provided through the issuance of Leasehold Revenue Bonds by the WEDC. The Leasehold Revenue Bonds do not constitute a legal debt of liability for the City, the State of Missouri, or any other political subdivision thereof and do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the leasehold revenue bonds does not obligate the City to levy any form of taxation or to make any appropriation for payment in any fiscal year. The WEDC has no taxing power.

Leasehold Revenue Bonds outstanding at December 31, 2012 are as follows:

	Date issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2012
Series 1999	04/01/99	3.80%-5.50%	\$ 3,195,000	02/15/15	\$ 335,000
Series 2006	12/01/06	3.45%-3.90%	2,725,000	02/15/17	1,355,000
Series 2008	02/26/08	3.83%	5,630,000	07/01/22	4,240,000
Series 2011	09/22/11	0.80%-3.50%	5,990,000	07/01/25	5,575,000
			<u>\$ 17,540,000</u>		<u>\$ 11,505,000</u>

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

WEDC – Leasehold Revenue Bonds (Continued)

The annual debt service requirements to maturity on the Leasehold Revenue Bonds outstanding as of December 31, 2012 are as follows:

For the Year ending December 31,	Principal	Interest	Total
2013	\$ 1,050,000	\$ 357,807	\$ 1,407,807
2014	1,085,000	326,450	1,411,450
2015	1,120,000	293,408	1,413,408
2016	1,030,000	261,693	1,291,693
2017	1,060,000	230,746	1,290,746
2018 – 2022	4,735,000	767,693	5,502,693
2023 – 2027	1,425,000	97,370	1,522,370
Total	<u>\$ 11,505,000</u>	<u>\$ 2,335,167</u>	<u>\$ 13,840,167</u>

On April 1, 1999, the WEDC issued \$3,195,000 of Leasehold Revenue and Improvement Bonds. A portion of the bonds amounting to \$1,815,000 were issued to fund construction of water and sewer lines, roads and sidewalks within the newly formed Tax Increment Financing District. The balance of the bonds amounting to \$1,380,000 were issued to advance refund \$1,290,000 of outstanding 1995 Leasehold Revenue Bonds. The bonds mature in varying amounts each year through 2015 and accrue interest at varying rates between 3.80% and 5.50%.

On December 1, 2006, the WEDC issued \$2,275,000 of Leasehold Revenue Refunding Bonds, Series 2006. The proceeds were used to refund \$2,615,000 of outstanding 1997 Leasehold Revenue Bonds. The 1997 bonds were used to finance certain sewer treatment facilities and improvements. The bonds mature in varying amounts each year through 2017 and accrue interest at varying rates between 3.45% and 3.90%.

On February 26, 2008, the WEDC issued \$5,630,000 of Leasehold Revenue Bonds, Series 2008. The proceeds used to advance refund \$5,625,000 of outstanding 2002 Leasehold Revenue Bonds which were used to construct a lift station and sewer main and basin for stormwater control. Payment of principal is for varying amounts each year through 2022. Interest is due semi-annually with an interest rate of 3.83%.

On September 22, 2011, the WEDC issued \$5,990,000 of Leasehold Revenue Refunding Bonds, Series 2011. The proceeds were used to refund \$5,795,000 of outstanding 2005 Leasehold Revenue Bonds. The 2005 bonds were used to acquire land and to construct a water tower, booster pump, and water main. Payment of the principal is for varying amounts every year through 2025. Interest is due semi-annually with varying interest rates from 0.80% to 3.50%.

Although the City may pay for the principal and interest on the bonds with money from any fund legally available for such purpose, the City intends to annually appropriate and pay for the bonds from revenue from the City's waterworks system.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Certificates of Participation

Certificates of Participation outstanding at December 31, 2012 are as follows:

	Date issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2012
Series 2010A	12/15/10	1.10%-4.00%	\$ 5,555,000	02/01/21	\$ 5,355,000
Series 2010B	12/15/10	6.75%	3,710,000	10/01/23	3,710,000
Series 2011	02/03/11	1.00%-5.15%	18,900,000	10/01/23	18,115,000
			<u>\$ 28,165,000</u>		<u>\$ 27,180,000</u>

The annual debt service requirements to maturity on the Certificates of Participation outstanding as of December 31, 2012 are as follows:

For the Year ending December 31,	Principal	Interest	Total
2013	\$ 1,005,000	\$ 310,890	\$ 1,315,890
2014	1,015,000	307,477	1,322,477
2015	1,030,000	303,277	1,333,277
2016	1,350,000	294,582	1,644,582
2017	1,380,000	280,532	1,660,532
2018 – 2022	8,375,000	976,609	9,351,609
2023 – 2027	5,760,000	688,670	6,448,670
2028 – 2032	7,265,000	587,134	7,852,134
Total	<u>\$ 27,180,000</u>	<u>\$ 3,749,171</u>	<u>\$ 30,929,171</u>

On December 15, 2010, the City issued \$5,555,000 of Certificates of Participation, Series 2010A. The proceeds were used to refund \$5,660,000 of outstanding 2004 Leasehold Revenue Bonds. The 2004 bonds were used to finance a new police station and acquisition of equipment for the police department. The bonds mature in varying amounts each year through 2021 and accrue interest at varying rates between 1.10% and 4.00%.

On December 15, 2010, the City issued \$3,170,000 of taxable Certificates of Participation, Series 2010B. The proceeds are being used to acquire land and to construct improvements to parks. Payment of principal is for varying amounts through 2032. Interest is due semi-annually with an interest rate of 6.75%. The City has made an election to issue these certificates as Recovery Zone Economic Development Bonds in order to receive a subsidy payment equal to 45% of the amount of each interest payment.

On February 3, 2011, the City issued \$18,900,000 of Certificates of Participation, Series 2011. The proceeds are being used to acquire land and to construct improvements to parks. Payment of the principal is for varying amounts through 2030. Interest is due semi-annually with interest rates that vary from 1.00% to 5.15%.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Neighborhood Improvement District Bonds

Neighborhood Improvement District Bonds outstanding at December 31, 2012 are as follows:

	<u>Date issued</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Outstanding December 31, 2012</u>
Series 2006	04/01/06	3.50%-3.92%	\$ 1,510,000	03/01/18	\$ 790,000

The annual debt service requirements to maturity on the Neighborhood Improvement District Bonds outstanding as of December 31, 2012 are as follows:

For the Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 135,000	\$ 27,446	\$ 162,446
2014	135,000	22,451	157,451
2015	145,000	17,206	162,206
2016	150,000	11,607	161,607
2017	150,000	5,743	155,743
2018	<u>75,000</u>	<u>1,372</u>	<u>76,372</u>
Total	<u>\$ 790,000</u>	<u>\$ 85,825</u>	<u>\$ 875,825</u>

On April 1, 2006, the City issued \$1,510,000 of Neighborhood Improvement District Limited General Obligation Refunding Bonds (Bear Creek stormwater detention, sanitary sewer, and water improvement project) Series 2006. The bonds were issued for the purpose of refunding in advance the \$1,585,000 of outstanding Neighborhood Improvement District Bonds Series 2000. The bonds are indebtedness of the City and are to be paid from the special assessments that are assessed on the real property of the District. The bonds bear interest from 3.50% to 3.92% and are due March 1, 2018.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Sewerage System Revenue Bonds

Sewerage System Revenue Bonds outstanding at December 31, 2012 are as follows:

	<u>Date issued</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Outstanding December 31, 2012</u>
Series 2005C	11/30/05	3.25%-5.25%	\$ 19,430,000	07/01/27	\$ 15,190,000
Series 2011	03/14/11	1.66%	20,631,000	07/01/31	17,621,288
			<u>\$ 40,061,000</u>		<u>\$ 32,811,288</u>

The City voters approved a total of \$80 million of revenue bonds for wastewater treatment plant expansion. On November 30, 2005, the Missouri State Environmental Improvement and Energy Resources Authority (the Authority) authorized and issued Water Pollution Control Revenue Bonds (State Revolving Fund Programs) Series 2005C. The Series 2005C bonds provided funds to make loans to various Missouri Political subdivisions that will be used to finance water treatment projects.

A portion of the proceeds of the Series 2005C bonds issued by the Authority were used to purchase Participant Revenue Bonds (Participant Bonds) authorized and issued by the City in the aggregate principal amount of \$19,430,000, the proceeds of which will be used for construction, repairing and equipping the existing wastewater facilities. The City's Participant Bonds have interest rates ranging from 3.25% to 5.25% and are payable in semi-annual installments at varying amounts through 2027.

In connection with the City's issuance of the 2005C bonds, the City participates in the State Revolving Funds Program established by the Missouri Department of Natural Resources (DNR). Monies from federal capitalization grants and state matching funds are used to fund a reserve account for each participant. As the City incurs approved capital expenses, the DNR reimburses the City for the expenses from the bond proceeds account and deposits in a bond reserve fund in the City's name and additional 70% for the Series 2005C bonds. On the date of each payment of the principal amount of the City's Participant Bonds, the trustee transfers from this reserve account to the master trustee an amount equal to 70% for the Series 2005C bonds. The costs of operation and maintenance of the wastewater treatment and sewerage facilities and the debt service is payable from wastewater revenues.

On March 14, 2011, the City began participating in the State of Missouri Direct Loan Program of the Missouri Department of Natural Resources (DNR) and the Clean Water Commission of the State of Missouri to issue Sewerage Revenue Bonds – Direct Loan Program. The City authorized the issuance of bonds not to exceed \$20,631,000 with an interest rate of 1.66% due in various principal installments through 2032. As of December 31, 2012 approximately \$17,621,288 in bonds has been issued. Management expects the remaining amount of authority to be issued within the near future.

Principal payments on the Series 2011 bonds will not commence until the project is completed. Interest in the amount expected to be paid in 2013 is reported as a current liability. The total principal amount drawn to date is reported as a single line item in the five year maturities schedule, although the amount will be repaid according to the original amortization once the project is completed.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Sewerage System Revenue Bonds (Continued)

The annual debt service requirements to maturity on the Sewerage System Revenue Bonds outstanding as of December 31, 2012 are as follows:

For the Year ending December 31,	Principal	Interest	Total
Series 2005C			
2013	\$ 875,000	\$ 708,582	\$ 1,583,582
2014	895,000	664,832	1,559,832
2015	910,000	629,032	1,539,032
2016	925,000	592,632	1,517,632
2017	935,000	555,632	1,490,632
2018 – 2022	5,020,000	2,077,014	7,097,014
2023 – 2027	5,630,000	797,964	6,427,964
Total 2005 C	15,190,000	6,025,688	21,215,688
Series 2011	17,621,288	3,881,271	21,502,559
	<u>\$ 32,811,288</u>	<u>\$ 9,906,959</u>	<u>\$ 42,718,247</u>

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Notes Payable

The following table summarizes the notes payable:

	Interest Rate	Principal Balance
In 2005, the City issued \$4,714,771 of Series 2005A and 2005B notes payable for land which are special, limited obligations of the City payable from a portion of the sales tax generated within certain development property. Future payments on the notes are limited to the collection of sales tax generated.	4.50%	\$ 4,514,705
The City issued a note in 2007 to finance the purchase of certain property. The note matures in 2016 with principal payments of \$64,600 annually until maturity.	4.50%	258,400
In 2007, the City issued \$1,002,000 in tax increment revenue notes pursuant to an ordinance dated May 23, 2007. The notes are special obligations of the City, payable solely from payment in lieu of taxes and economic activity tax revenues generated in the redevelopment area. The notes mature in 2029. Future payments on the notes are limited to the collection of economic activity tax generated.	8.25% - 9.25%	1,002,000
In 2007, the CID issued \$3,735,134 in Community Improvement Revenue Notes with interest at prime plus 1.00% maturing March 2027. The notes are special obligations payable from certain revenues and are not a general obligation of the CID, City or any other political subdivision. Future payments on the notes are limited to the collection of revenue generated from the site.	8.25% - 9.25%	3,735,134
Total		\$ 9,510,239

The annual debt service requirements to maturity on notes payable outstanding with scheduled maturities as of December 31, 2012 are as follows:

For the Year ending December 31,	Principal	Interest	Total
2013	\$ 64,600	\$ 11,628	\$ 76,228
2014	64,600	8,721	73,321
2015	64,600	5,814	70,414
2016	64,600	2,907	67,507
Total	\$ 258,400	\$ 29,070	\$ 287,470

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Pledged Revenues

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues and the corresponding debt issues, the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of the pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

<u>Issue(s)</u>	<u>Revenue Pledged</u>	<u>Amount of Pledge</u>	<u>Term of Commitment</u>	<u>Percent of Revenue Pledged</u>	<u>Principal and Interest for 2012</u>	<u>Pledged Revenues Recognized in 2012</u>
Governmental Activities						
2005A and 2005B Notes Payable	Sales tax generated from sales on the development property	\$ 4,514,705	Until obligation is satisfied	100%	\$ 310,169	\$ 310,169
Tax Increment Revenue Notes	Payments in lieu of taxes and economic activity tax	\$ 2,438,755	Through 2029	100%	\$ 71,199	\$ 144,589
Business-type Activities						
Sewerage System Revenue Bonds	Revenue from the City's waterworks system	\$ 45,727,959	Through 2032	100%	\$ 1,712,232	\$ 2,280,441
Component Unit						
Community Improvement Revenue Notes	CID sales tax and CID property tax	\$ 4,218,646	Through 2027	100%	\$ 32,222	\$ 28,093

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

C. Long-Term Debt (Continued)

Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2012, the City is not in compliance with two leasehold revenue bond reserve requirements as outlined below.

	Actual	Required
Series 1999 LRB	\$ 123,827	\$ 124,459
Series 2006 LRB	272,500	272,500
Series 2008 LRB	475,432	475,432
Series 2010A COP	560,911	555,500
Series 2010B COP	372,833	371,000
Series 2011 COP	1,279,887	1,501,377
Series 2011 LRB Revenue	526,515	518,092
	\$ 3,611,905	\$ 3,818,360

Legal Debt Margin

The City is subject to state statutes, which limit the amount of bonded debt that the City may issue to 5% of the most recent assessed valuation. Currently the City has a debt limit of \$61,072,236, leaving a debt margin of \$60,282,236.

D. Interfund Receivables and Payables

A summary of interfund balances as of December 31, 2012 is as follows:

Due to/ from other funds:

Receivable Fund	Payable Fund	Amount
Park fund	Park debt fund	\$ 504,438
Wastewater fund	WEDC	628,200
		\$ 1,132,638

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided of reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

E. Interfund Transfers

A summary of interfund transfers by fund type for the year ended December 31, 2012 is as follows:

	Transfer to:					Total
	General	Park debt fund	Water fund	Wastewater	Nonmajor governmental	
Transfer from:						
General fund	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Park fund	--	1,590,630	--	--	--	1,590,630
Park debt fund	--	--	--	--	--	--
Water fund	--	--	--	11,670	--	11,670
Wastewater fund	--	--	--	--	--	--
Stormwater fund	5,025	--	--	--	--	5,025
Nonmajor Governmental funds	334,569	--	--	536,872	345,093	1,216,534
Total	\$ 339,594	\$ 1,590,630	\$ --	\$ 548,542	\$ 345,093	\$ 2,823,859

Transfers are used to (1) move revenues from the fund that a statute or the budget requires to collect them to the fund that a statute or the 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 other funds in accordance with budgetary authorizations. Any transfers within the governmental funds have been eliminated in the government-wide Statement of Activities.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

III. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, loss and damage to property, errors and omissions and injuries to employees. The City currently purchases commercial insurance coverage for these risks. Settled claims have not exceeded the commercial insurance coverage in any of the past three years.

The City is self-insured for health claims. The internal service fund, funded by charges to the government's other funds, is used to account for self-funded health insurance offered to the City's employees. Premiums are paid by employer and employee contributions into an internal service fund and are available to pay claims and costs of an administrative service agreement. The rates charged to the City's funds are based primarily on an annually determined estimate varying based on coverage elected by employees. Claims for the City's employees are administered through a third part administrator for the City's self-insured plan.

Incurred but not reported claims of \$226,320 have been accrued as a liability. In 2012, \$2,858,752 was paid for claims and administrative costs. The outstanding claims liability is calculated from historical data and future expectations. This includes an estimated liability for known claims as well as an estimated liability for claims incurred but not reported.

The following is a summary of the changes in the unpaid claims liability:

December 2010 liability balance	\$	281,520
Claims and changes in estimates		1,830,757
Claim payments		(2,000,088)
December 31, 2011 liability balance	\$	112,189
Claims and changes in estimates		2,390,292
Claim payments		(2,276,161)
December 31, 2012 liability balance	\$	226,320

B. Commitments and Contingencies

Litigation

Various legal actions and claims against the City are currently pending. The ultimate liability that might result from their resolution is not presently determinable; however, in the opinion of management and counsel, the probability of material aggregate liabilities resulting from these claims is remote.

Commitments

The City entered into an agreement with Public Water Supply District No.2 of St. Charles County (Water District) as of September 26, 2007 for the purchase of a maximum of 20 million gallons of water daily. The contract is in effect until July 18, 2026 and will automatically renew for two ten-year terms unless terminated by either party. The City had commitments to purchase water, sewer and stormwater supplies and project services totaling \$13,175,479 at December 31, 2012.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

B. Commitments and Contingencies (Continued)

Grant Programs

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as deferred revenue or amounts receivable from the grantor.

Encumbrances

Encumbrances included in fund balances are as follows:

General fund	\$ 289,648
Parks Fund	7,760
Park Debt Fund	5,998,809
Transportation Fund	1,164,562
Debt Service Fund	42,269
Water Fund	18,544
Wastewater Fund	49,410
	<u>\$ 7,571,002</u>

C. Deficit Balance

The WEDC Fund had a deficit fund balance as of December 31, 2012 of \$489,201. This fund deficit resulted from expenditures to be funded with future revenues.

D. Pension Plans

Plan Description. The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governmental entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by state statute RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the general assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

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

Funding Policy. The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate. The current rates are 10.4% and 9.8% of annual covered payroll for police employees and general employees, respectively.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Pension Plans (Continued)

Funding Policy. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

Funded Status. As of October 1, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$14,091,432
Actuarial value of plan assets	13,083,372
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,008,060</u>
Funded ratio (Actuarial value of plan assets/AAL)	93%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 8,165,974
UAAL as a percentage of covered payroll	12%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Annual Pension Cost. The City's annual pension cost and net pension obligation (NPO) for the current year were as follows:

Annual required contribution	\$ 839,135
Interest on net pension obligation	4,287
Adjustment to annual required contribution	<u>(5,072)</u>
Annual pension cost (expense)	838,350
Contributions made	<u>(839,135)</u>
Increase in net pension obligation	(785)
Net pension obligation – beginning of year	<u>59,135</u>
Net pension obligation – end of year	<u>\$ 58,350</u>

The annual required contribution (ARC) was determined as part of the February 28, 2010 and February 28, 2011 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2012 included a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 6% per year, depending on the age and division, attributable to seniority/merit; d) pre-retirement mortality based on a 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women; and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial liability is being amortized as a level percentage

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

D. Pension Plans (Continued)

of projected payroll on an open basis. The amortization period as of February 29, 2010 was 20 years for the general division and 16 years for the police division. The amortization period for February 28, 2011 was 16 years for the general division and 15 years for the police division.

The City's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year <u>Ended</u>	Annual Pension <u>Cost (APC)</u>	Percentage of Annual <u>APC Contributed</u>	Net Pension <u>Obligation</u>
12/31/12	\$ 838,350	100.1%	\$ 58,350
12/31/11	\$ 794,035	96.4%	\$ 59,135
12/31/10	\$ 726,782	95.8%	\$ 30,525

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve and the Casualty Reserve Fund.

For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

E. Other Post-Employment Benefits

Plan Description. The City provides healthcare benefits to non-uniformed employees who are eligible to retire once they have attained the age of 55 plus 30 years of service or age 62 plus 5 years of service and police who are eligible to retire once they have attained the age of 50 plus 30 years of service or age 62 plus 5 years of service. Medical and prescription drug benefits are available to retirees in the City's self-insured pool. The City pays the monthly group health insurance premium for the individual. Retirees must contribute the COBRA premium (\$461.04 per month for January 1, 2013 through December 31, 2013) to retain coverage.

Funding Policy. GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due. The liability for OPEB is fully liquidated by the general fund.

Funded Status and Funding Progress. As of October 1, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 186,483
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	<u>\$ 186,483</u>
Funded ratio (Actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$7,664,113
UAAL as a percentage of covered payroll	2.4%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

E. Other Post-Employment Benefits (Continued)

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

Amortization of past service cost	\$ 9,881
Normal cost	14,090
Annual required contribution (ARC)	23,971
Interest on net OPEB obligation	677
Adjustment to ARC	(1,016)
Annual OPEB cost	23,632
Contributions	(4,000)
Increase in net OPEB obligation	19,632
Net OPEB obligation – September 30, 2011	19,346
Projected net OPEB obligation – September 30, 2012	\$ 38,978

The Plan was established by City Ordinance, which assigned the authority to establish and amend plan benefit provisions to the City. The contribution requirements of the City and plan members are established and may be amended by the City. These benefits are generally liquidated by the general fund.

The City's annual OPEB cost, percentage of OPEB cost contributed, and net post-employment benefit obligation for the plan for the year ended September 30, 2012 is as follows:

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2012	\$ 23,632	16.9%	\$ 38,978
2011	--	0.0%	19,346
2010	8,549	11.0%	11,824

The calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employee and plan members to that point. The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial calculations reflect a long-term perspective. Significant actuarial assumptions used in the valuations are as follows:

Valuation Method	Projected unit credit method
Latest valuation date	October 1, 2012
Discount rate	3.50% per annum
Amortization period	30 years for initial UAAL – open basis
Payroll inflation	N/A
Mortality	RP-2000 Blended mortality table
Medical premium rates	8.0% initial rate; 5.0% alternate rate

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

F. Pending Governmental Accounting Standards

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus, was issued in November 2010. This statement modifies certain requirements for inclusion of component units in the City's financial statements when the component unit was included based on the fiscal dependency requirement. The new statement clarifies the manner in which a government's management determines a component unit should be included, even if the financial accountability criterion is not met. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) when the component unit is blended based on the "substantively in the same governing body" criterion. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2013.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was issued in March 2012. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Also, this statement provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows and inflows of resources, such as changes in determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2013.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, was issued in June 2012. This statement establishes accounting and financial reporting by state and local governments for pensions, including entities that participate in agent multiple-employer plans. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equipment arrangements that meet certain criteria. Also, this statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For example, employers participating in LAGERS, such as the City, will be required to record the net pension liability. For the City, the liability will be equal to the amount of the unfunded accrued actuarial liability presented in Note III.D. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2015.

CITY OF WENTZVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

F. Pending Governmental Accounting Standards (Continued)

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, was issued in January 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2016 with earlier application encouraged.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, was issued in April 2013. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2014 with earlier application encouraged.

G. Concentrations

General Motors Corporation (GM) is a major customer of the City's water and sewer services. The amount received from GM for the year ended December 31, 2012 was approximately \$1,300,000. In addition, this business and certain associated businesses accounted for approximately 8.02% of general fund revenues and 2.43% of total City revenues.

REQUIRED SUPPLEMENTARY INFORMATION

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual - General Fund
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012				2011
	Budgeted Amounts		Actual	Over/ (Under) Budget	Actual
	Original	Final			
Revenues:					
General property and sales taxes	\$ 12,487,286	\$ 12,832,219	\$ 13,340,535	\$ 508,316	\$ 12,857,504
Licenses and permits	416,250	523,055	628,119	105,064	412,489
Intergovernmental	20,850	87,280	61,896	(25,384)	24,625
Fines and forfeitures	1,174,500	1,293,250	1,283,818	(9,432)	1,128,081
Investment income	30,000	30,000	38,746	8,746	37,368
Administrative Charge	570,994	572,294	574,442	2,148	513,794
Other	274,435	280,351	300,451	20,100	346,284
Total revenue	<u>14,974,315</u>	<u>15,618,449</u>	<u>16,228,007</u>	<u>609,558</u>	<u>15,320,145</u>
Expenditures:					
General government:					
Administrative:					
Personnel services	896,472	901,847	818,441	(83,406)	824,839
Other charges and services	575,128	621,800	537,920	(83,880)	525,060
Operating supplies	41,501	38,811	25,642	(13,169)	44,616
Repairs and maintenance	134,470	125,493	112,412	(13,081)	140,884
Contractual services	418,374	561,974	540,351	(21,623)	546,712
Capital outlay	467,319	299,036	199,088	(99,948)	84,268
Total administrative	<u>2,533,264</u>	<u>2,548,961</u>	<u>2,233,854</u>	<u>(315,107)</u>	<u>2,166,379</u>
Finance:					
Personnel services	677,199	507,811	558,344	50,533	587,721
Other charges and services	113,233	107,569	100,557	(7,012)	118,877
Operating supplies	9,775	11,475	11,073	(402)	9,073
Repairs and maintenance	13,280	11,380	9,779	(1,601)	10,381
Contractual services	35,470	33,470	33,099	(371)	28,542
Capital outlay	--	--	--	--	2,000
Total finance	<u>848,957</u>	<u>671,705</u>	<u>712,852</u>	<u>41,147</u>	<u>756,594</u>
Municipal court:					
Personnel services	219,915	219,265	211,159	(8,106)	234,034
Other charges and services	15,301	16,569	15,043	(1,526)	19,604
Operating supplies	6,000	8,500	7,869	(631)	7,095
Repairs and maintenance	450	2,596	2,371	(225)	161
Contractual services	31,650	29,504	25,019	(4,485)	24,491
Total municipal court	<u>273,316</u>	<u>276,434</u>	<u>261,461</u>	<u>(14,973)</u>	<u>285,385</u>
Total general government	<u>3,655,537</u>	<u>3,497,100</u>	<u>3,208,167</u>	<u>(288,933)</u>	<u>3,208,358</u>
Public safety - police department:					
Personnel services	5,566,104	5,636,782	5,647,627	10,845	5,708,570
Other charges and services	433,323	411,414	390,336	(21,078)	422,559
Operating supplies	387,388	442,730	393,829	(48,901)	317,726
Repairs and maintenance	127,066	146,126	154,399	8,273	119,070
Contractual services	215,218	199,607	203,287	3,680	71,990
Capital outlay	179,106	270,749	270,748	(1)	144,627
Total public safety - police department	<u>6,908,205</u>	<u>7,107,408</u>	<u>7,060,226</u>	<u>(47,182)</u>	<u>6,784,542</u>

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual - General Fund (Continued)
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			2011	
	Budgeted Amounts		Actual	Over/ (Under) Budget	Actual
	Original	Final			
Expenditures (Continued):					
Community development:					
Economic development:					
Personnel services	156,298	155,647	155,925	278	140,672
Other charges and services	270,327	40,547	33,356	(7,191)	30,582
Operating supplies	29,325	30,125	24,955	(5,170)	28,158
Repairs and maintenance	500	--	--	--	1,627
Contractual services	15,000	15,000	15,000	--	15,000
Total economic development	<u>471,450</u>	<u>241,319</u>	<u>229,236</u>	<u>(12,083)</u>	<u>216,039</u>
Public works:					
Personnel services	2,492,880	2,508,947	2,413,395	(95,552)	2,315,109
Other charges and services	194,331	191,510	169,637	(21,873)	203,342
Operating supplies	161,278	154,828	128,647	(26,181)	61,747
Repairs and maintenance	141,541	138,541	95,054	(43,487)	30,437
Contractual services	56,481	116,469	95,378	(21,091)	23,239
Capital outlay	-	143,359	143,359	-	61,927
Total public works	<u>3,046,511</u>	<u>3,253,654</u>	<u>3,045,470</u>	<u>(208,184)</u>	<u>2,695,801</u>
Street:					
Personnel services	931,541	928,095	888,666	(39,429)	923,273
Other charges and services	518,428	522,299	528,302	6,003	501,833
Operating supplies	145,420	143,716	95,511	(48,205)	212,065
Repairs and maintenance	15,100	15,449	6,692	(8,757)	87,291
Contractual services	165,482	166,609	122,212	(44,397)	111,342
Capital outlay	57,500	109,804	70,454	(39,350)	69,855
Total street	<u>1,833,471</u>	<u>1,885,972</u>	<u>1,711,837</u>	<u>(174,135)</u>	<u>1,905,659</u>
Total community development	<u>5,351,432</u>	<u>5,380,945</u>	<u>4,986,543</u>	<u>(394,402)</u>	<u>4,817,499</u>
Total expenditures	<u>15,915,174</u>	<u>15,985,453</u>	<u>15,254,936</u>	<u>(730,517)</u>	<u>14,810,399</u>
Revenue over (under) expenditures	<u>(940,859)</u>	<u>(367,004)</u>	<u>973,071</u>	<u>1,340,075</u>	<u>509,746</u>
Other financing sources (uses):					
Transfer in	701,620	810,837	339,594	(471,243)	304,805
Transfer out	--	--	--	--	(105,354)
Total other financing sources (uses)	<u>701,620</u>	<u>810,837</u>	<u>339,594</u>	<u>(471,243)</u>	<u>199,451</u>
Net change in fund balance	<u>\$ (239,239)</u>	<u>\$ 443,833</u>	<u>1,312,665</u>	<u>\$ 868,832</u>	<u>\$ 709,197</u>
Fund balances at beginning of year			8,994,891		
Fund balances at end of year			<u>\$ 10,307,556</u>		
Explanation of difference between budgetary and GAAP fund balances:					
Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.			<u>289,648</u>		
GAAP fund balance end of year			<u>\$ 10,597,204</u>		

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual - Park Fund
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			2011	
	Budgeted Amounts		Actual	Over (Under) Budget	Actual
	Original	Final			
Revenues:					
General property and sales taxes	\$ 2,925,583	\$ 3,064,293	\$ 3,213,998	\$ 149,705	\$ 2,753,040
Intergovernmental	200	200	125	(75)	31,052
Parks memberships and programs	991,186	1,027,448	1,028,574	1,126	993,721
Investment income	4,000	2,000	4,095	2,095	4,677
Other	3,400	26,354	44,707	18,353	20,997
Total revenues	<u>3,924,369</u>	<u>4,120,295</u>	<u>4,291,499</u>	<u>171,204</u>	<u>3,803,487</u>
Expenditures:					
Parks and recreation:					
Personnel services	1,257,484	1,255,798	1,250,398	(5,400)	1,251,536
Other charges and services	461,058	494,100	472,010	(22,090)	535,854
Operating supplies	252,124	256,219	218,697	(37,522)	215,318
Repairs and maintenance	48,000	45,793	44,211	(1,582)	49,350
Contractual services	54,500	54,737	48,981	(5,756)	43,369
Total parks and recreation	<u>2,073,166</u>	<u>2,106,647</u>	<u>2,034,297</u>	<u>(72,350)</u>	<u>2,095,427</u>
Capital outlay	54,740	74,919	36,921	(37,998)	328,425
Debt service:					
Principal	168,973	168,973	168,973	--	110,074
Total expenditures	<u>2,296,879</u>	<u>2,350,539</u>	<u>2,240,191</u>	<u>(110,348)</u>	<u>2,533,926</u>
Revenues over (under) expenditures	<u>1,627,490</u>	<u>1,769,756</u>	<u>2,051,308</u>	<u>281,552</u>	<u>1,269,561</u>
Other financing sources (uses):					
Sales of capital assets	--	--	1,557	1,557	13,602
Transfer in	--	--	--	--	--
Transfer out	(1,760,443)	(1,730,443)	(1,590,630)	(139,813)	(362,125)
Total other financing sources (uses)	<u>(1,760,443)</u>	<u>(1,730,443)</u>	<u>(1,589,073)</u>	<u>(138,256)</u>	<u>(348,523)</u>
Net change in fund balance	<u>\$ (132,953)</u>	<u>\$ 39,313</u>	<u>462,235</u>	<u>\$ 143,296</u>	<u>\$ 921,038</u>
Fund balances at beginning of year			1,606,413		
Fund balances at end of year			<u>\$ 2,068,648</u>		
Explanation of difference between budgetary and GAAP fund balances:					
Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.			7,760		
GAAP fund balance end of year			<u>\$ 2,076,408</u>		

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual - Transportation Fund
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			2011	
	Budgeted Amounts		Actual	Over (Under) Budget	Actual
	Original	Final			
Revenues:					
General property and sales taxes	\$ 2,530,536	\$ 3,432,469	\$ 3,719,234	\$ 286,765	\$ 2,690,906
Intergovernmental	743,340	5,127,166	5,068,477	(58,689)	2,258,047
Investment income	5,000	5,000	17,016	12,016	22,474
Other	15,000	15,000	--	(15,000)	--
Total revenues	<u>3,293,876</u>	<u>8,579,635</u>	<u>8,804,727</u>	<u>225,092</u>	<u>4,971,427</u>
Expenditures:					
General government:					
Other charges and services	234,113	93,363	96,155	2,792	123,866
Repairs and maintenance	1,678,000	1,678,457	1,549,145	(129,312)	60,949
Contractual services	--	331,309	336,499	5,190	--
Total general government	<u>1,912,113</u>	<u>2,103,129</u>	<u>1,981,799</u>	<u>(121,330)</u>	<u>184,815</u>
Capital outlay	700,180	7,893,190	6,622,755	(1,270,435)	3,530,260
Debt service:					
Principal	--	--	--	--	74,025
Total expenditures	<u>2,612,293</u>	<u>9,996,319</u>	<u>8,604,554</u>	<u>(1,391,765)</u>	<u>3,789,100</u>
Revenues over (under) expenditures	<u>681,583</u>	<u>(1,416,684)</u>	<u>200,173</u>	<u>1,616,857</u>	<u>1,182,327</u>
Other financing sources (uses):					
Sales of capital assets	--	--	--	--	--
Transfer in	--	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balance	<u>\$ 681,583</u>	<u>\$ (1,416,684)</u>	<u>200,173</u>	<u>\$ 1,616,857</u>	<u>\$ 1,182,327</u>
Fund balances at beginning of year			4,490,019		
Fund balances at end of year			<u>\$ 4,690,192</u>		

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.

1,164,562

GAAP fund balance end of year

\$ 5,854,754

**CITY OF WENTZVILLE, MISSOURI
SCHEUDLE OF FUNDING PROGRESS**

Schedule of Funding Progress – LAGERS

The City's schedule of funding progress is summarized as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2012	\$ 13,083,372	\$ 14,091,432	\$ 1,008,060	93%	\$ 8,165,974	12%
2/28/2011	\$ 12,598,234	\$ 14,155,912	\$ 1,557,678	89%	\$ 8,346,312	19%
2/29/2010	\$ 10,892,412	\$ 12,440,135	\$ 1,547,723	88%	\$ 8,429,826	18%

Schedule of Funding Progress – OPEB

The City's schedule of funding progress is summarized as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Projected Unit Credit Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
10/1/2012	\$	-- \$ 186,483	\$ 186,483	0%	\$ 7,664,113	2.4%
10/1/2010	\$	-- \$ 52,730	\$ 52,730	0%	\$ 41,211	128%
10/1/2009	\$	-- \$ 52,070	\$ 52,070	0%	\$ 43,640	119%

CITY OF WENTZVILLE, MISSOURI
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

For the City, this information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Park Special Revenue Fund
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Transportation Special Revenue Fund

- Schedule of Funding Progress – LAGERS
- Schedule of Funding Progress – Other Postemployment Benefits

Budgetary Comparison Schedules

- A. The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received.
- B. The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board of Aldermen. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.
- C. The City follows the procedures outlined below in establishing the budgetary data reflected in the financial statements
1. Prior to December, the City Administrator, after receiving input from each department head, submits to the Board of Aldermen the operating budget for the fiscal year commencing the following January 1. The operating budget includes the proposed expenditures and the means of financing them.
 2. Prior to January 1, the budget is legally enacted through passage of an ordinance.
 3. A motion from the Board of Aldermen is required to transfer budgeted amounts between funds, or for any revisions that would alter the total expenditures of any fund.
 4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Park Debt Fund, and Capital Projects Funds except for the Tax Increment District Fund, which is not budgeted.

OTHER SUPPLEMENTARY INFORMATION

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Neighborhood Improvement District Fund – This special revenue fund is used to account for the revenues and expenses of the neighborhood improvement district.

Tax Increment Financing District Fund – This special revenue fund is used to account for the revenues and expenses of the tax increment financing district.

Capital Projects Funds

Capital Improvement Fund – This capital projects fund is used to account for capital improvement activities of the City

Wentzville Economic Development Council Fund – This capital projects fund is used to account for the activities of the Wentzville Economic Development Council Fund.

Debt Service Fund

General Debt Service Fund – This capital projects fund is used to account for debt service activities of the City

City of Wentzville, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Special Revenue		Capital Project Funds		General Debt Service Fund	Total
	Neighborhood Improvement District Fund	Tax Increment Financing District Fund	Capital Improvement Fund	WEDC Fund		
Assets:						
Cash and cash equivalents	\$ 21,736	\$ --	\$ 514,323	\$ 168	\$ --	\$ 536,227
Investments	78,340	--	1,850,633	602	--	1,929,575
Receivables:						
Other taxes	161,941	71,826	493,850	--	--	727,617
Other	579,388	--	--	--	--	579,388
Accrued interest	118	--	2,780	936	777	4,611
Restricted cash and cash equivalents	--	3	--	137,293	557,714	695,010
Total assets	<u>\$ 841,523</u>	<u>\$ 71,829</u>	<u>\$ 2,861,586</u>	<u>\$ 138,999</u>	<u>\$ 558,491</u>	<u>\$ 4,472,428</u>
Liabilities:						
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Due to other funds	--	--	--	628,200	--	628,200
Deferred revenue	741,330	--	--	--	--	741,330
Total liabilities	<u>741,330</u>	<u>--</u>	<u>--</u>	<u>628,200</u>	<u>--</u>	<u>1,369,530</u>
Fund Balances:						
Restricted for:						
Debt service	--	--	--	--	558,491	558,491
Capital improvements	--	--	2,861,586	--	--	2,861,586
NID districts	100,193	--	--	--	--	100,193
TIF districts	--	71,829	--	--	--	71,829
Unassigned	--	--	--	(489,201)	--	(489,201)
Total fund balances	<u>100,193</u>	<u>71,829</u>	<u>2,861,586</u>	<u>(489,201)</u>	<u>558,491</u>	<u>3,102,898</u>
Total liabilities and fund balances	<u>\$ 841,523</u>	<u>\$ 71,829</u>	<u>\$ 2,861,586</u>	<u>\$ 138,999</u>	<u>\$ 558,491</u>	<u>\$ 4,472,428</u>

City of Wentzville, Missouri
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue		Capital Project Funds		General Debt Service Fund	Total
	Neighborhood Improvement District Fund	Tax Increment Financing District Fund	Capital Improvement Fund	WEDC Fund		
	Fund	District Fund	Fund	Fund		
Revenues						
Taxes	\$ --	\$ 144,589	\$ 2,795,131	\$ --	\$ --	\$ 2,939,720
Investment income	358	3	6,026	2,795	1,331	10,513
Other	162,665	--	--	146,816	--	309,481
Total revenues	<u>163,023</u>	<u>144,592</u>	<u>2,801,157</u>	<u>149,611</u>	<u>1,331</u>	<u>3,259,714</u>
Expenditures						
Current:						
General government	1,201	--	224,358	2,568	1,501	229,628
Capital outlay	--	--	--	316,113	--	316,113
Debt service:						
Principal	130,000	--	--	43,038	200,000	373,038
Interest and fiscal charges	33,969	72,766	--	66,800	176,234	349,769
Total expenditures	<u>165,170</u>	<u>72,766</u>	<u>224,358</u>	<u>428,519</u>	<u>377,735</u>	<u>1,268,548</u>
Revenues over (under) expenditures	(2,147)	71,826	2,576,799	(278,908)	(376,404)	1,991,166
Other financing sources (uses)						
Transfer in	--	--	--	--	345,093	345,093
Transfer out	--	--	(1,216,534)	--	--	(1,216,534)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(1,216,534)</u>	<u>--</u>	<u>345,093</u>	<u>(871,441)</u>
Net change in fund balances	(2,147)	71,826	1,360,265	(278,908)	(31,311)	1,119,725
Fund balances at beginning of year	102,340	3	1,501,321	(210,293)	589,802	1,983,173
Fund balances at end of year	<u>\$ 100,193</u>	<u>\$ 71,829</u>	<u>\$ 2,861,586</u>	<u>\$ (489,201)</u>	<u>\$ 558,491</u>	<u>\$ 3,102,896</u>

City of Wentzville, Missouri

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget to Actual - Neighborhood Fund

For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			Over (Under) Budget	2011
	Budgeted Amounts		Actual		Actual
	Original	Final			
Revenues:					
NID assessments	\$ 163,261	\$ 163,261	\$ 162,665	\$ (596)	\$ 149,959
Investment income	2,230	2,230	358	(1,872)	475
Total revenues	<u>165,491</u>	<u>165,491</u>	<u>163,023</u>	<u>(2,468)</u>	<u>150,434</u>
Expenditures:					
General government:					
Contractual services	1,650	1,650	1,201	(449)	1,686
Debt service:					
Principal	130,000	130,000	130,000	--	125,000
Interest and fiscal charges	33,841	33,841	33,969	128	39,627
Total debt service	<u>163,841</u>	<u>163,841</u>	<u>163,969</u>	<u>128</u>	<u>164,627</u>
Total expenditures	<u>165,491</u>	<u>165,491</u>	<u>165,170</u>	<u>(321)</u>	<u>166,313</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ --</u>	<u>(2,147)</u>	<u>\$ (2,147)</u>	<u>\$ (15,879)</u>
Fund balances at beginning of year			102,340		
Fund balances at end of year			<u>\$ 100,193</u>		

City of Wentzville, Missouri

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget to Actual - Capital Improvement Fund
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			2011	
	Budgeted Amounts		Actual	Over (Under) Budget	Actual
	Original	Final			
Revenues:					
Sales taxes	\$ 2,403,886	\$ 2,542,596	\$ 2,795,131	\$ 252,535	\$ 2,427,363
Investment income	2,000	2,000	6,026	4,026	3,602
Total revenues	<u>2,405,886</u>	<u>2,544,596</u>	<u>2,801,157</u>	<u>256,561</u>	<u>2,430,965</u>
Expenditures:					
General government:					
Other charges and services	<u>230,726</u>	<u>237,976</u>	<u>224,358</u>	<u>(13,618)</u>	<u>254,171</u>
Revenues over (under) expenditures	2,175,160	2,306,620	2,576,799	270,179	2,176,794
Other financing sources (uses):					
Transfer out	<u>(1,663,095)</u>	<u>(2,909,505)</u>	<u>(1,216,534)</u>	<u>1,692,971</u>	<u>(909,969)</u>
Net change in fund balance	<u>\$ 512,065</u>	<u>\$ (602,885)</u>	1,360,265	<u>\$ 1,963,150</u>	<u>\$ 1,266,825</u>
Fund balances at beginning of year			1,501,321		
Fund balances at end of year			<u>\$ 2,861,586</u>		

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget to Actual - WEDC Fund
For the Year Ended December 31, 2012
with Comparative Totals for 2011

	2012					Over (Under) Budget	2011
	Budgeted Amounts		Actual		Total		Actual
	Original	Final	Governmental Activities	Business Type Activities			
Revenues:							
Investment income	\$ 32,775	\$ 32,775	\$ 2,795	\$ 16,394	\$ 19,189	\$ (13,586)	\$ 25,815
Other	1,387,272	1,387,272	146,816	1,204,836	1,351,652	(35,620)	1,320,769
Total revenues	<u>1,420,047</u>	<u>1,420,047</u>	<u>149,611</u>	<u>1,221,230</u>	<u>1,370,841</u>	<u>(49,206)</u>	<u>1,346,584</u>
Expenditures:							
General government:							
Contractual services	10,910	10,910	2,568	9,218	11,786	876	8,977
Capital outlay	--	1,762,809	316,113	230,332	546,445	(1,216,364)	785,626
Debt service:							
Principal	1,055,000	1,055,000	43,038	1,011,963	1,055,001	1	930,000
Interest	348,637	348,637	66,800	513,042	579,842	231,205	678,775
Other	5,500	5,500	--	5,212	5,212	(288)	6,591
Total expenditures	<u>1,420,047</u>	<u>3,182,856</u>	<u>428,519</u>	<u>1,769,767</u>	<u>2,198,286</u>	<u>(984,570)</u>	<u>2,409,969</u>
Revenues over (under) expenditures	--	(1,762,809)	(278,908)	(548,537)	(827,445)	935,364	(1,063,385)
Other financing sources (uses):							
Transfer in	--	1,165,926	--	--	--	(1,165,926)	--
Transfer out	--	--	--	--	--	--	--
Net change in fund balance	<u>\$ --</u>	<u>\$ (596,883)</u>	<u>\$ (278,908)</u>	<u>\$ (548,537)</u>	<u>\$ (827,445)</u>	<u>\$ (230,562)</u>	<u>\$ (1,063,385)</u>
Fund balances at beginning of year			(210,293)				
Fund balances at end of year			<u>\$ (489,201)</u>				

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual - General Debt Service Fund
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			2011	
	Budgeted Amounts		Actual	Over	Actual
	Original	Final		(Under)	
			Budget		
Revenues:					
Investment income	\$ 5,500	\$ 5,500	\$ 1,331	\$ (4,169)	\$ 17,521
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>1,331</u>	<u>(4,169)</u>	<u>17,521</u>
Expenditures:					
General government:					
Contractual services	1,650	1,650	1,501	(149)	6,687
Total general government	<u>1,650</u>	<u>1,650</u>	<u>1,501</u>	<u>(149)</u>	<u>6,687</u>
Debt service:					
Principal	200,000	200,000	200,000	--	--
Interest and fiscal charges	<u>176,226</u>	<u>176,226</u>	<u>176,234</u>	<u>8</u>	<u>108,569</u>
Total expenditures	<u>377,876</u>	<u>377,876</u>	<u>377,735</u>	<u>(141)</u>	<u>115,256</u>
Revenues over (under) expenditures	<u>(372,376)</u>	<u>(372,376)</u>	<u>(376,404)</u>	<u>(4,028)</u>	<u>(97,735)</u>
Other financing sources (uses):					
Transfer in	<u>372,326</u>	<u>343,593</u>	<u>345,093</u>	<u>1,500</u>	<u>115,256</u>
Total other financing sources (uses)	<u>372,326</u>	<u>343,593</u>	<u>345,093</u>	<u>1,500</u>	<u>115,256</u>
Net change in fund balance	<u>\$ (50)</u>	<u>\$ (28,783)</u>	<u>(31,311)</u>	<u>\$ (2,528)</u>	<u>\$ 17,521</u>
Fund balances at beginning of year			589,802		
Fund balances at end of year			<u>\$ 558,491</u>		

City of Wentzville, Missouri
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget to Actual - Park Debt Fund
For the Year Ended December 31, 2012 with Comparative Totals for 2011

	2012			2011	
	Budgeted Amounts		Actual	Over (Under) Budget	Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ 112,690	\$ 589,690	\$ 112,691	\$ (476,999)	\$ 68,554
Investment income	27,400	27,400	2,601	(24,799)	51,854
Total revenues	<u>140,090</u>	<u>617,090</u>	<u>115,292</u>	<u>(501,798)</u>	<u>120,408</u>
Expenditures:					
General government:					
Other charges and services	1,500	1,500	520	(980)	--
Contractual services	9,290	9,290	3,900	(5,390)	7,327
Total general government	<u>10,790</u>	<u>10,790</u>	<u>4,420</u>	<u>(6,370)</u>	<u>7,327</u>
Capital outlay	--	19,135,442	7,843,621	(11,291,821)	1,700,399
Debt service:					
Principal	785,000	785,000	785,000	--	--
Interest and other fiscal charges	964,653	964,653	964,653	--	955,807
Total expenditures	<u>1,760,443</u>	<u>20,895,885</u>	<u>9,597,694</u>	<u>(11,298,191)</u>	<u>2,663,533</u>
Revenues over (under) expenditures	<u>(1,620,353)</u>	<u>(20,278,795)</u>	<u>(9,482,402)</u>	<u>10,796,393</u>	<u>(2,543,125)</u>
Other financing sources (uses):					
Bond proceeds	--	--	--	--	18,900,000
Transfer in	1,620,353	1,620,353	1,590,630	(29,723)	362,125
Total other financing sources (uses)	<u>1,620,353</u>	<u>1,620,353</u>	<u>1,590,630</u>	<u>(29,723)</u>	<u>19,262,125</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ (18,658,442)</u>	<u>(7,891,772)</u>	<u>\$ 10,766,670</u>	<u>\$ 16,719,000</u>
Fund balances at beginning of year			20,355,318		
Fund balances at end of year			<u>\$ 12,463,546</u>		

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but not received are not reported for GAAP purposes until received.	<u>5,998,809</u>
GAAP fund balance end of year	<u>\$ 18,462,355</u>

NON MAJOR ENTERPRISE FUNDS

Stormwater Fund – This fund is used to account for operations of the City's stormwater department. As of January 1, 2012, this fund was closed out to the general fund.

Trash Fund – This enterprise fund is used to account for the revenues and expenses related to the trash collections made by the City on behalf of its residents.

City of Wentzville, Missouri
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2012

	<u>Stormwater Fund</u>	<u>Trash Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ --	\$ 25,216	\$ 25,216
Investments	--	90,873	90,873
Receivable:			
Accounts, net	--	49,828	49,828
Prepaid items	--	1,105	1,105
Total assets	<u>--</u>	<u>167,022</u>	<u>167,022</u>
Liabilities:			
Current Liabilities:			
Accounts payable	--	82,458	82,458
Accrued liabilities	--	451	451
Compensated absences - current	--	102	102
Total current liabilities	<u>--</u>	<u>83,011</u>	<u>83,011</u>
Noncurrent Liabilities:			
Compensated absences	--	31	31
Total noncurrent liabilities	<u>--</u>	<u>31</u>	<u>31</u>
Total liabilities	<u>--</u>	<u>83,042</u>	<u>83,042</u>
Net position:			
Net investment in capital assets	--	--	--
Restricted for debt service	--	--	--
Unrestricted	--	83,980	83,980
Total net position	<u>\$ --</u>	<u>\$ 83,980</u>	<u>\$ 83,980</u>

City of Wentzville, Missouri
Combining Statement of Revenues, Expenses and Changes
in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2012

	Stormwater Fund	Trash Fund	Total
Operating revenues			
Charges for services	\$ --	\$ 1,826,939	\$ 1,826,939
Total operating revenues	<u>--</u>	<u>1,826,939</u>	<u>1,826,939</u>
Operating expenses			
Personnel services	--	28,427	28,427
Other charges and services	--	22,936	22,936
Operating supplies	--	2,667	2,667
Contractual services	--	1,740,477	1,740,477
Total operating expenses	<u>--</u>	<u>1,794,507</u>	<u>1,794,507</u>
Operating income (loss)	<u>--</u>	<u>32,432</u>	<u>32,432</u>
Nonoperating revenues (expenses)			
Gain (loss) on disposal of capital assets	<u>(1,572,196)</u>	<u>--</u>	<u>(1,572,196)</u>
Total nonoperating revenues (expenses)	<u>(1,572,196)</u>	<u>--</u>	<u>(1,572,196)</u>
Income (loss) before capital contributions and transfers	<u>(1,572,196)</u>	<u>32,432</u>	<u>(1,539,764)</u>
Capital contributions	--	--	--
Transfers in	--	--	--
Transfers out	<u>(5,025)</u>	<u>--</u>	<u>(5,025)</u>
Change in net position	<u>(1,577,221)</u>	<u>32,432</u>	<u>(1,544,789)</u>
Beginning net position	<u>1,577,221</u>	<u>51,548</u>	<u>1,628,769</u>
Ending net position	<u>\$ --</u>	<u>\$ 83,980</u>	<u>\$ 83,980</u>

City of Wentzville, Missouri
Combining Statement of Cash Flows -
Nonmajor Enterprise Funds
For the Year Ended December 31, 2012

	Stormwater Fund	Trash Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ --	\$ 1,828,468	\$ 1,828,468
Receipts from interfund services provided	--	--	--
Payments to suppliers	--	(1,699,751)	(1,699,751)
Payments to employees	--	(28,475)	(28,475)
Net cash provided by (used in) operating activities	<u>--</u>	<u>100,242</u>	<u>100,242</u>
Cash flows from noncapital financing activities:			
Change in interfund receivables and payables	--	--	--
Transfers from other funds	--	--	--
Transfers to other funds	(31,021)	--	(31,021)
Net cash provided by (used in) noncapital financing activities	<u>(31,021)</u>	<u>--</u>	<u>(31,021)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	--	--	--
Principal payments	--	--	--
Interest payments	--	--	--
Proceeds from debt issuance	--	--	--
Net cash provided by (used in) capital and related financing activities	<u>--</u>	<u>--</u>	<u>--</u>
Cash flows from investing activities:			
Investment income	--	--	--
(Purchase) sale of investments	--	(90,873)	(90,873)
Net cash provided by (used in) investing activities	<u>--</u>	<u>(90,873)</u>	<u>(90,873)</u>
Net increase (decrease) in cash and cash equivalents	(31,021)	9,369	(21,652)
Cash and cash equivalents January 1, 2012	<u>31,021</u>	<u>15,847</u>	<u>46,868</u>
Cash and cash equivalents December 31, 2012	<u>\$ --</u>	<u>\$ 25,216</u>	<u>\$ 25,216</u>
Reconciliation of cash to statement of net position:			
Cash and cash equivalents	\$ --	\$ 25,216	25,216
Restricted cash and cash equivalents	--	--	--
Cash and cash equivalents December 31, 2012	<u>\$ --</u>	<u>\$ 25,216</u>	<u>\$ 25,216</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ --	\$ 32,432	\$ 32,432
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	--	--	--
(Increase) decrease in:			
Accounts receivable	--	1,529	1,529
Other receivable	--	--	--
Inventories and prepaid items	--	97	97
Increase (decrease) in:			
Accounts payable	--	66,232	66,232
Accrued liabilities	--	76	76
Compensated absences	--	(124)	(124)
Customer deposits	--	--	--
Deferred revenue	--	--	--
Total adjustments	<u>--</u>	<u>67,810</u>	<u>67,810</u>
Net cash provided by (used in) operating activities	<u>\$ --</u>	<u>\$ 100,242</u>	<u>\$ 100,242</u>
Noncash activities:			
Capital contributions from developers	\$ -	\$ -	\$ -
Transfer to close out stormwater fund	25,996	-	25,996
	<u>\$ 25,996</u>	<u>\$ -</u>	<u>\$ 25,996</u>

COMPONENT UNIT

Wentzville Bluffs Community Improvement District (CID) –The CID is a component unit of the City and is discretely presented as such in the financial statements.

City of Wentzville, Missouri
Statement of Cash Flows
Component Unit - Wentzville Bluffs Community Improvement District
For the Year Ended December 31, 2012

Cash Flows from Operating Activities:

Receipts from customers and users	\$ 43,509
Payments to suppliers	<u>(7,005)</u>
Net cash provided by (used in) operating activities	<u>36,504</u>

Cash flows from capital and related financing activities:

Interest payments	(32,236)
Net cash provided by (used in) capital and related financing activities	<u>(32,236)</u>

Net increase (decrease) in cash and cash equivalents 4,268

Cash and cash equivalents January 1, 2012 8,165

Cash and cash equivalents December 31, 2012 \$ 12,433

Reconciliation of cash to statement of net position:

Cash and cash equivalents	\$ 550
Restricted cash and cash equivalents	<u>11,883</u>
Cash and cash equivalents December 31, 2012	<u>\$ 12,433</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)	\$(271,415)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable	15,416
Increase (decrease) in:	
Accrued liabilities	<u>292,503</u>
Total adjustments	<u>307,919</u>
Net cash provided by (used in) operating activities	<u>\$ 36,504</u>

STATISTICAL SECTION

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	68-72
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources	73-77
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	78-81
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment which the City's financial activities take place	82-83
Operating Information These schedules contain service and infrastructure data to help the reader understand how information in the City's financial report relates to the services the City provides and the activities it performs	84-87

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

City of Wentzville, Missouri
Net Position by Component
Last Ten Fiscal Years
For the years ended

	December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Net investment in capital assets	\$ 89,486,138	\$ 81,931,132	\$ 81,260,495	\$ 76,098,747	\$ 70,986,950	\$ 61,342,757	\$ 56,726,873	\$ 36,598,495	\$ 25,659,720	\$ 18,619,561
Restricted	12,410,596	9,903,520	7,719,229	8,107,013	7,354,598	3,864,542	437,669	640,261	890,557	831,241
Unrestricted	10,724,310	8,569,356	7,169,285	6,741,798	6,432,624	7,578,881	3,383,447	4,120,472	7,495,697	8,557,247
Total governmental activities net position	<u>112,621,044</u>	<u>100,404,008</u>	<u>96,149,009</u>	<u>90,947,558</u>	<u>84,774,172</u>	<u>72,786,180</u>	<u>60,547,989</u>	<u>41,359,228</u>	<u>34,045,974</u>	<u>28,008,049</u>
Business-type activities										
Net investment in capital assets	41,874,539	43,106,783	39,106,298	38,337,688	36,119,759	35,731,210	35,445,503	17,470,521	15,895,175	13,176,174
Restricted	2,085,852	900,130	2,910,599	3,201,909	1,415,515	2,407,613	2,408,302	2,161,776	1,937,574	2,187,992
Unrestricted	11,386,014	8,812,747	7,924,848	6,212,747	8,037,487	6,332,565	(866,358)	4,663,688	2,448,476	1,177,683
Total business-type activities net position	<u>55,346,405</u>	<u>52,819,660</u>	<u>49,941,745</u>	<u>47,752,344</u>	<u>45,572,761</u>	<u>44,471,388</u>	<u>36,987,447</u>	<u>24,295,985</u>	<u>20,281,225</u>	<u>16,541,849</u>
Primary government										
Net investment in capital assets	131,360,677	125,037,915	120,366,793	114,436,435	107,106,709	97,073,967	92,172,376	54,069,016	41,554,895	31,795,735
Restricted	14,496,448	10,803,650	10,629,828	11,308,922	8,770,113	6,272,155	2,845,971	2,802,037	2,828,131	3,019,233
Unrestricted	22,110,324	17,382,103	15,094,133	12,954,545	14,470,111	13,911,446	2,517,089	8,784,160	9,944,173	9,734,930
Total primary government activities net position	<u>\$ 167,967,449</u>	<u>\$ 153,223,668</u>	<u>\$ 146,090,754</u>	<u>\$ 138,699,902</u>	<u>\$ 130,346,933</u>	<u>\$ 117,257,568</u>	<u>\$ 97,535,436</u>	<u>\$ 65,655,213</u>	<u>\$ 54,327,199</u>	<u>\$ 44,549,898</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2003.

Note:

2011 restricted fund balance and unrestricted fund balance were restated to properly reflect amounts restricted for Neighborhood improvement district of \$102,340.

City of Wentzville, Missouri
Changes in Net Position
Last Ten Fiscal Years

	For the Years Ended December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES										
Governmental Activities										
General government	\$ 3,782,561	\$ 4,087,955	\$ 5,348,423	\$ 4,927,123	\$ 4,996,668	\$ 4,081,220	\$ 4,734,747	\$ 3,811,587	\$ 4,128,471	\$ 8,151,690
Public safety	7,209,303	7,142,582	7,225,856	6,651,387	6,601,295	5,799,258	5,069,540	4,949,071	4,489,128	3,870,119
Community development	10,134,812	8,789,788	8,289,040	8,042,728	7,466,815	7,758,672	5,371,645	4,824,786	4,392,739	3,504,205
Parks and recreation	2,278,578	2,339,552	2,464,295	2,369,700	2,389,735	2,274,789	2,007,723	1,850,885	1,752,513	1,712,070
Interest and fiscal charges	1,362,933	1,150,571	791,480	437,998	463,277	150,386	224,529	104,513	105,873	109,392
Total government activities expenses	24,768,187	23,510,448	24,119,094	22,428,936	21,917,790	20,064,325	17,408,184	15,540,842	14,868,724	17,347,476
Business-type activities										
Water	5,405,112	5,007,476	5,029,383	4,303,783	4,883,676	3,559,571	6,084,130	5,662,967	4,738,479	4,084,846
Wastewater	5,760,124	5,183,392	5,188,043	5,084,398	5,474,346	4,001,301	-	-	-	-
Stormwater	1,572,190	142,587	126,446	101,441	103,516	-	-	-	-	-
Trash	1,794,272	1,782,492	1,655,983	1,635,192	1,611,753	1,492,685	1,313,118	1,087,131	844,322	458,713
WEDC	-	-	-	-	-	1,730,263	1,704,047	1,622,689	1,204,082	1,432,300
Total business-type activities expenses	14,531,698	12,115,947	11,999,855	11,124,814	12,073,291	10,783,820	9,101,295	8,372,787	6,786,883	5,975,859
Total primary government expenses	39,299,885	35,626,395	36,118,949	33,553,750	33,991,081	30,848,145	26,509,479	23,913,629	21,655,607	23,323,335
REVENUES										
Governmental Activities										
Charges for services:										
General government	1,877,796	1,688,292	1,755,571	1,771,754	1,235,016	984,034	1,001,408	929,064	945,962	784,700
Public safety	24,834	21,456	21,350	22,104	20,632	17,266	17,183	16,073	17,355	19,435
Community development	583,749	340,163	477,903	516,809	459,454	1,045,891	1,285,287	1,200,289	869,047	655,395
Parks and recreation	1,028,574	993,899	948,731	921,671	905,916	893,681	682,536	573,983	460,271	451,150
Operating grants and contributions	5,130,373	2,320,375	4,580,589	3,754,240	3,094,187	3,605,939	4,748,834	2,840,594	774,634	2,279,207
Capital grants and contributions	5,196,792	2,570,518	3,829,762	4,549,198	7,208,110	7,874,918	13,889,992	2,891,566	5,254,941	3,745,793
Total governmental activities program revenues	13,842,118	7,934,703	11,613,906	11,535,776	12,923,315	14,421,729	21,625,240	8,451,569	8,322,210	7,935,680
Business-type activities										
Charges for services:										
Water	6,020,969	5,168,032	4,755,122	3,995,647	4,568,732	5,227,839	7,490,962	7,590,347	6,025,005	4,313,167
Wastewater	5,781,875	4,967,088	4,411,193	3,445,450	3,574,983	3,115,684	-	-	-	-
Stormwater	-	-	-	-	-	-	-	-	-	-
Trash	1,826,939	1,715,345	1,658,270	1,595,555	1,598,320	1,455,553	1,294,426	1,072,016	824,540	446,563
WEDC	-	-	-	-	-	2,085,645	2,017,806	1,552,594	1,449,159	1,418,318
Operating grants and contributions	-	-	-	-	39,820	-	-	-	-	-
Capital grants and contributions	2,530,514	1,623,641	2,052,655	2,784,568	3,823,603	5,161,733	10,261,794	1,699,497	1,983,924	2,053,648
Total business-type activities program revenues	16,160,297	13,474,106	12,877,240	11,821,220	13,605,458	17,046,454	21,064,988	11,914,454	10,282,628	8,231,696
Total primary government program revenues	30,002,415	21,408,809	24,491,146	23,356,996	26,528,773	31,468,183	42,690,228	20,366,023	18,604,838	16,167,376
NET REVENUES (EXPENSES)										
Governmental activities	(10,926,069)	(15,575,745)	(12,505,188)	(10,893,160)	(8,994,475)	(5,642,596)	4,217,056	(7,089,273)	(6,546,514)	(9,411,796)
Business-type activities	1,628,599	1,358,159	877,385	696,406	1,532,167	6,262,634	11,963,693	3,541,667	3,495,745	2,255,837
Net revenues (expenses)	(9,297,470)	(14,217,586)	(11,627,803)	(10,196,754)	(7,462,308)	620,038	16,180,749	(3,547,606)	(3,050,769)	(7,155,959)

City of Wentzville, Missouri
Changes in Net Position
Last Ten Fiscal Years
 (continued)

	For the Years Ended December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GENERAL REVENUES AND TRANSFERS										
Governmental Activities										
Taxes	22,994,028	20,460,703	17,807,948	17,379,619	15,337,571	17,184,822	14,400,446	14,130,005	11,763,706	13,719,218
Investment income	76,134	139,781	53,853	65,934	260,005	350,247	307,971	132,899	44,501	58,556
Other	604,790	625,760	1,100,859	666,356	3,939,076	360,821	280,783	272,683	254,080	167,098
Transfers	(531,847)	(1,395,500)	(1,205,799)	(1,042,363)	(812,838)	(15,103)	(17,495)	(123,060)	(200,883)	(369,358)
Total governmental activities general revenues and transfers	<u>23,143,105</u>	<u>19,830,744</u>	<u>17,756,861</u>	<u>17,069,546</u>	<u>18,723,814</u>	<u>17,880,787</u>	<u>14,971,705</u>	<u>14,412,527</u>	<u>11,861,404</u>	<u>13,575,514</u>
Business-type activities										
Investment income	262,065	71,676	92,077	405,594	996,875	1,194,224	575,798	287,817	64,490	33,101
Gain (loss) on sale of property	-	-	-	-	-	-	106,850	(3,215)	534,446	450,195
Other	104,234	52,580	14,140	35,220	36,252	11,980	27,626	65,431	123,406	181,263
Transfers	531,847	1,395,500	1,205,799	1,042,363	812,838	15,103	17,495	123,060	200,883	369,358
Total business-type activities general revenues and transfers	<u>898,146</u>	<u>1,519,756</u>	<u>1,312,016</u>	<u>1,483,177</u>	<u>1,845,965</u>	<u>1,221,307</u>	<u>727,769</u>	<u>473,093</u>	<u>923,225</u>	<u>1,033,917</u>
Total primary government general revenues and transfers	<u>24,041,251</u>	<u>21,350,500</u>	<u>19,068,877</u>	<u>18,552,723</u>	<u>20,569,779</u>	<u>19,102,094</u>	<u>15,699,474</u>	<u>14,885,620</u>	<u>12,784,629</u>	<u>14,609,431</u>
CHANGES IN NET POSITION										
Governmental activities	12,217,036	4,254,999	5,251,673	6,176,386	9,729,339	12,238,191	19,188,761	7,323,254	5,314,890	4,163,718
Business-type activities	2,526,745	2,877,915	2,189,401	2,179,583	3,378,132	7,483,941	12,691,462	4,014,760	4,418,970	3,289,754
Total primary government changes in net position	<u>\$ 14,743,781</u>	<u>\$ 7,132,914</u>	<u>\$ 7,441,074</u>	<u>\$ 8,355,969</u>	<u>\$ 13,107,471</u>	<u>\$ 19,722,132</u>	<u>\$ 31,880,223</u>	<u>\$ 11,338,014</u>	<u>\$ 9,733,860</u>	<u>\$ 7,453,472</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2003.

Notes:

- (1) In 2008, the City began reporting the activities of the WEDC with other related funds.
- (2) In 2007, the City began reporting water and sewer separately.

City of Wentzville, Missouri
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund										
Reserved	\$ -	\$ -	\$ 805,264	\$ 818,516	\$ 1,030,759	\$ 848,236	\$ 931,847	\$ 479,990	\$ 1,519,924	\$ 1,148,941
Unreserved	-	-	7,480,430	6,778,605	6,492,568	7,520,230	6,083,030	5,290,950	2,986,696	4,708,298
Nonspendable	544,692	575,662	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	294,912	-	-	-	-	-	-	-	-
Assigned	289,648	-	-	-	-	-	-	-	-	-
Unassigned	9,762,864	8,124,317	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 10,597,204</u>	<u>\$ 8,994,891</u>	<u>\$ 8,285,694</u>	<u>\$ 7,597,121</u>	<u>\$ 7,523,327</u>	<u>\$ 8,368,466</u>	<u>\$ 7,014,877</u>	<u>\$ 5,770,940</u>	<u>\$ 4,506,620</u>	<u>\$ 5,857,239</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ 2,723,504	\$ 8,074,882	\$ 6,721,013	\$ 1,104,065	\$ 2,898,804	\$ 2,817,407	\$ 917,303	\$ 367,562
Unreserved:										
Special Revenue Funds	-	-	3,593,941	(1,495,083)	(1,422,046)	341,142	(3,869,659)	(2,568,788)	(537,246)	(86,901)
Capital Projects Funds	-	-	3,598,954	402,376	(19,169)	505,666	408,231	617,632	635,356	602,655
Nonspendable	89,488	86,156	-	-	-	-	-	-	-	-
Restricted	29,896,128	28,559,060	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(489,201)	(210,293)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 29,496,415</u>	<u>\$ 28,434,923</u>	<u>\$ 9,916,399</u>	<u>\$ 6,982,175</u>	<u>\$ 5,279,798</u>	<u>\$ 1,950,873</u>	<u>\$ (562,624)</u>	<u>\$ 866,251</u>	<u>\$ 1,015,413</u>	<u>\$ 883,316</u>

Source: Basic Financial Statements

GASB 34 was implemented in 2003.

GASB 54 was implemented in 2011.

City of Wentzville, Missouri
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	For the Years Ended December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES										
General property and sales tax	\$ 23,213,487	\$ 20,728,813	\$ 18,184,970	\$ 17,721,568	\$ 18,630,923	\$ 17,292,840	\$ 15,067,374	\$ 14,088,678	\$ 11,926,283	\$ 11,222,813
Licenses and permits	628,119	412,489	545,064	590,327	515,205	1,099,840	1,335,582	1,250,301	905,257	689,890
Intergovernmental	5,243,189	2,382,278	4,580,589	3,761,276	3,091,987	3,605,939	4,748,834	2,840,594	774,634	2,279,207
NID assessments	-	149,959	179,199	155,074	166,212	160,257	161,433	28,230	165,329	170,806
Fines and forfeitures	1,283,818	1,128,081	1,198,840	1,221,071	1,203,573	947,351	968,296	895,125	927,107	769,640
Parks memberships and programs	1,028,574	993,721	948,561	921,671	905,916	893,681	682,536	573,983	460,271	451,150
Investment income	72,971	139,781	53,853	65,934	260,005	350,247	307,971	132,899	44,501	58,556
Other	1,229,081	1,059,774	1,585,273	972,623	688,372	361,737	276,988	272,683	254,080	167,100
Total revenues	32,699,239	26,994,896	27,276,349	25,409,544	25,462,193	24,711,892	23,549,014	20,082,493	15,457,462	15,809,162
EXPENDITURES										
Current:										
General government	3,630,651	3,571,239	4,735,109	4,182,498	4,922,952	4,409,662	4,529,453	3,567,828	4,016,980	7,154,410
Public safety	6,755,198	6,639,915	6,771,675	6,231,993	6,043,183	5,442,985	4,808,120	4,693,354	4,464,397	3,838,193
Community development	5,853,801	4,685,717	4,661,238	4,605,963	4,587,180	5,428,593	3,975,312	3,731,963	3,650,050	3,050,334
Parks and recreation	2,030,957	2,102,754	2,114,137	2,019,748	2,038,786	1,981,170	1,692,788	1,529,639	1,507,580	1,490,047
Capital outlay	8,593,104	6,633,844	6,281,386	4,536,426	6,384,145	5,859,080	8,398,788	9,865,553	2,664,036	2,086,417
Debt service:										
Principal	1,327,011	420,016	691,088	813,279	761,916	610,678	70,000	65,000	65,000	60,000
Interest and fiscal charges	1,314,422	781,473	407,398	394,105	407,724	61,212	77,228	105,709	107,058	110,466
Debt issue costs	-	149,431	100,203	-	-	19,000	42,181	-	-	-
Total expenditures	29,505,144	24,984,389	25,762,234	22,784,012	25,145,886	23,812,380	23,593,870	23,559,046	16,475,101	17,789,867
REVENUES OVER (UNDER) EXPENDITURES	3,194,095	2,010,507	1,514,115	2,625,532	316,307	899,512	(44,856)	(3,476,553)	(1,017,639)	(1,980,705)
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	1,557	13,602	25,440	582	402	49,729	3,795	-	-	-
Issuance of tax increment revenue notes	-	-	-	-	-	1,002,000	-	-	-	-
Issuance of long-term debt	-	18,900,000	9,265,000	-	1,511,343	874,325	-	4,714,771	-	-
Bond discount	-	(300,888)	(153,712)	-	-	-	-	-	-	-
Discount on NID bonds	-	-	-	-	-	-	(9,588)	-	-	-
Issuance of NID bonds	-	-	-	-	-	-	1,510,000	-	-	-
Payment to escrow agent	-	-	(5,773,261)	-	(46,893)	-	(1,626,794)	-	-	-
Transfers in	2,275,317	782,186	1,589,502	2,275,297	3,107,310	2,250,017	2,110,376	1,978,617	1,078,963	1,119,223
Transfers out	(2,807,164)	(2,177,686)	(2,795,301)	(3,317,660)	(3,821,918)	(2,265,120)	(2,127,871)	(2,101,677)	(1,279,846)	(1,488,581)
Insurance recovery	-	-	1,236	192,420	-	-	-	-	-	-
Total other financing sources (uses)	(530,290)	17,217,214	2,158,904	(849,361)	750,244	1,910,951	(140,082)	4,591,711	(200,883)	(369,358)
NET CHANGES IN FUND BALANCES	\$ 2,663,805	\$ 19,227,721	\$ 3,673,019	\$ 1,776,171	\$ 1,066,551	\$ 2,810,463	\$ (184,938)	\$ 1,115,158	\$ (1,218,522)	\$ (2,350,063)
Debt service as a percentage of non-capital expenditures	14.3%	6.3%	5.5%	6.6%	6.2%	3.6%	1.0%	0.9%	1.4%	1.3%

Source: Basic Financial Statements

GASB 34 was implemented in 2003.

City of Wentzville, Missouri
 Tax Revenues by Source, Governmental Funds
 Last Ten Fiscal Years

	For the Years Ended December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Property tax	\$ 4,586,707	\$ 5,473,163	\$ 6,027,269	\$ 5,992,094	\$ 6,505,720	\$ 5,722,455	\$ 5,187,011	\$ 4,682,810	\$ 3,822,756	\$ 3,634,715
Sales tax	13,768,060	11,889,230	9,006,813	8,822,127	8,912,528	8,787,673	7,676,204	7,431,730	6,371,555	5,943,374
Gross receipts tax	3,024,369	2,922,041	2,828,583	2,592,429	2,892,856	2,427,684	1,877,383	1,641,248	1,397,898	1,317,506
Other	1,642,985	444,379	322,305	314,918	319,819	355,028	326,776	332,890	344,074	327,218
Total	\$ 23,022,121	\$ 20,728,813	\$ 18,184,970	\$ 17,721,568	\$ 18,630,923	\$ 17,292,840	\$ 15,067,374	\$ 14,088,678	\$ 11,936,283	\$ 11,222,813

City of Wentzville, Missouri
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Assessed Value					Estimated Actual Value	Ratio Total Assessed to Total Estimated Actual Value	Total Direct Tax Rate
	Residential	Commercial	Agriculture	Personal	Total			
2012	\$ 355,999,506	\$ 145,133,381	\$ 1,461,358	\$ 108,128,115	\$ 610,722,360	\$ 2,663,785,755	22.9%	\$ 0.7902
2011	351,117,611	147,554,070	1,471,190	102,899,469	603,042,340	2,630,052,219	22.9%	0.8958
2010	367,225,750	157,256,782	1,673,350	95,399,922	621,555,804	2,724,338,899	22.8%	0.9075
2009	359,178,280	160,849,246	1,859,270	98,100,035	619,986,831	2,702,859,916	22.9%	0.9079
2008	390,727,100	166,579,150	1,249,980	115,071,933	673,628,163	2,932,650,564	23.0%	0.9079
2007	363,908,320	150,200,075	1,264,464	98,168,683	613,541,542	2,689,725,431	22.8%	0.9079
2006	298,591,812	129,738,016	584,870	93,019,682	521,934,380	2,260,900,116	23.1%	0.9734
2005	243,976,610	121,392,751	875,629	86,050,008	452,294,998	1,928,886,701	23.4%	0.9729
2004	174,789,670	108,351,384	631,533	81,036,746	364,809,333	1,506,916,720	24.2%	1.0273
2003	137,207,560	109,079,766	593,363	97,198,880	344,079,569	1,359,560,653	25.3%	1.0273

Reassessments are currently performed every odd-numbered year. Residential property assessed valuation equals 19% of appraised value, agricultural equals 12%, and commercial and industrial equals 32%. Personal property is valued as one-third of the property's market value.

Tax rates per \$100 of assessed valuation.

Source: St Charles County Assessor

Feb 2013 valuation

City of Wentzville, Missouri
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
City of Wentzville										
Operating	0.7198	0.8218	0.8325	0.8329	0.8329	0.8329	0.8930	0.8926	0.9425	0.9425
Parks	0.0704	0.0740	0.0750	0.0750	0.0750	0.0750	0.0804	0.0803	0.0848	0.0848
Total City of Wentzville	<u>0.7902</u>	<u>0.8958</u>	<u>0.9075</u>	<u>0.9079</u>	<u>0.9079</u>	<u>0.9079</u>	<u>0.9734</u>	<u>0.9729</u>	<u>1.0273</u>	<u>1.0273</u>
Overlapping governments:										
State of Missouri	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300
St. Charles County (includes county, road and bridge, and alarm dispatch)	0.2431	0.2431	0.2431	0.2431	0.2435	0.2435	0.2586	0.2591	0.2734	0.2744
Fire District #13 - Wentzville	0.4858	0.4858	0.4592	0.4592	0.4299	0.4299	0.4644	0.4644	0.5017	0.5017
Wentzville R-IV School District	4.9891	4.9891	4.5872	4.5830	4.3446	4.3494	4.4043	4.4054	4.5669	4.1818
Special Districts*	0.7252	0.7196	0.7024	0.7024	0.6653	0.6621	0.7024	0.7024	0.7496	0.7496
Total overlapping governments	<u>6.4732</u>	<u>6.4676</u>	<u>6.0219</u>	<u>6.0177</u>	<u>5.7133</u>	<u>5.7149</u>	<u>5.8597</u>	<u>5.8613</u>	<u>6.1216</u>	<u>5.7375</u>
Total City and overlapping governments	<u>7.2634</u>	<u>7.3634</u>	<u>6.9294</u>	<u>6.9256</u>	<u>6.6212</u>	<u>6.6228</u>	<u>6.8331</u>	<u>6.8342</u>	<u>7.1489</u>	<u>6.7648</u>

* Special includes St Charles County Ambulance, Development Disability, St. Charles County Library District, and St. Charles County Community College

Source: St Charles County Registrar's Office

City of Wentzville, Missouri
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
General Motors Corp	\$ 39,857,642	1	6.53%	\$ 73,070,290	1	21.24%
Union Electric	16,422,312	2	2.69%	--		0.00%
CenturyTel of Missouri	11,081,968	3	1.81%	--		0.00%
Thf Wentzville Two Dev LLC	6,111,150	4	1.00%	--		0.00%
Dierbergs Wentzville LLD	5,593,801	5	0.92%	--		0.00%
THF Wentzville Dev LLc (Walmart)	4,180,419	6	0.68%	11,622,225	2	3.38%
Parr Four LLC RK Stratman	3,282,229	7	0.54%	--		0.00%
Target Corporation	3,139,460	8	0.51%	--		0.00%
Thf Wentzville Three (Lowes) Dev LLC	2,993,286	9	0.49%	--		0.00%
Madison Warehouse Corp	2,898,996	10	0.47%	2,843,450	4	0.83%
HD Dev of Maryland (Home Depot)	--		0.00%	2,530,438	5	0.74%
Essent Healthcare of Missouri	--		0.00%	3,389,807	3	0.99%
SM Properties Wentzville (Grocery)	--		0.00%	2,265,340	6	0.66%
Whitaker Builders (Land Holding)	--		0.00%	2,091,860	7	0.61%
Weiss Property Mgmt	--		0.00%	1,262,930	8	0.37%
Hidden Valley Assoc	--		0.00%	1,196,760	9	0.35%
Pearce Plaza	--		0.00%	1,025,024	10	0.30%
	<u>\$ 95,561,263</u>		<u>15.65%</u>	<u>\$ 101,298,124</u>		<u>29.44%</u>

Source: St. Charles County Assessors Office

City of Wentzville, Missouri
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Net Tax Levy	Collections in Year of Levy	Percentage Collected in Year of Levy	Collected in Subsequent Years	Collected Total	Percent Collected	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percentage of Net Tax Levy
2012	\$ 5,470,851	\$ 5,126,809	93.7%	\$ --	\$ 5,126,809	93.7%	\$ 344,042	6.3%
2011	5,402,053	4,745,373	87.8%	484,583	5,229,956	96.8%	172,097	3.2%
2010	5,381,566	4,943,973	91.9%	416,943	5,360,916	99.6%	20,650	0.4%
2009	5,386,874	4,801,856	89.1%	563,888	5,365,744	99.6%	21,130	0.4%
2008	6,039,547	5,515,681	91.3%	512,111	6,027,792	99.8%	11,755	0.2%
2007	5,479,200	4,996,298	91.2%	477,242	5,473,540	99.9%	5,660	0.1%
2006	4,922,274	4,564,593	92.7%	354,090	4,918,683	99.9%	3,591	0.1%
2005	4,263,811	3,960,387	92.9%	299,139	4,259,526	99.9%	4,285	0.1%
2004	3,558,048	3,244,486	91.2%	293,658	3,538,144	99.4%	19,904	0.6%
2003	3,357,981	3,288,976	97.9%	--	3,288,976	97.9%	69,005	2.1%

Source: City records 2003 and 2004; St. Charles County Collector's records 2005 through 2012.
2003 detail not available

City of Wentzville, Missouri
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$ 61,072,236	\$ 60,304,234	\$ 62,155,580	\$ 61,998,683	\$ 67,362,816	\$ 61,354,154	\$ 52,193,438	\$ 45,229,500	\$ 36,480,933	\$ 34,407,957
Net debt applicable to limit	790,000	920,000	1,045,000	1,165,000	1,285,000	1,400,000	1,510,000	--	--	--
Legal Debt Margin	<u>\$ 60,282,236</u>	<u>\$ 59,384,234</u>	<u>\$ 61,110,580</u>	<u>\$ 60,833,683</u>	<u>\$ 66,077,816</u>	<u>\$ 59,954,154</u>	<u>\$ 50,683,438</u>	<u>\$ 45,229,500</u>	<u>\$ 36,480,933</u>	<u>\$ 34,407,957</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	1.29%	1.53%	1.68%	1.88%	1.91%	2.28%	2.89%	0.00%	0.00%	0.00%

Source:

Note: Bonded indebtedness is limited by Section 95.111 and 95.120 of the Missouri Revised Statutes (1986) to 10% of the assessed value of taxable tangible property.

City of Wentzville, Missouri
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Neighborhood Improvement District Bonds	Leasehold Revenue Bonds	Certificates of Participation	Notes Payable	Tax Increment Revenue Notes	Leasehold Revenue Bonds	Sewerage System Revenue Bonds			
2012	\$ 790,000	\$ 950,970	\$ 27,180,000	\$ 4,773,105	\$ 1,002,000	\$ 10,554,030	\$ 32,811,288	\$ 78,061,393	8%	2,525
2011	920,000	994,008	28,165,000	4,942,078	1,002,000	11,565,993	22,914,922	70,504,001	7%	2,308
2010	1,045,000	1,104,925	9,265,000	5,126,177	1,002,000	12,190,075	16,910,000	46,643,177	5%	1,696
2009	1,165,000	6,992,900	--	5,469,290	1,002,000	13,027,100	17,755,000	45,411,290	0%	1,651
2008	1,285,000	7,212,440	--	5,943,027	1,002,000	13,932,560	18,595,000	47,970,027	8%	2,130
2007	1,400,000	6,145,000	--	6,146,040	1,002,000	15,955,000	19,430,000	50,078,040	9%	2,228
2006	1,510,000	--	--	4,714,771	--	23,175,000	19,430,000	48,829,771	10%	2,353
2005	1,655,000	--	--	4,714,771	--	25,125,000	19,430,000	50,924,771	16%	2,817
2004	1,720,000	--	--	--	--	18,370,000	--	20,090,000	0%	1,364
2003	1,785,000	--	--	--	--	18,320,000	380,000	20,485,000	0%	1,364

GASB 34 was implemented in 2003.

City of Wentzville, Missouri
 Direct and Overlapping Governmental Activities Debt
 December 31, 2012

Name of Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Wentzville School District	\$ 194,083,676	38.70%	\$ 75,110,383
St Charles County Community College	34,075,000	8.47%	2,886,153
St Charles County Ambulance	8,675,000	8.43%	731,303
	<u>236,833,676</u>		<u>78,727,838</u>
City direct debt	<u>34,067,629</u>	100.00%	<u>34,067,629</u>
Total Direct and Overlapping Debt	<u><u>\$ 270,901,305</u></u>		<u><u>\$ 112,795,467</u></u>

Source: Information was obtained from Taxing Jurisdictions

Note:

The percentage applicable to the City is based on the jurisdictions' geographical areas

City of Wentzville, Missouri
Pledged Revenue Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Earnings</u>	<u>Operating and Maintenance Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2012	\$ 8,184,895	\$ 5,324,554	\$ 2,860,341	\$ 234,373	\$ 641,199	3.27
2011	6,269,706	4,988,654	1,281,052	170,474	687,747	1.49
2010	6,428,726	4,890,193	1,538,533	120,000	694,363	1.89
2009	5,677,287	4,806,018	871,269	120,000	689,180	1.08
2008	6,526,869	3,918,615	2,608,254	115,000	1,536,364	1.58
2007	7,126,601	3,782,549	3,344,052	159,729	545,348	4.74
2006	3,092,271	3,074,774	17,497	70,000	136,205	0.08
2005	1,425,817	928,441	497,376	65,000	173,699	2.08
2004	170,767	1,568	169,199	65,000	105,490	0.99
2003	177,563	1,568	175,995	60,000	108,898	1.04

Source: City Records

City of Wentzville, Missouri
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Median Age (1)	Personal Income	Per Capita Income (2)	School Enrollment (3)	County Unemployment Rate (4)
2012	30,917	36.6	\$ 1,001,772,634	\$ 32,402	13,603	5.3%
2011	30,544	35.4	936,601,216	30,664	13,113	6.5%
2010	29,070	35.4	825,297,300	28,390	12,631	8.1%
2009	27,500	34.7	707,905,000	25,742	12,206	9.6%
2008	23,768	34.7	611,835,856	25,742	11,708	5.9%
2007	22,478	34.7	571,323,326	25,417	11,417	4.1%
2006	20,749	30.8	472,184,993	22,757	10,810	3.9%
2005	18,079	30.8	326,127,081	18,039	9,972	4.2%
2004	14,732	30.8	272,821,908	18,519	8,720	4.5%
2003	12,418	30.8	229,968,942	18,519	7,788	4.1%

(1) Source: Census Bureau

(2) Source: Census Bureau and ESRI

(3) Source: Wentzville School District

(4) Source: Missouri Department of Labor

City of Wentzville, Missouri
Principal Employers
Current Year and Nine Years Ago

	2012			2003	
	Employees	Rank	Percentage of Total City Employment	Employees	Rank
General Motors	2,084	1	19.4%	2,600	1
Crider Health Center	431	2	4.0%	100	10
RK Stratman Company Inc	265	3	2.5%	200	5
SSM St Joseph Health Center - Wentzville	204	4	1.9%	--	
Roberts Marketing Group	200	5	1.9%	--	
City of Wentzville	181	6	1.7%	134	8
Rapid Response	160	7	1.5%	--	
Brofs Trailer Corp	105	8	1.0%	--	
Parklane Care & Rehabilitation	102	9	1.0%	--	
Lear Corporation	85	10	0.8%	180	6
Wentzville R-IV School District (now across multiple cities)	--		0.0%	1,000	2
Century Tel	--		0.0%	800	3
Crossroads Hospital	--		0.0%	286	4
Superior Home Products Inc	--		0.0%	140	7
Jack Cooper Transport	--		0.0%	106	9
	3,817		35.6%	5,546	

Source: City Economic Development Department
City Business Licenses (system in place since 2005)

Notes:

License data is number of employees part-time and full-time.
No City-wide employment data is available prior to 2005.

City of Wentzville, Missouri
 Full-time Equivalent City Government Employees by Function / Program
 Last Ten Fiscal Years

	Full-time Equivalents as of December 31,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elected Officials										
Mayor	1	1	1	1	1	1	1	1	1	1
Alderman	6	6	6	6	6	6	6	6	6	6
City Collector	--	--	--	--	--	--	--	--	1	1
Municipal Court Judge	1	1	1	1	1	1	1	1	1	1
General Government:										
City Admin and City Clerk	1	2	2	2	2	2	2	2	2	2
Administrative services	4	4	4	4	4	3	4	3	3	3
Human Resources	2	2	2	2	2	1	1	1	1	1
IT Dept	1	1	1	2	2	2	2	2	2	2
Purchasing	2									
Finance	6	8	7	8	8	7	6	7	6	6
Municipal Court										
Administration & Support	3	3	3	3	3	3	3	3	3	2
Police										
Chief, Major, and Captain	3	2	2	2	2	2	2	2	2	1
Administrative and Detectives	7	8	8	8	8	8	8	8	6	6
Patrol Lieutenant	4	4	4	4	4	4	4	4	4	2
Patrol Sergeant	6	4	4	4	4	4	4	4	4	6
Patrol Officers	33	35	35	35	34	29	24	23	26	26
Animal Control/Park Rangers	2	2	2	2	2	2	2	2	2	2
Support Lieutenant	--	1	1	1	1	--	--	--	--	--
Support Patrol - DARE	1	1	1	1	1	1	1	1	1	--
Correction Technicians	5	6	6	6	6	5	5	6	4	6
Dispatch-Communications Officer	9	8	8	8	8	8	8	7	6	5
Records	3	4	4	3	4	4	4	3	3	3
Public Works:										
Administrative services	2	2	1	2	2	2	2	2	2	2
Engineer & Support	7	8	8	8	9	8	7	9	7	6
Street maintenance	15	15	14	15	15	14	13	13	13	13
Vehicle Maintenance	3	3	3	3	3	3	3	3	3	3
Bldg & Property Maintenance	5	5	5	5	5	6	6	6	6	5

City of Wentzville, Missouri
 Full-time Equivalent City Government Employees by Function / Program (Continued)
 Last Ten Fiscal Years

	Full-time Equivalents as of December 31,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Community Development										
Administration services	3	3	3	3	3	3	2	2	2	3
Planning and Zoning	3	3	3	3	3	3	2	2	2	2
Bldg - Amin & Support	2	2	2	2	2	3	3	3	3	2
Inspectors & Code Officers	4	4	6	6	7	7	7	6	6	6
Plans Examiners	1	1				2	2	2	2	2
Economic Development	2	2	1	2	2	2	2	2	2	2
Parks and Recreation:										
Administration & Support	2	2	4	4	4	4	4	4	4	4
Recreation	4	6	4	4	4	4	3	3	3	1
Maintenance	5	5	5	5	5	5	4	5	5	5
Water and Wastewater										
Supervisor Water & Wastewater	1	1	1	1	1	1	1	1	1	1
Administrative Support	2	2	2	2	2	2	1	1	1	1
Water Maintenance	9	9	9	9	10	10	7	7	7	6
Wastewater Maintenance	10	9	8	9	9	6	5	5	6	5
Storm Water										
Management Coordinator	1	1	1	1	1	1	--	--	--	--
Total employees by year	<u>181</u>	<u>186</u>	<u>182</u>	<u>187</u>	<u>190</u>	<u>179</u>	<u>162</u>	<u>162</u>	<u>159</u>	<u>151</u>

Source: City payroll department records as of the last payroll for that fiscal year

City of Wentzville, Missouri
 Operating Indicators by Function / Program
 Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police - Patrol:										
Arrests	2,303	2,312	2,222	4,283	3,106	3,433	3,891	3,522	3,959	4,073
Citations	8,012	9,496	9,116	8,889	9,118	8,406	8,349	9,282	9,902	9,329
Calls for Service	48,181	50,785	45,691	41,867	44,062	42,367	36,734	15,075	29,180	35,950
Accidents	515	582	596	508	609	774	664	566	647	543
Building Inspection:										
Single Family	318	182	245	309	289	534	741	1,054	948	866
Multi-Family	80	36	134	36	14	88	55	111	511	161
Commercial	10	7	6	9	23	20	32	41	39	14
Occupancy	1,326	1,131	1,360	1,724	1,890	2,293	2,831	3,049	1,460	441
Other Permits	596	866	1,026	1,039	1,177	1,595	1,658	1,610	1,390	1,060
Inspections	10,570	10,490	13,224	15,408	13,128	20,612	25,071	22,671	19,360	15,471
Planning and Zoning:										
Rezoning	6	5	16	1	9	16	27	35	31	35
Site Plans	20	15	7	15	22	37	35	49	36	28
Record Plats	8	6	10	10	10	29	30	38	47	28
Prelim Plans/Plats	1	2	2	5	2	3	13	29	13	21
Planned Developments	2	--	--	--	--	3	7	6	9	7
Conditional Use Permits	14	22	27	13	18	13	18	10	11	8
Parks:										
Program Participation	9,854	11,637	8,795	8,147	3,847	4,051	4,104	4,229	3,308	3,219
Special Event Attendance	23,690	30,882	10,535	3,997	5,982	6,429	6,814	5,438	4,704	2,670
Daily Usage Rec Facility	27,663	13,844	9,473	8,371	8,682	9,471	9,626	9,442	10,167	10,784
Membership Usage	32,232	34,658	32,348	32,325	43,861	45,235	47,288	41,905	43,119	41,275
Pool Usage	27,663	29,483	29,233	27,452	32,878	31,994	29,725	26,259	22,700	28,037
Facility Rentals	222	157	163	133	179	169	183	184	195	218
Green Ltn Sr Meals	21,348	22,488	24,271	25,178	24,214	26,863	30,123	28,837	20,558	--
Acres Mowed	154	154	154	154	154	154	154	148	123	123
(includes some private fields we maintain in exchange for usage)										
Administration & Finance:										
Request for Information	79	108	88	73	57	72	70	65	44	50
Business License Issued	559	566	664	586	620	561	495	402	404	421
AP Checks	5,303	5,113	5,492	5,699	5,789	5,894	6,183	6,250	6,282	5,789

Source: City department records

City of Wentzville, Missouri
 Capital Asset Statistics by Function / Program
 Last Ten Fiscal Years

FUNCTIONS/PROGRAMS	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration:										
Vehicles	--	1	3	3	3	3	3	3	3	2
Law Enforcement/Courts:										
Courts	1	1	1	1	1	1	1	1	1	1
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	38	37	37	37	37	36	36	31	29	28
Public Works:										
Vehicles	37	37	48	48	48	48	41	40	34	31
Miles of Streets	182	180	177	173	167	160	150	120	115	105
Traffic Lights and Signals	14	14	14	11	11	11	8	8	4	2
Miles of Storm Sewers	128	125	122	113	107	98	87	64	60	52
Community Development:										
Vehicles	10	9	--	--	--	--	--	--	--	--
Parks:										
Vehicles	11	11	10	9	10	10	9	11	9	10
Number of Parks	13	13	13	13	13	13	12	12	11	11
Acres of Parks	307	307	293	293	293	293	218	218	189	189
Community Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water:										
Vehicles	13	14	15	15	15	15	10	10	10	10
Pumping Stations	3	2	2	2	2	2	2	1	1	1
Miles of Waterlines	240	235	231	131	155	146	133	107	103	94
Sewer:										
Vehicles	11	10	10	10	9	8	7	5	5	5
Lift Stations	36	34	35	35	35	33	33	33	21	15
Miles of Sanitary Sewers	268	262	258	190	183	173	159	127	121	110

Source: City department records

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members of the Board of Aldermen
City of Wentzville, Missouri

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wentzville, Missouri (City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-1 and 2012-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2012-3, 2012-4, 2012-5, 2012-6, 2012-7, 2012-8 and 2012-9 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-10 and 2012-11.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 30, 2013
Wichita, Kansas

City of Wentzville, Missouri
Schedule of Findings and Responses

Finding 2012-1 (Material Weakness): Financial Reporting

Criteria/Condition: The City of Wentzville's management is responsible for the accuracy, completeness, and fairness of data presented in the Comprehensive Annual Financial Report, including all disclosures. There are material weaknesses in the controls over the period-end financial reporting process, including a) a deficiency among accounting personnel in understanding the Governmental Accounting Standard Board guidance related to governmental generally accepted accounting principles (GAAP) to record financial transactions and to prepare the annual financial statements, and b) a deficiency in controls over procedures used to initiate, authorize, record and process journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements. However, the City did contract with an outside public accounting firm to assist with the preparation of certain schedules and year-end journal entries in preparation for its audit.

Cause: The City does not currently have the resources to allow for sufficient review of accounting data and financial information gathered to prepare financial statements that are materially accurate and in accordance with GAAP.

Effect: Material misstatements and incomplete disclosures were identified by the auditor and provided to management for correction.

Recommendation: The City should evaluate the resources currently available in the Finance Office to determine whether or not those resources can provide the level of review needed to facilitate sufficient review of accounting data and financial information and prepare financial statements that are materially accurate and in accordance with GAAP. The City's Finance Director and City Administrator are directly responsible for financial reporting oversight. However, sufficient review with the finance department is critical.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the material weakness outlined above. We are prepared to implement the auditor's recommendations.

There has been significant turnover in the senior accounting staff, as the open positions are filled, we are interviewing and hiring only the candidates who have significant financial reporting experience with extensive GAAP knowledge.

Completion Date: August 31, 2013

Contact Person and Title: Jeffrey Lenk - Director of Finance, Michael McDowell - City Administrator

Finding 2012-2 (Material Weakness): Procurement

Criteria/Condition: In testing procurement files it was noted that supporting documentation is not consistently retained in the procurement files as required by the procurement policy. During our testing we noted the following exceptions/deviations from policy:

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

- a) We examined the procurement file for a 2012 agreement with HNTB Corporation in relation to the US 61 highway interchange concept design. In reviewing the 2012 procurement file and board minutes we noted that the agreement was a change order to the 2007 agreement contracting for environmental services for the same project. When reviewing the file for the original agreement, no evidence of the bidding process could be located.

- b) We examined the contract file for the contract with Cunningham, Vogel & Rost, P.C. We noted no evidence of the bidding process in the contract file. In reviewing the contract it indicated that the contract shall continue at the pleasure of the Mayor and Board of Aldermen with no specific termination date.

Cause: Checklists of required documentation in contract files are not maintained within the procurement process.

Effect: Material noncompliance with the City's procurement policies was identified for the files tested and provided to management for follow-up.

Recommendation: We recommend the City implement controls and procedures to ensure that purchasing files contain supporting documentation, and demonstrate compliance with, the City's procurement policy.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the material weakness outlined above. We are prepared to implement the auditor's recommendations.

Moving forward, all required supporting documents will be contained in the purchasing files and all major professional services will be evaluated through the bidding process when applicable.

Completion Date: July 31, 2013

Contact Person and Title: Jerry Hillin - Director of Procurement, Michael McDowell - City Administrator

Finding 2012-3 (Significant Deficiency): Grant Revenue and Receivable

Criteria/Condition: It was noted during our testing that revenue from grant reimbursement requests is recorded on a cash basis when the associated payment is received from the granting agency, rather than when the reimbursement request is submitted. Consequently, there is a risk that year-end accruals may be missed.

Cause: Revenue and related receivable is not being recorded at the time the reimbursement request is submitted.

Effect: Misstatements related to year-end accruals were identified by the auditor and provided to management for correction.

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

Recommendation: We recommend the Finance department implement controls to identify receivables related to grant reimbursement requests at year-end.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

Grant revenues will no longer be recorded on a cash basis. The revenue and receivable will be recorded when the grant reimbursement is submitted.

Completion Date: July 31, 2013

Contact Person and Title: Jeffrey Lenk - Director of Finance

Finding 2012-4 (Significant Deficiency): Utility Service Center

Criteria/Condition: Utility Service Center

1) During our testing of City utilities it was noted that the accounts receivable aging report did not agree to the accounts receivable balance.

2) During our testing of utility revenues we noted a contract with the Village of Flint Hill for sewer services. Sewer rates contained with the contract with Flint Hill stipulated that increases equivalent to the City of Wentzville's sewer rate increases were to be applied to a base rate of \$25.00 per household. City staff estimated that the total amount of revenue foregone by not adjusting the sewer rates is \$85,008 through December 31, 2012.

3) During our review of internal controls it was noted that accounts receivable clerks in the utility service center are responsible for entering rate changes in the City's financial system without a secondary review. These same individuals are responsible for creating utility bills, processing cash collections from customers, and writing off accounts receivable.

4) Safeguarding of Assets - During our review of internal controls we noted the following issues with general safeguarding of cash:

- Upon our visit to the Utility Service Center, the cash vault was kept open during the day, and cash drawers were not locked.
- All employees have access to the cash maintained in the building.
- We noted that the cash is transported from various locations in an unlocked bank bag to the Utility Service Center.

Cause: 1) The accounts receivable aging report was run after the January 2013 bills had been calculated. 2) Utility contracts containing specific utility rates were not reviewed on a timely basis. 3) Lack of review of internal controls related to the accounts receivable function. 4) City staff determined cash vault access was necessary during the course of cash collection within

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

the Utility Service Center. Additionally, it was determined the use of locked bank bags for the transportation of cash was not necessary.

Effect: 1) This created a need to manually accrue December utility customer bills. This manual process creates a potential risk for misstatements in not recognizing the revenue in the appropriate period. 2) Not reviewing utility contracts on a periodic basis results in the potential loss of revenue due to rate increases. 3) Lack of segregation of duties related to the collection process could result in the misappropriation of assets being undetected. 4) Improper safeguarding of assets related to the collection process could result in the misappropriation of assets.

Recommendation: 1) We recommend that the finance department implement controls and procedures to ensure the aging report is generated prior to the time the ensuing month's bills are run. 2) We recommend the finance department implement controls and procedures to ensure staff are assigned to periodically monitor revenue contracts to ensure the system has been appropriately updated and correct rates are billed to respective customers. 3) We recommend the City implement controls and procedures to allow for the proper segregation of duties related to collections, write-offs, and rate updates in the system. 4) We recommend the City implement controls and procedures to allow appropriate and secure access to the vault containing surplus cash to ensure the proper safeguarding of assets. Additionally, we recommend the City implement the use of locked bank bags during the transportation of cash.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

- 1) Accounts Receivable aging report will be reconciled monthly to the general ledger.
- 2) Revenue contracts will be reviewed on a regular basis. When rates are changed, an internal audit will be performed validating that the correct rates have been entered.
- 3) We are reviewing options for segregation of duties for cash collections, write-offs and rate increases based on the current resources available in the finance department.
- 4) Safeguarding of assets - the vault will remain locked at all times. Cash drawers will be getting locks installed and will remain locked. The drawers will be unlocked at the completion of a payment transaction, payment put into drawer and drawer locked. Locked bank bags will be during the transportation of cash.

Completion Date: Items 1 & 2 - July 31, 2013; Item 3 - September 30, 2013; Item 4 - Implementation of locked bank bags - July 31, 2013; locks installed on drawers - August 31, 2013

Contact Person and Title: Jeffrey Lenk - Director of Finance

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

Finding 2012-5 (Significant Deficiency): Bank Reconciliations

Criteria/Condition: During our review of internal controls and our testing of cash accounts, we noted that bank reconciliations had not been done for the first quarter of fiscal year 2013.

Cause: Our understanding is the lack of reconciliations during the first quarter of 2013 was due to the departure of the previous Finance Director.

Effect: Lack of timely bank reconciliations could create a potential risk that the misappropriation of assets could go undetected.

Recommendation: We recommend that staff be assigned the reconciliation of bank accounts in order to continue to perform them timely.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

Bank reconciliations are being performed monthly. Beginning in August, the bank reconciliation will be completed by the 5th business day after month-end.

Completion Date: August 31, 2013

Contact Person and Title: Jeffrey Lenk - Director of Finance

Finding 2012-6 (Significant Deficiency): Capital Assets

Criteria/Condition: During our testing of capital asset dedications we noted misstatements related to the value of certain infrastructure assets.

Cause: City Engineers are responsible for developing the value of infrastructure constructed and dedicated by the developer to the City without a review by the finance department.

Effect: As a result of the lack of review, the dedications information provided to the finance department from engineering contained an inaccurate cost index resulting in a \$68,844 overstatement of capital assets dedicated.

Recommendations: We recommend that the finance department implement controls and procedures to review all submissions of dedicated capital asset values for accuracy prior to being recorded.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

Finance will review all submissions of dedicated capital asset values with Public Works for accuracy before being recorded. Capital asset dedication will no longer occur without a finance review. Finance will conduct a complete review of all capital asset dedications in 2013 with Public Works.

Completion Date: September 30, 2013

Contact Person and Title: Jeffrey Lenk - Director of Finance, Susan Mueller - Director of Public Works

Finding 2012-7 (Significant Deficiency): Municipal Court

Criteria/Condition: During our review of internal controls in the Municipal Court, we noted the Clerks in Municipal Court have the ability to change the amount of fines in the system with no review or approval of the change. Additionally, changes made to fines by a judge are written on the back of the ticket and documented in the court file. However, amounts collected are not verified to the amount assigned by the judge.

Cause: Lack of segregation of duties.

Effect: Lack of segregation of duties creates a potential risk that misappropriation of assets will go undetected.

Recommendation: We recommend that the department implement controls and procedures to ensure proper segregation of duties related to the collection of cash and adjustments in the system. Additionally, we recommend the City implement procedures to reconcile/verify changes made to fines by judges is what is actually collected.

Management's Response (Unaudited) We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

Completion Date: September 30, 2013

Contact Person and Title: Michael McDowell – City Administrator, Stacy Phillips – Court Administrator

Finding 2012-8 (Significant Deficiency): Adjustments in the Finance System

Criteria/Condition: Adjustments in the Finance System

1) Budget – During our review of internal controls, we noted the budget can be modified in the City's general ledger system by the finance director, assistant finance direction, or accountant without any secondary approval. We noted that a paper copy of the budget adjustment was initialed by a second individual indicating that the adjustment was approved by the board.

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

2) Journal Vouchers – During our review of internal controls, we noted that manual journal entries can be posted in the general ledger by the finance director, assistant finance director, or accountant without any secondary approval.

Cause: In discussions with staff, the prior finance director initiated budget adjustments and journal vouchers manually. Separate staff had the responsibility of keying in the adjustments as well as the journal voucher without secondary review.

Effect: Lack of segregation of duties and review of budget adjustments and journal vouchers creates a potential risk that misappropriation of assets will go undetected.

Recommendations: We recommend that secondary online approval be enabled within the City's finance system.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

- 1) Budget Adjustments require the signatures of the City Administrator, Director of Finance and the Director requesting the budget adjustment. For all budget adjustments over \$25,000 or any budget adjustment that impacts a salary general ledger account must also receive board of aldermen approval. Once the budget adjustment is approved, the financial accountant verifies the general ledger account numbers and posts the budget adjustment, prints the journal entry, attaches the budget adjustment document and initials. The Director of Finance reviews the journal entry for account and dollar amount accuracy then initials when review is complete.
- 2) When journal vouchers are entered, the entries are initialed by the person who made the entry and then signed off by another available finance staff member after reviewing for accuracy. We are researching the option of secondary online approval with our software provider.

Completion Date: Manual secondary approvals – Completed – Online secondary approval – October 31, 2013

Contact Person and Title: Jeffrey Lenk – Director of Finance

Finding 2012-9 (Significant Deficiency): Investments

Criteria/Condition: 1) The City pools its investment from various funds for investing purposes. This pooled investment account earns interest on a periodic basis. However, during our testing of investment income it was noted that the City does not have a formal policy regarding the distribution of investment earnings back to those pooled funds. 2) We noted a lack of oversight related to investment selections including a lack of monitoring related to the diversification of the investment portfolio to ensure compliance with the City's investment policy. 3) We noted there is no formal standard operating procedures or written internal controls related to investments.

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

Cause: Lack of policies and procedures and related internal controls.

Effect: Resulted in a compliance finding related to prohibited investments as reported in finding 2012-11. In addition, lack of policies and procedures and related internal controls could potentially result in the misappropriation of assets.

Recommendations: 1) We recommend the Finance Director develop a written investment allocation policy for consistent distribution of investment earnings to pooled funds. 2) We recommend the City implement internal controls and procedures to monitor the allocation within each type of investment on a periodic basis. Such allocation and its compliance with the investment policy should be clearly indicated in the City's investment report. 3) We recommend the City develop written, formal procedures to ensure the establishment of internal controls.

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the significant deficiency outlined above. We are prepared to implement the auditor's recommendations.

Investment oversight is no longer lacking. Monthly investment reports are generated and distributed to the board. All investment transactions are reviewed with the City Administrator before the investments are made. Investment allocation policy regarding for consistent distribution of investment earnings to pooled funds will be drafted, approved and implemented.

Completion Date: Increased oversight – Completed – Investment policy – November 30, 2013

Contact Person and Title: Jeffrey Lenk – Director of Finance, Michael McDowell – City Administrator

Finding 2012-10 (Compliance): Bond Reserves

Criteria/Condition: During our testing of compliance related to revenue bond reserve requirements we noted inadequate reserves maintained with respect to the Series 1999 leasehold revenue bonds and Series 2011 certificates of participation. The Series 1999 leasehold revenue bonds required \$124,459 in cash reserves with the city maintaining \$123,827. The Series 2011 certificates of participation required \$1,501,377 in cash reserves with the city maintaining \$1,279,887.

Cause: The City does not monitor the cash reserves and relies upon the trustees of the various issuances to ensure compliance with the reserve requirements.

Effect: Insufficient reserves are treated as technical defaults and require disclosure to the Municipal Securities Rulemaking Board (MSRB). Continued disclosures will need to be made until such time as the reserves are sufficient to meet the requirements.

Recommendations: We recommend the City implement controls and procedures to ensure compliance with the reserve requirements by monitoring the balance maintained within accounts.

City of Wentzville, Missouri
Schedule of Findings and Responses (Continued)

Management's Response (Unaudited): We have met with the audit committee and the auditors and acknowledge the compliance issue outlined above. We are prepared to implement the auditor's recommendations.

The bond reserves will be monitored to ensure compliance with the applicable bond reserve. The City will no longer rely on upon the trustees of the various issuances to ensure compliance with the reserve requirements.

Completion Date: September 30, 2013

Contact Person and Title: Jeffrey Lenk – Director of Finance

Finding 2012-11 (Compliance): Investments

Criteria/Condition: During our review of investment related internal controls it came to our attention that the City held investments in money market funds. Per the State of Missouri Treasurer's office, these types of investments are prohibited.

Cause: Lack of understanding related to Missouri state laws.

Effect: State statutes are put in place to guard against the risk of portfolio losses and to safeguard taxpayer dollars. While the state of Missouri may not be enforcing investment laws, the City could run the risk of incurring the loss of invested funds.

Recommendations: We recommend the City implement controls and procedures to ensure the finance director or the City's investment officer review all investments, including those held in trust by bond trustees, for compliance with State legal requirements.

Management's Response (Unaudited):

We have met with the audit committee and the auditors and acknowledge the compliance issue outlined above. We are prepared to implement the auditor's recommendations.

As soon this was discovered internally in early 2013, the funds were immediately transferred to a legal investment under Missouri state laws. No further investments will be made in any investment that isn't permissible by Missouri state laws.

Completion Date: Completed

Contact Person and Title: Jeffrey Lenk – Director of Finance