

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Missouri income taxation by the State of Missouri and (3) the Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*

**\$1,910,000**

**CITY OF WILDWOOD, MISSOURI  
NEIGHBORHOOD IMPROVEMENT DISTRICT  
LIMITED GENERAL OBLIGATION REFUNDING BONDS  
(TOWN CENTER SEWERAGE IMPROVEMENTS PROJECT NO. 1), SERIES 2012**

**Dated:** Date of original issuance

**Due:** As shown below

The Bonds will be issued as fully registered bonds as herein described, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "APPENDIX C - BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2013. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, the Paying Agent for the Bonds (the "Paying Agent") directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The City of Wildwood (the "City") created the Town Center Sewerage Expansion Neighborhood Improvement District No. 1 (the "District") and is issuing the Bonds pursuant to the provisions of the Neighborhood Improvement District Act set forth in Sections 67.453 to 67.475, inclusive, of the Missouri Revised Statutes, as amended. The Bonds and the interest thereon will constitute a valid and legally binding indebtedness of the City, payable both as to principal and interest from special assessments (the "Special Assessments") that are assessed on the real property within the District which is benefited by the Improvements (as hereinafter defined), from moneys in the Series 2012 Bond Reserve Fund, and, if not so paid, from the first legally available moneys in the City's general fund or other legally available fund. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided that the taxing power of the City is not pledged to the payment of the Bonds.

The Bonds are subject to redemption prior to maturity in the manner, at the times and at the redemption prices described under the caption "THE BONDS – Redemption."

**Maturity Schedule**

<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>
September 1, 2013	\$150,000	.300%	March 1, 2020	\$150,000	1.250%
March 1, 2014	140,000	.400	March 1, 2021	150,000	1.400
March 1, 2015	140,000	.500	March 1, 2022	150,000	1.600
March 1, 2016	140,000	.625	March 1, 2023	155,000	1.700
March 1, 2017	140,000	.750	March 1, 2024	155,000	1.750
March 1, 2018	140,000	.875	March 1, 2025	155,000	1.800
March 1, 2019	145,000	1.000			

**(Price of all Bonds is Par)**

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about December 27, 2012.



This Official Statement is dated December 10, 2012.

No dealer, broker, salesman, or other person has been authorized by the City, the Financial Advisor, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the City and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Financial Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that is based on the City's beliefs as well as assumptions made by and information currently available to the City. Forward-looking statements are identified by terminology such as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "continues," or the negative of these terms or other comparable terminology. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

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**CITY OF WILDWOOD, MISSOURI**

**MAYOR**  
Timothy Woerther

**COUNCIL MEMBERS**

Larry McGowen, Ward 1	David Geile, Ward 1
Randy Ladd, Ward 2	Ed Marshall, Ward 2
Harry LeMay, Ward 3	Tammy Shea, Ward 3
Katie Dodwell, Ward 4	Jack Clark, Ward 4
Debra Smith McCutchen, Ward 5	Dave Bertolino, Ward 5
Ron James, Ward 6	Colleen Rull, Ward 6
Jim Kranz, Ward 7	John McCulloch, Ward 7
Michele Bauer, Ward 8	Larry Goodson, Ward 8

**CITY ADMINISTRATOR**

Daniel E. Dubruiel

**FINANCE OFFICER**

Dawn Kaiser

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**CITY ATTORNEY**

Lewis, Rice & Fingersh, L.C.  
St. Louis, Missouri

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**BOND COUNSEL**

Gilmore & Bell, P.C.  
St. Louis, Missouri

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**FINANCIAL ADVISOR**

WM Financial Strategies  
St. Louis, Missouri

## SUMMARY STATEMENT

*The information set forth in this Summary Statement is subject, in all respects, to more complete information contained in this Official Statement, which should be read in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page, the Summary Statement and all appendices hereto. No person is authorized to detach this Summary Statement from the Official Statement or otherwise use it without the entire Official Statement.*

### **The City**

The City is located in St. Louis County approximately 20 miles west of the City of St. Louis and occupies approximately 68 square-miles. In 2010, the City's population was 35,517. The City is primarily residential except for an area known as Town Center. Pursuant to the City's comprehensive plan, commercial development is and is intended to remain concentrated in the Town Center, an area encompassing approximately 800-acres.

### **The District**

The District is a neighborhood improvement district established by the City pursuant to Article III, Section 38(c) of the Missouri Constitution and the Neighborhood Improvement District Act (the "Act"), Sections 67.453 through 67.475 of the Revised Statutes of Missouri, as amended. The District encompasses approximately 369.1 acres and was created to provide "improvements", as defined in the Act, consisting of sanitary sewer collection and distribution facilities that transport sewage to a treatment plant located outside the City limits. See "NEIGHBORHOOD IMPROVEMENT DISTRICT BONDS" and "TOWN CENTER SEWERAGE EXPANSION NEIGHBORHOOD IMPROVEMENT DISTRICT NO. 1."

### **Purpose and Authority**

The Bonds are being issued for the purpose of refunding \$1,940,000 aggregate principal amount of outstanding Neighborhood Improvement District Limited General Obligation Bonds (Town Center Sewerage Improvements Project No. 1), Series 2005 (the "Refunded Bonds"). The refunding is described in greater detail herein under the caption "THE REFUNDING."

The Bonds are being issued pursuant to and in full compliance with the City's Charter, Constitution and statutes of the State of Missouri, including particularly Article III, Section 38(c) of the Missouri Constitution and the Bond Ordinance adopted on December 10, 2012 (the "Bond Ordinance").

### **Security and Sources of Payment**

The Bonds constitute general obligation bonds of the City payable as to both principal and interest from special assessments that are levied and assessed upon real property benefited by the Improvements (the "Special Assessments"), from moneys in the Series 2012 Bond Reserve Fund (as defined herein) and, if not so paid, from current income and revenue and surplus funds of the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided, however, the City may not impose any new or increased ad valorem property taxes to pay principal of or interest on the Bonds without the voter approval required by the Constitution and laws of the State of Missouri. See "THE BONDS – Security and Sources of Payment" herein.

### **Rating**

The Bonds are rated "Aa1" by Moody's Investors Service. See the caption "RATING."

## **Redemption**

The Bonds maturing on and after March 1, 2020 are subject to redemption and payment prior to maturity at the option of the City on March 1, 2019 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. See the caption “THE BONDS – Redemption.”

## **Risk Factors and Investment Considerations**

The payment of the Bonds is subject to certain risks. Such risks should be considered prior to purchasing the Bonds. The risks are described in greater detail under the caption “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

## **The City’s Finances**

The City’s fiscal year commences on January 1 of each year and ends on the following December 31 (“Fiscal Year”).

The City’s financial statements are presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). Additional information regarding the City’s finances including accounting and budgetary procedures and results of operations are contained under the caption “THE CITY’S FINANCES.”

**OFFICIAL STATEMENT  
OF THE  
CITY OF WILDWOOD, MISSOURI  
Relating to  
\$1,910,000  
NEIGHBORHOOD IMPROVEMENT DISTRICT  
LIMITED GENERAL OBLIGATION REFUNDING BONDS  
(TOWN CENTER SEWERAGE IMPROVEMENTS PROJECT NO. 1), SERIES 2012**

**INTRODUCTION**

This Official Statement including the cover page and Appendices hereto, is provided by the City of Wildwood, Missouri (the "City") to furnish information in connection with its issuance of \$1,910,000 principal amount of Neighborhood Improvement District Limited General Obligation Refunding Bonds (Town Center Sewerage Improvements Project No. 1), Series 2012 (the "Bonds").

The Bonds are being issued for the purpose of refunding \$1,940,000 aggregate principal amount of outstanding Neighborhood Improvement District Limited General Obligation Bonds (Town Center Sewerage Improvements Project No. 1), Series 2005 (the "Refunded Bonds"). The refunding is described in greater detail herein under the caption "THE REFUNDING."

Brief descriptions of neighborhood improvement district bonds, the Bonds, the refunding, the City, and the Bond Ordinance are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance.

**NEIGHBORHOOD IMPROVEMENT DISTRICT BONDS**

**General**

Adopted in 1994, the Act permits the formation of special assessment areas, known as neighborhood improvement districts, to finance local public improvements. The improvements are financed by bonds which are retired by assessments levied on those specific properties which benefit from the improvements. To the extent assessments are insufficient to retire the bonds, the city or county that established the neighborhood improvement district is obligated to pay for debt service with other available funds. The governing body establishing a neighborhood improvement district may not impose any new or increased ad valorem property taxes to pay principal of or interest on the bonds without the voter approval required by the Constitution and laws of the State of Missouri.

**Constitutionality**

On April 11, 1995, a lawsuit, styled Spradlin v. City of Fulton, was brought by a taxpayer in the City of Fulton, Missouri, raising numerous legal challenges to Fulton's authority to issue neighborhood improvement district bonds, including an allegation that such bonds could not be issued without voter approval at a city-wide election. Following a hearing on the matter, the trial court enjoined the issuance of the bonds. The trial court's decision was appealed to the Missouri Supreme Court which reversed the holding of the trial court and held that under the Missouri constitutional and statutory provisions relating to neighborhood improvement district bonds, Fulton was authorized to issue the bonds without city-wide voter approval and that such bonds are general obligations that pledge the full faith and credit of the city, but that the city was not authorized, absent requisite voter approval, to impose a city-wide property tax to pay for the bonds.

## **THE TOWN CENTER SEWERAGE EXPANSION NEIGHBORHOOD IMPROVEMENT DISTRICT NO. 1**

### **Formation of and Description of the District**

The District encompasses approximately ½ of the area of Town Center or 369.1 acres. The District was created pursuant to the Act by ordinance of the City on June 28, 2004, following the filing of a petition signed by the requisite owners of record of the real property located within the District. The District was formed to provide “improvements”, as defined in the Act, consisting of sanitary sewer collection and distribution facilities (collectively, the “Improvements”) that transport sewage to a treatment plant located outside the City limits. The treatment plant is owned by Metropolitan St. Louis Sewer District, a separate taxing authority as described under the caption “THE CITY – Community Services – Utilities.” Following completion of construction, Metropolitan St. Louis Sewer District accepted the Improvements and now maintains the Improvements.

At time of formation, there were 96 parcels of land (some of which have subsequently been subdivided) on which were situated approximately 60 houses and 12 commercial businesses, two churches, an elementary school owned by Rockwood R-6 School District, a fire station owned by Metro West Fire Protection District, a YMCA, and approximately 185 acres of undeveloped land that is expected to be developed in the future. Among the developments now under way is a senior adult residence facility and a new residential subdivision. The largest landowner in the District, with approximately 66.8-acres, is the Community College District of St. Louis (the “College”).

### **Special Assessments**

The Act provides that the portion of the cost of any improvement to be assessed against the real property in a neighborhood improvement district shall be apportioned against such property in accordance with the benefits accruing thereto by reasons of such improvement. The cost may be assessed equally per front foot or per square foot against property within the District or by any other reasonable assessment plan determined by the governing body of the city or county which results in imposing substantially equal burdens or share of the cost upon property similarly benefited.

The City established the method of assessment of real property within the District based on the number of acres (or fractional portion thereof to the nearest 1/10<sup>th</sup> acre) of each platted lot against each such property benefited by the Improvements.

Pursuant to the Act, the City ordered preparation of a proposed assessment roll, held a duly noticed public hearing on the Improvements and the proposed assessment roll, and ordered assessments to be made against each parcel of real property deemed to be benefited by the Improvements based on the estimated cost of the Improvements. Thereafter, in accordance with the Act, property owners within the District were provided a one-time option to pay their special assessment in full. Nineteen property owners paid their special assessments in full including the College and a trust that owned 44.3 acres of vacant land.

The remaining property owners, currently 117, owning approximately 231.1 acres, are required to pay special assessments in installments in each year in which the Bonds remain outstanding (the “Special Assessment”). The Special Assessments are levied and collected by the City in the manner described below under the subcaption “Billing and Collection.”

The Special Assessments first became due on December 31, 2006 and will be extended by the City each year through 2024. The Special Assessments for the Improvements as described under the caption “THE PROJECT” equal approximately \$860 per acre annually.

The following table sets forth information regarding the property owners that did not prepay their special assessments and are required to pay special assessments annually:

<u>Assessment Payer</u>	<u>% of Total Special Assessment</u>
Slavik Associates <sup>(1)</sup>	21.8%
Rockwood School District	6.8
Doris Pruitt Trustee	6.2
Great Southern Bank	5.7
Wildwood Family YMCA	4.3
John A. Karen Tschannen	3.9
Dierberg Four LP	3.7
Missouri Department of Transportation	3.5
Glaser Commons LLC	3.1
MO Money – Wildwood LLC	3.0

(1) Slavik Associates is a family trust that owns approximately 50.5 acres of land in the District that may be sold in the future for development.

### **Billing and Collection**

The City is responsible for the billing and collection of the Special Assessments. Special Assessment bills are mailed to the property owners by early November and due on December 31 in the year billed and are used to retire principal and interest on the Bonds in the following year. Special Assessments are a lien against the real property to which they apply. In the event of any non-payment of a Special Assessment, the City may seek such legal action as is set forth in the Missouri Revised Statutes for collection of delinquent taxes. Delinquencies in payments of Special Assessments does not affect the City's obligation to pay the principal and interest on the Bonds. All lands and lots on which taxes are delinquent and unpaid are, after an approximately two-year statutory foreclosure procedure, subject to sale at public auction in August of each year.

Total annual Special Assessments equal approximately \$198,660. For the 2011 Fiscal Year, approximately 90% of the special assessment were collected by the due date. Approximately 12 property owners were delinquent on their 2011 assessments and the City has taken actions to collect the Special Assessments including filing assessment liens.

## **THE BONDS**

### **Authority**

The Bonds are being issued pursuant to and in full compliance with the City's Charter, Constitution and statutes of the State of Missouri, including particularly Article III, Section 38(c) of the Missouri Constitution and the Neighborhood Improvement District Act set forth in Sections 67.453 to 67.475, inclusive, of the Missouri Revised Statutes, as amended (the "Act") and the Bond Ordinance.

### **Description**

The Bonds will be issued as fully registered bonds, without certificates, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See the caption "APPENDIX C - BOOK-ENTRY ONLY SYSTEM."

The Bonds are dated as of original issuance and will mature on the dates and in the amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1, commencing September 1, 2013. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the Paying Agent directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in the Official Statement under the caption "THE BONDS."

### **Redemption**

The Bonds maturing on and after March 1, 2020 are subject to redemption and payment prior to maturity at the option of the City on March 1, 2019 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. When less than all outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of maturity as shall be determined by the City, and Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or such other equitable manner as the Paying Agent may determine.

In the event the City elects to exercise its option to redeem Bonds pursuant to the Bond Ordinance, written notice shall be given by first class mail to the registered owners of the Bonds to be redeemed at least 30 days but not more than 60 days prior to the redemption date.

### **Security for the Bonds**

The Bonds will constitute an indebtedness and a general obligation of the City and the full faith and credit of the City is irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due; provided that the City is not authorized to levy a City-wide property tax to pay the Bonds and, accordingly, the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall be payable from and secured as to the payment of the principal and interest by (a) Special Assessments to be assessed and levied on real property deemed to be benefited by the Improvements and deposited in the Series 2012 Bond Fund; (b) moneys in the Series 2012 Bond Reserve Fund and (c) in the event of any deficiency in the Series 2012 Bond Fund, transfers of first legally available moneys from the City's general fund or other legally available City fund.

The Bond Ordinance establishes the Series 2012 Bond Reserve Fund initially in an amount equal to \$164,113.03. See "APPENDIX B – SUMMARY OF THE BOND ORDINANCE." If at any time the moneys in the Series 2012 Bond Fund shall be insufficient to make in full the payment of principal of or interest on the Bonds on any interest payment date, the moneys in the Series 2012 Bond Reserve Fund shall be applied to the payment of the principal of and interest on the Bonds. Moneys in the Series 2012 Bond Reserve Fund may be used for the redemption of the Bonds provided all of the Bonds at the time outstanding are called for payment and funds are available to pay the same according to their terms.

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

*The following is a discussion of certain risks that could affect the debt service payments on the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto). Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of principal and interest on the Bonds. The following discussion, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Bonds. This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.*

## **Factors Affecting Receipt of Special Assessments from Assessed Property**

The amount of Special Assessments received by the City will depend upon the ability of the owners of such property to pay the Special Assessments. Although these amounts are generally expected to constitute a small percentage of the fair market value of the respective parcels of the assessed property, there can be no assurance that the owner of any parcel will be able to pay the Special Assessments on the parcel. Additionally, a single property owner is responsible for payment of approximately 22% of the Special Assessments. Although an unpaid Special Assessment constitutes a lien on the particular assessed property against which it is assessed, realization on any such lien may be subject to litigation or other factors causing delay, and there can be no assurance that the future value of any assessed property will exceed the Special Assessment on such property.

## **Limitation of Funds to Pay Bonds**

Debt service payments on the Bonds will be made first from Special Assessments on certain real property in the District and to the extent required from moneys in the Series 2012 Bond Reserve Fund and surplus moneys in the City's general fund or other legally available funds of the City. If the amount in the Series 2012 Bond Reserve Fund is less than the Series 2012 Bond Reserve Requirement as a result of the withdrawal of moneys therein in order to make payments into the Series 2012 Bond Fund, the City will pay from other first available funds of the City, the amount of such deficiency to the Paying Agent for deposit in the Series 2012 Bond Reserve Fund on or before the first anniversary of the date of such withdrawal.

In the event of a deficiency, timely payment of the Bonds will be dependent on the availability of moneys in the City's general fund or other legally available funds of the City. The City is neither obligated nor authorized to impose new ad valorem tax levies against the property within the territorial limits of the City for the purpose of paying the principal of or interest on the Bonds. Such general ad valorem property tax levy is available only if a proposition to make such levy is approved by a vote of the qualified electors in the City pursuant to the Constitution and laws of the State of Missouri (see the caption herein "THE CITY'S FINANCES - The Hancock Amendment").

The City does not levy property taxes and is highly dependent upon sales taxes. Sales taxes in St. Louis County are collected by St. Louis County and are distributed to cities based on the point of sale or on a per capita basis. (See the caption "SOURCES OF REVENUE – Sales Taxes.") Legislation was introduced in 2011 and 2012 which, if approved, would have changed the method of distributing taxes to cities in St. Louis County. If legislation is adopted which changes the method of sales tax distribution it could negatively impact the City's general revenues.

## **Limitations on Remedies**

The remedies available to the registered owners upon a default in payment of the Bonds are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, otherwise known as the Federal Bankruptcy Code. The various legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

## **No Mortgage of the Property in the District**

The Bonds are not secured by a mortgage on any property in the District. However, the Act provides that the Special Assessments that are due and owing shall constitute a lien against the real estate within the District, from the date of the assessment, to the same extent as a tax upon real property. The lien may be foreclosed in the same manner as a tax upon real property by land tax sale pursuant to state

law, or by judicial foreclosure proceeding, at the option of the governing body. Upon the foreclosure of any such lien, whether by land tax sale or by judicial foreclosure proceeding, the entire remaining assessment may become due and payable and may be recoverable in such foreclosure proceeding at the option of the governing body.

### **Series 2012 Bond Reserve Fund**

At the time of issuance of the Bonds, the Series 2012 Bond Reserve Fund will be established in an amount equal to \$164,113.03. See "APPENDIX B – SUMMARY OF THE BOND ORDINANCE." There can be no assurance that the amounts on deposit in the Series 2012 Bond Reserve Fund will be available if needed for payment of the Bonds because (1) of fluctuations in the market value of the securities deposited therein, (2) if funds are transferred to the Series 2012 Bond Fund, sufficient revenues may not be available from the proceeds of the Special Assessments to replenish the Series 2012 Bond Reserve Fund and/or (3) if funds are transferred to the Series 2012 Bond Fund and the proceeds of the Special Assessments are not sufficient to replenish the Series 2012 Bond Reserve Fund, the City may not have sufficient current income and revenues and surplus funds to replenish the Series 2012 Bond Reserve Fund.

### **Risk of Audit**

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Internal Revenue Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Registered Owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

### **Determination of Taxability**

The Bonds are not subject to redemption, nor is the interest rate on the Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includable in the gross income of the registered owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Bond Ordinance which may constitute an event of default under the Bond Ordinance. It may be that Registered Owners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for federal income tax purposes. Likewise, the Bond Ordinance does not provide for the redemption of the Bonds or the payment of any additional interest or penalty on the Bonds if the interest thereon becomes includable in gross income for State of Missouri income tax purposes.

### **Secondary Market**

There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of that entity, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

## **THE CITY**

### **General**

The City was incorporated on September 1, 1995. The City is located approximately 20 miles west of the City of St. Louis and occupies approximately 68 square-mile area in western St. Louis County, bounded on the west by the Franklin County line; on the south by Interstate 44, the City of Eureka, and the Meramec River; and on the east and north by the Cities of Ellisville, Clarkson Valley and Chesterfield and by the Missouri River. The major focal point of the City is the State Route 100/109 intersection.

### **Government and Services**

On November 4, 1997, voters approved a proposition giving the City a charter form of government. The legislative body of the City is the City Council, which is comprised of sixteen council members and a mayor. Two council members are elected from each of the City's eight wards to serve two year terms, one half of which expire annually.

The Mayor, elected at large to serve a four year term, is the presiding officer of the City Council. The Mayor may vote in the event of a tie vote by the City Council. Additionally, the Mayor has veto power.

The City Administrator is appointed by the Mayor with the advice and consent of the City Council. The City Administrator is the chief assistant to the Mayor and is responsible for the day-to-day management of the City's government business and staff.

City services and functions are divided into the following departments: Administration and Finance, Planning, Parks & Recreation, Public Works and Municipal Court.

Section 6.13 of the City Charter states, "It shall be the fiscal policy of the City to conserve public monies while efficiently providing municipal services or infrastructure, to operate the City with a minimum of bureaucracy, and to provide government services by contract with private providers when feasible and appropriate." To achieve this objective, the City contracts with private vendors for public works and park maintenance and with St. Louis County for police services, building permitting and inspection. This nontraditional approach to providing services permits the City to operate with a staff comprised of only nineteen (19) full-time professional employees. Personnel costs, including salaries and all benefits, account for only approximately 28% of the City's total operating budget. The functions provided by full-time staff include administration and financing, planning and land use regulation, code enforcement, recreation activities, municipal court administration, public works administration and overall professional management of all City business.

### **Retirement Plan**

The City participates in the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust (the "Plan"). The ICMA Retirement Corporation also administers the Plan.

The Plan complies with the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan year corresponds with the calendar year.

All full-time employees are eligible to participate in the Plan after a waiting period of six months from their date of hire before becoming a Plan participant.

The City contributes 7% of the covered wages of eligible employees. The Plan is non-contributory (i.e., employees do not make contributions).

## **Community Services**

### *Utilities*

Stormwater drainage and sewage collection and disposal within approximately 1/3 of the eastern portion of the City is provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by ad valorem taxes and user fees. The balance of the City is served by septic tanks or, in some of the subdivisions, by package treatment plants. Gas is provided by Laclede Gas Company and electricity is provided by Ameren Missouri (formerly Ameren UE). Water is provided by Missouri-American Water Company.

### *Communications and Media*

Telecommunication services are provided by AT&T. The City receives all St. Louis radio stations and television channels. Local newspapers include The St. Louis Post Dispatch, The West County Journal, a weekly paper, the West Newsmagazine, published weekly, and the St. Louis Countian, a legal newspaper published daily. The City receives cable television service from Charter Communications.

### *Public Safety*

Fire protection is provided by the following fire protection districts: Monarch, Eureka and Metro West.

The City contracts with St. Louis County to provide a full range of police services. St. Louis County provides 37 officers assigned to the Wildwood Precinct, including 4 supervisors, a Lieutenant, a Precinct Captain and 4 School Resource Officers. Wildwood Police Precinct is located in leased premises within the City.

In addition to the 37 police officers permanently assigned to the City, there are over 700 commissioned police officers on the St. Louis County Police Department that are readily available to address any major police concern that could develop. All police-related resources available to the St. Louis County Police Department are available to the City.

The current contract with the St. Louis County Police Department terminates on December 31, 2021 subject to annual termination by either St. Louis County or the City.

### *Recreation Activities*

Within the City's boundaries are 11 square miles of State and County parks including Babler State Park, Rockwoods Reservations, Rockwoods Range, Greensfelder Park and Howell Island. Babler State Park's 2,500-acre landscape offers a variety of outdoor activities including softball or volleyball, open grills, a swimming pool, guided horseback tours and hiking trails. A visitor center with exhibits, classrooms and an auditorium are available for special programs. The park also provides experiences for those with special needs at the Jacob L. Babler Outdoor Education Center, a barrier-free resident camp with a swimming pool, cabins and recreation and dining halls. Rockwoods Reservation is a 1,900 acre State park that has a trail system, picnic areas, educational museum, springs, caves and a quarry. Rockwoods Range is comprised of 8.5 miles of hiking trails in addition to 25 miles of hiking trails located within Greensfelder park. Greensfelder park is a 1,758 acres County park that features shaded trails and spectacular views, horse boarding, equestrian and group camping, hayrides, trails a nature learning center, picnic sites and shelters and playgrounds. Howell Island is a 2,500-acre island in the Missouri River that provides hiking opportunities. Also located in the City is Hidden Valley, the only ski resort in the St. Louis metropolitan area.

The City adopted a Park and Recreation Action Plan in 2007. The City currently owns and maintains four parks which comprise approximately 27-acres. During the 2009 Fiscal Year, the City acquired approximately 65.5 acres of land for a future community park. A comprehensive development

plan is currently being prepared. Development of the future parks and new recreational opportunities, as defined in the 2007 Action Plan, will be implemented with the City's unique approach of minimizing bureaucracy and utilizing services by contract where appropriate.

Residents of the City are also within easy commuting distance of the numerous other St. Louis City and St. Louis County attractions, including the St. Louis Zoological Park, the Missouri Botanical Garden, and the St. Louis Symphony.

#### *Solid Waste Collection*

The State of Missouri Solid Waste Management Law requires cities with populations over 500 to develop, adopt and implement a solid waste management plan to ensure that all solid wastes in the community are stored, collected, transported and disposed of properly. The City contracts with a private hauler for the collection of residential solid waste and recycling materials.

#### *Medical*

The hospital closest to the City is St. Luke's Hospital, a 493-bed not-for-profit healthcare provider located approximately 8 miles from the City. The hospital is consistently recognized as being one of the top 50 in the country for quality of care and outcomes while offering a wide array of clinical as well as community services and programs. In addition, several dentists, chiropractors and doctors provide medical services from offices located in the City.

#### *Education*

Primary and secondary education within the City is provided by the Rockwood School District and a small portion of the City is served by the Meramec Valley School District. These districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The districts are empowered to levy taxes, separate and distinct from those levied by the City.

The Rockwood School District owns and operates 33 schools, of which 3 elementary schools, 3 middle schools and 1 high school are within the limits of the City.

St. Louis Community College District, a community college that is part of the tax supported Missouri junior college system, operates a campus in the City and Lindenwood University operates a satellite campus in the City. In addition, numerous other institutions of higher education are located in the St. Louis metropolitan area and are easily accessible to City residents, including Saint Louis University, Washington University and the University of Missouri-St. Louis.

### **Economic and Demographic Data**

#### *Population*

During the incorporation process, the 1990 United States census tracts were analyzed for the area now comprising the City. It was estimated that the area had 5,606 individual households, and a total population of 16,379. Based on the official census count by the United States Bureau of Census, in 2000 the City's population was 32,884 and the City's 2010 population was 35,517.

#### *Transportation*

The City is traversed by Highway 109 and Manchester Road (Highway 100). Interstate 270, a hub surrounding much of the St. Louis metropolitan area, is intersected by Highway 100 approximately 6 miles east of the City.

Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport located approximately 15 miles northeast of the City. Private commercial service is available at the Spirit of St. Louis Airport located adjacent to the City limits.

### *Economy*

The City is a suburban area with an economic base represented primarily by residential development and commercial and service businesses. In March 1996, the City Council adopted a Master Plan for the City. This comprehensive plan, along with ordinances protecting the community's environment, seeks to attain sustainable and predictable development. The City's motto of "Planning Tomorrow Today" reflects this focus. The City's Master Plan, as updated in 2006, calls for the City to remain a low density residential community. The City estimates that there are approximately 475 businesses in the City.

Commercial Development is and, under the comprehensive plan, will remain concentrated in the "Town Center," an area encompassing approximately 800-acres. The Town Center is a mixed-use development, combining low intensity commercial with residential uses in a pedestrian friendly, neo-traditional Main Street setting. Development of Town Center commenced in 2003 and now includes a 141,000 square foot strip shopping center anchored by a regional grocer. Also located in Town Center is a hotel, restaurants, retail shops, business offices and a 10 screen movie theatre. Other recent developments in the City include retail shops and restaurants within the vicinity of the St. Louis Community College campus.

### *Major Employers*

The majority of businesses in the City are commercial enterprises with less than 40 employees. The following is a list of the largest employers located within the City:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Rockwood School District	Education	850
First Student	Education	212
Hidden Valley Golf Course	Golf Course	195
Dierbergs Town Center	Grocery	150
National Medical Billing Services	Billing and Coding Services	120
The Elegant Child	Education	120
Schnucks	Grocery	119
Kelpe Contracting	Construction	88
Benchmark Healthcare of Wildwood	Long-Term Care	50
Big Bear Grill	Restaurant	40

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*Source: Survey by the City.*

### *Employment*

According to the U.S. Bureau of Census, American Community Survey 3-Year Estimates, in the year 2010 the City's civilian labor force was 18,005. The total number of people that were unemployed was 912 which was an unemployment rate of 5.1%.

### *Building and Construction Data*

The following table sets forth the number and value of building permits issued by the County, for the City, for the past four years for new residential and commercial construction excluding tenant finishes:

Year	New Residential		New Commercial		Total Value
	Number Permits	Value	Number Permits	Value	
2008	58	\$27,738,394	4	\$1,050,000	\$28,788,394
2009	32	10,971,440	7	2,394,502	13,365,942
2010	45	19,109,270	3	1,226,000	20,335,270
2011	42	20,781,909	3	6,487,334	27,269,243

*Source: County Planning Department.*

### *Housing*

The following table sets forth statistics relating to housing for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Median Value of Owner <u>Occupied Housing</u>	% Built in <u>2000 or Later</u>	Units Built <u>Before 1940</u>
The City	\$356,000	12.4%	3.1%
Other Entities:			
St. Louis County	181,600	5.6	10.3
St. Louis MSA	162,200	11.6	17.5
State of Missouri	139,700	12.7	15.4

*Source: U.S Census Bureau, 2008-2010 American Community Survey, 3-Year Estimates.*

### *Income*

The following table sets forth certain income statistics for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Per Capita Income In <u>2010 Dollars</u>	Median Family Income In <u>2010 Dollars</u>	% People Below Poverty Level
The City	\$49,130	\$125,065	2.4%
Other Entities:			
St. Louis County	33,093	73,256	9.9
St. Louis MSA	27,879	66,536	12.4
State of Missouri	24,496	57,226	14.5

*Source: U.S Census Bureau, 2008-2010 American Community Survey, 3-Year Estimates.*

### *Assessed Valuation*

Assessment of real property pursuant to the Constitution of Missouri requires such property to be classified in subclasses consisting of agricultural, residential or commercial and permitting different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value. Personal property is assessed at 1/3 of book value. In 1986, the State Legislature passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

The City does not impose any property taxes. The following table indicates the equalized assessed valuation for the City for the years 2007 through 2011, following review by the Board of Equalization, and is intended to provide an indication of the City's property value:

<u>Year</u>	<u>Assessed Valuation</u>
2007	\$1,001,136,684
2008	1,017,055,902
2009	944,831,601
2010	940,493,680
2011	928,318,963

*Source: Office of the St. Louis County Collector.*

The following table sets forth the estimated market value of property in the City for 2011 based on the 2011 assessed valuation and the assessment ratios described hereinbefore:

<u>Subclass</u>	<u>Assessed Valuation</u>	<u>Assessment Ratio</u>	<u>Estimated Market Value</u>
Residential Property	\$780,583,990	19.0%	\$4,108,336,789
Commercial Property	49,722,553	32.0	155,382,978
Personal Property	96,544,050	33.3	289,632,150
Agricultural Property	1,468,370	12.0	12,236,417
Total	<u>\$928,318,963</u>		<u>\$4,565,588,334</u>

*Source: Assessed Valuations were provided by the office of the St. Louis County Collector.*

The following table sets forth information regarding the businesses located in the City that have the highest assessed valuation based on 2011 assessed valuation. The City does not impose any property taxes. The following table is intended to provide an indication of the largest companies in the City based on assessed valuation:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Ameren MO	\$21,029,592	2.26%
LCM Investment Co	3,460,610	0.37
Dierbergs Wildwood LLC	2,920,680	0.31
MCW RD Wildwood Crossing LLC	2,544,000	0.27
Wildwood Cinema Co.	2,074,300	0.22
Wildwood Hospitality LLC	2,055,590	0.22
AT&T	1,869,804	0.20
Hidden Valley Gold and Ski Inc.	1,602,410	0.17
Laclede Gas Company	1,382,590	0.15
Pinetree Westbrooke Apartments	1,330,000	0.14

*Source: Assessed Valuations were provided by the office of the St. Louis County Collector.*

## **THE CITY'S FINANCES**

### **Accounting and Reporting Practices**

Since 1997, with the exception of 2000, the City received the Government Finance Officers Association's ("GFOA") Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the content of which must conform to GFOA's program standards. The report must also satisfy both generally accepted accounting principles and applicable legal requirements.

The City operates on a fiscal year which corresponds to the calendar year (the "Fiscal Year").

The accounts of the City are organized on the basis of funds and account groups, in conformance with accounting principles generally accepted in the United States of America applicable to governments. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Both methods of accounting are described in greater detail in APPENDIX A to this Official Statement.

The City Council annually engages an independent certified public accountant for the purpose of performing an audit of the books of accounts, financial records, and transactions of the City.

### **Investments**

The City has a written investment policy. Under the policy the City may invest in securities authorized by State law including obligations guaranteed by the United States or its agencies, certificates of deposit that are insured by the Federal Deposit Insurance Corporation or are fully collateralized, Banker's Acceptance, commercial paper (limited to institutions of a specified size and credit rating) and repurchase agreements in which the City has an undivided interest in the securities pledged as collateral. Presently, the majority of the City's investments are in Certificates of Deposit and obligations of United States' agencies.

### **Budget Process**

Since 2005, the City was awarded the GFOA Distinguished Budget Presentation Award. The Finance Officer, under the direction of the City Administrator, prepares an annual budget for the ensuing fiscal year. The budget is based upon information provided by the various City departments and employees. After a proposed budget is prepared, it is submitted to the City Council for review. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance following public hearings on the proposed budget.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- (1) A budget message describing the important features of the budget and major changes from the preceding year;

- (2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund, and source;
- (3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
- (4) The amount required for the payment of interest, amortization, and redemption charges on debt; and
- (5) A general budget summary.

Transfers within departmental budgets that exceed \$500 may be made only with prior approval by the Finance Officer and City Administrator. An increase in total expenditures budgeted for any department requires City Council approval.

### **The General Fund**

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues, not specifically allocated by law or contractual agreement to other funds, are deposited.

The following table indicates the City's General Fund audited revenues, expenditures and changes in fund balance for the Fiscal Years 2009 through 2011:

**SUMMARY OF OPERATIONS  
GENERAL FUND**

	Fiscal Year Ended December 31		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>REVENUES</b>			
Taxes	\$ 7,592,114	\$ 7,527,975	\$ 7,688,530
Charges for Services	7,725	21,663	3,875
Fines and Forfeitures	728,856	718,938	614,564
Licenses and Permits	91,515	97,776	93,683
Intergovernmental	10,000	10,000	10,000
Investment Income	245,180	150,339	109,736
Miscellaneous	<u>32,598</u>	<u>32,095</u>	<u>43,488</u>
Total Revenues	<u>8,707,988</u>	<u>8,558,786</u>	<u>8,563,876</u>
<b>EXPENDITURES</b>			
Current:			
Administration	1,292,230	1,240,837	1,259,154
Police	3,040,939	3,118,256	3,028,823
Courts	235,491	208,951	221,124
Clerk and Council	265,634	269,690	274,831
Public Works	1,505,883	1,553,168	1,528,921
Planning and Zoning	1,107,157	905,534	829,517
Parks and Recreation	<u>467,300</u>	<u>407,588</u>	<u>496,283</u>
Total Expenditures	<u>7,914,634</u>	<u>7,704,024</u>	<u>7,638,653</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	793,354	854,822	925,223
<b>OTHER FINANCING SOURCES (USES)</b>			
Net Transfers In (Out)	<u>57,510</u>	<u>(194,905)</u>	<u>19,489</u>
Total Other Financing Sources (Uses)	<u>57,510</u>	<u>(194,905)</u>	<u>19,489</u>
<b>REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES</b>	850,864	659,917	944,712
<b>FUND BALANCES, JANUARY 1</b>	<u>11,796,111</u>	<u>12,646,975</u>	<u>13,306,892</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$12,646,975</u>	<u>\$13,306,892</u>	<u>\$14,251,604</u>

*Source: City's Annual Financial Statements.*

## **Projected 2012 Fiscal Year**

The City's 2012 Fiscal Year ends on December 31, 2012. The City budgeted General Fund revenues exceeding expenditures by \$751,611. The City budgeted a General Fund 2012 year-end balance of \$9,393,924 which takes into account a budgeted transfer of \$5 million for the construction of the new City Hall. The City now anticipates that revenues over expenditures will be higher than budgeted.

## **SOURCES OF REVENUES**

### **General Fund Revenue Sources**

The City does not levy an ad valorem property tax. Any future property tax imposed by the City would be subject to voter approval except for taxes imposed for the payment of any future voter approved general obligation bonds.

The following table sets forth the City's primary sources of General Fund revenues for the 2011 Fiscal Year:

<u>Revenue Source</u>	<u>Revenues</u>	<u>Percentage of Total Revenues</u>
Taxes:		
Sales	\$4,049,729	47.29%
Local Options Tax	84,932	0.99
Utility Tax-Gross Receipts <sup>(1)</sup>	3,225,949	37.67
Other	<u>327,920</u>	<u>3.83</u>
	<u>7,688,530</u>	<u>89.78</u>
Charges for Services	3,875	0.04
Fines and Forfeitures	614,564	7.18
Licenses and Permits	93,683	1.09
Intergovernmental	10,000	0.12
Investment Income	109,736	1.28
Other	<u>43,488</u>	<u>0.51</u>
	<u>\$8,563,876</u>	<u>100.00%</u>

(1) The City charges a 5% tax on the gross receipts of private utilities including electric, gas, telephone and water.

Source: Audited financial statements of the City.

### **General Sales Tax**

Sales taxes are the largest source of General Fund revenues.

In St. Louis County, local sales taxes are collected by St. Louis County. Within St. Louis County, some cities are "pool" cities and some cities are "point-of-sale" cities. Point-of-sale cities may impose a sales tax of up to 1¼% for general purposes. Under a statutory formula, point-of-sale cities receive sales taxes generated within their borders except for a portion that is collected by St. Louis County for distribution to pool cities. St. Louis County imposes a 1% sales tax in all portions of St. Louis County in which a local sales tax is not in effect and contributes a portion of the tax to the pool for distribution to pool cities. Pool cities receive sales tax from the pool on a per capita basis. Wildwood is a pool city.

As a pool city, the City's general corporate sales tax receipts are dependent upon retail sales activities of all cities in St. Louis County, the population of all pool cities and the population of the City relative to all cities that participate in the pool.

The following table sets forth the total general corporate sales tax receipts of the City for the past five years:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$4,224,076
2008	4,207,579
2009	3,848,063
2010	3,839,557
2011	4,049,729

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*Source: Comprehensive Annual Financial Reports of the City.*

### **Capital Improvement Sales Tax**

In April 1999, voters approved a ½% sales tax for capital improvements. As a pool city, the capital improvement sales tax receipts are dependent upon retail sales activities of all cities in St. Louis County, the population of all pool cities and the population of the City relative to all cities that participate in the pool. By statute, this tax may be used solely for funding capital improvements and for the cost of operating such improvements. The money is deposited in the City's Sales Tax Capital Improvement Fund.

The following table sets forth the total capital improvement sales tax receipts of the City for the past five years:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$2,005,240
2008	1,943,930
2009	1,910,238
2010	1,864,362
2011	1,919,855

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*Source: Comprehensive Annual Financial Reports of the City.*

## **DEBT OF THE CITY**

### **General**

On August 2, 1988, an amendment to the Missouri Constitution was approved which decreased the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes from two-thirds (2/3) to four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property of the City. The Missouri Constitution permits the City to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system. Lease obligations payable from annual appropriations do not require voter approval and do not count against the constitutional debt limitation.

## **Outstanding Debt**

The City has no outstanding City-wide voter approved general obligation bonds. Following the issuance of the Bonds, the Bonds will be the City's only outstanding neighborhood improvement district bonds.

The following table sets forth the debt service on the Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2013	\$ 150,000	\$ 14,113	\$ 164,113
2014	140,000	20,093	160,093
2015	140,000	19,463	159,463
2016	140,000	18,675	158,675
2017	140,000	17,713	157,713
2018	140,000	16,575	156,575
2019	145,000	15,238	160,238
2020	150,000	13,575	163,575
2021	150,000	11,588	161,588
2022	150,000	9,338	159,338
2023	155,000	6,820	161,820
2024	155,000	4,146	159,146
2025	155,000	1,395	156,395
Total	<u>\$1,910,000</u>	<u>\$168,732</u>	<u>\$2,078,732</u>

## **Legal Debt Limit and Debt Margin**

The following table sets forth the City's legal debt limit and debt margin:

	<u>City Purposes Basic Limit</u>	<u>Street and Sewer Additional Limit</u>
2011 Assessed Value	<u>\$928,318,963</u>	<u>\$928,318,963</u>
Debt Limit - 10% of Assessed Value <sup>(1)</sup>	\$92,831,896	\$92,831,896
Less: General Obligation Bonds <sup>(2)</sup>	<u>1,910,000</u>	<u>—</u>
Legal Debt Margin	<u>\$90,921,896</u>	<u>\$92,831,896</u>

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- (1) The debt margin was computed based on the 2011 assessed value following review by the Board of Equalization which could be slightly different than the year end final assessed valuation which is used for determining a local government's legal debt limit.
- (2) Represents the NID Bonds. The NID Act and the constitutional provision authorizing neighborhood improvement districts expressly provide a debt limitation of 10% of the issuer's then-current assessed valuation. In the Missouri Supreme Court case of Spradlin v. Fulton, the Court raised, but did not answer, whether the NID Act and constitutional authorization established a debt limit independent of other general obligation debt limitations. Accordingly, at this time, Neighborhood Improvement District Bonds are computed as part of the general debt limitation.

## **Direct and Overlapping Debt**

The following table sets forth information relating to the direct and overlapping general obligation debt of the City:

	<u>Outstanding Bonds</u>	<u>Percent Applicable to The City<sup>(1)</sup></u>	<u>City's Direct and Overlapping Debt<sup>(2)</sup></u>
City of Wildwood	\$ 1,910,000	100.00%	\$ 1,910,000
St. Louis County	63,765,000	4.13	2,633,495
Eureka Fire Protection District	3,090,000	16.56	511,704
Metro West Fire Protection District	3,025,000	35.78	1,082,345
Meramec Valley School District	32,960,000	.09	29,664
Rockwood School District	<u>223,015,000</u>	28.13	<u>62,734,120</u>
	<u>\$327,765,000</u>		<u>\$68,901,328</u>

(1) Estimate based on 2011 locally assessed real and personal property.

(2) Excludes lease obligations.

*Source: Bond amounts were provided by the respective taxing districts or from records available through the Municipal Securities Rulemaking Board's Electric Municipal Market Access system ("EMMA"). Assessments were provided by the respective taxing districts or the St. Louis County Collector.*

## **Lease Obligations**

The City's outstanding lease obligations consist of \$2,885,000 principal amount of the Certificates of Participation (City of Wildwood, Missouri, Lessee), Series 2010 that were delivered for the purpose of providing funds for the construction of a new City Hall. Obligations secured by annually appropriated funds do not constitute an indebtedness for purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body and neither taxes nor a specific source of revenues can be pledged to make payments on such obligations. Any increase in taxes required to generate additional funds with which to make payments on such obligations are subject to voter approval.

The following table sets forth the debt service requirements on the Certificates of Participation:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$ 115,000	\$ 104,617	\$ 219,617
2014	120,000	102,950	222,950
2015	120,000	100,850	220,850
2016	120,000	98,450	218,450
2017	125,000	95,630	220,630
2018	130,000	92,255	222,255
2019	130,000	88,355	218,355
2020	135,000	84,130	219,130
2021	140,000	79,473	219,473
2022	145,000	74,362	219,362
2023	150,000	68,853	218,853
2024	155,000	63,002	218,002
2025	165,000	56,803	221,803
2026	170,000	50,037	220,037
2027	175,000	42,898	217,898
2028	185,000	35,372	220,372
2029	195,000	27,233	222,233
2030	200,000	18,555	218,555
2031	210,000	9,555	219,555
Total	<u>\$2,885,000</u>	<u>\$1,293,380</u>	<u>\$4,178,380</u>

#### **Future Debt**

The City currently has no plans to incur future debt.

### **THE REFUNDING**

#### **Description**

The Bonds are being issued for the purpose of refunding the Refunded Bonds. Following the delivery of and payment for the Bonds, the proceeds shall be deposited with The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, as escrow agent for the Refunded Bonds, in an amount sufficient to provide for the payment of the principal of and interest on the Refunded Bonds on January 28, 2013, the date of redemption.

## **Estimated Sources and Uses of Funds**

The estimated sources and uses of funds are set forth below.

<b>Sources of Funds</b>	
The Bonds	\$1,910,000
Cash on Hand <sup>(1)</sup>	<u>273,164</u>
Total	<u><u>\$2,183,164</u></u>
<b>Uses of Funds</b>	
For Refunding the Refunded Bonds	\$1,971,670
Series 2012 Bond Reserve Fund	164,113
Costs of Issuance Including Underwriting Discount	<u>47,381</u>
Total	<u><u>\$2,183,164</u></u>

(1) Represents the funds from the reserve fund and a portion of the funds in the bond fund established for the Refunded Bonds.

## **RATING**

Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich, New York, New York 10007 has assigned the Bonds the rating of "Aa1." An explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may adversely affect the market price of the Bonds.

## **LEGAL MATTERS**

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. The approving opinion of Bond Counsel will be printed on the Bonds and manually executed copies will be furnished at the time the Bonds are paid for and delivered. Bond Counsel has participated only in the preparation of the cover page of this Official Statement and of those portions of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX B – SUMMARY OF THE BOND ORDINANCE." Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement.

## **TAX MATTERS**

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

## **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

**Federal and Missouri Tax Exemption.** The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

**Alternative Minimum Tax.** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

**Bank Qualification.** The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Bond counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

## **Other Tax Consequences**

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **FINANCIAL ADVISOR**

WM Financial Strategies, St. Louis, Missouri, is employed as Financial Advisor to the City to render certain professional services, including advising the City on a plan of financing and assisting in preparing the Official Statement for the sale of the Bonds.

## **UNDERWRITING**

Commerce Bank, National Association, St. Louis, Missouri (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price equal to \$1,901,787, which is net of an underwriting discount equal to \$8,213. The initial public offering prices set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices set forth on the cover page.

## **NO LITIGATION CERTIFICATE**

The City represents that to the best of the City’s knowledge there is no controversy, suit or other proceeding of any kind pending or to the City’s knowledge, threatened in any court (either state or federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued; (ii) the validity of the Bonds; (iii) the pledge of the moneys under the Bond Ordinance; or (iv) the legal existence of the City or the title to office of the present officials of the City.

## **CERTIFICATION OF OFFICIAL STATEMENT**

Simultaneously with the delivery of the Bonds, the City will furnish to the Underwriter a certificate which shall state, among other things, that to the best of the signing official’s knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

## **CONTINUING DISCLOSURE UNDERTAKING**

### **Description of Undertaking**

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the City has agreed to provide the following to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”):

- (i) Audited financial statements on or prior to 180 days after the end of each Fiscal Year commencing with the Fiscal Year ending December 31, 2012.
- (ii) Notice of the occurrence of any of the following events with respect to the Bonds, within 10 business days after the occurrence:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) modifications to rights of bondholders, if material;
  - (4) bond calls, if material, and tender offers;
  - (5) defeasances;

- (6) rating changes;
  - (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Forms 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the security;
  - (8) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (9) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (10) substitution of credit or liquidity providers, or their failure to perform;
  - (11) release, substitution or sale of property securing repayment of the Bonds, if material;
  - (12) bankruptcy, insolvency, receivership or similar event of the City;
  - (13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (14) appointment of a successor or additional trustee or the change of name of the bond trustee, if material.
- (iii) Notice of a failure (of which the City has knowledge) to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The City may, from time to time, choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the City, such other event is material with respect to the Bonds; however, the City does not undertake to commit to provide any such notice of the occurrence of any material event except those indicated herein.

The City reserves the right to modify, from time to time, the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that the City agrees that any such modification will be done in a manner consistent with the Rule as the same may be amended from time to time. The City reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the City no longer remains an "Obligated Person" with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the owners of the Bonds provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

## **Prior Compliance**

In connection with the City's continuing disclosure obligations, the City has completed its audited financial statements within 180 days after each Fiscal Year. In connection with the City's outstanding certificates of participation, for the 2010 and 2011 Fiscal Year the audits were filed on EMMA on a slightly later date. The City is now in compliance with its continuing disclosure obligations and intends to remain in compliance in the future.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

CITY OF WILDWOOD, MISSOURI

BY: /S/ Timothy Woerther, Mayor

**APPENDIX A**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

The financial statements presented within this Appendix have been extracted from the City's comprehensive annual financial report for the year ended December 31, 2011. The report includes supplemental information and the auditor's report which are not included herein. The financial statements of the City are prepared in conformance with generally accepted accounting principles. Copies of the comprehensive annual financial report, in its entirety, are available from the City. Additionally, financial statements for prior years and the City's budget for the fiscal year ending December 31, 2012 may be obtained from the City.

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## CITY OF WILDWOOD, MISSOURI

### STATEMENT OF NET ASSETS December 31, 2011

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 22,630,350
Restricted cash and investments	5,223,934
Receivables, net:	
Taxes	1,751,748
Intergovernmental	162,091
Special assessment receivable	1,744,034
Interest	17,939
Other	155,733
Bond issuance costs, net	131,608
Prepaid items	95,520
Capital assets:	
Land and construction in progress	19,404,466
Other capital assets, net of accumulated depreciation	23,821,713
<b>Total Assets</b>	<u>75,139,136</u>
<b>Liabilities</b>	
Accounts payable	652,670
Accrued payroll	27,893
Accrued interest	70,883
Escrows payable from restricted assets	1,647,709
Noncurrent liabilities:	
Due within one year	350,996
Due in more than one year	4,814,048
<b>Total Liabilities</b>	<u>7,564,199</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	42,327,188
Restricted for:	
Debt service	234,815
Road and bridge capital improvements	4,049,578
General capital improvements	6,126,891
Unrestricted	14,836,465
<b>Total Net Assets</b>	<u>\$ 67,574,937</u>

# CITY OF WILDWOOD, MISSOURI

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2011

Functions	Program Revenues				Net (Expenses) Revenues And Changes In Net Assets
	Charges For Services		Operating Grants And Contributions	Capital Grants And Contributions	
	Expenses				
<b>Governmental Activities</b>					
Administration	\$ 1,287,732	\$ 84,248	\$ —	\$ —	\$ (1,203,484)
Police	3,030,395	618,439	—	—	(2,411,956)
Court	225,085	—	—	—	(225,085)
Clerk and council	275,430	—	—	—	(275,430)
Public works	3,407,191	—	2,215,028	1,532,967	340,804
Planning and zoning	841,850	27,635	—	—	(814,215)
Parks and recreation	1,183,460	—	—	11,485	(1,171,975)
Interest on long-term debt	204,307	—	—	—	(204,307)
<b>Total Governmental Activities</b>	<b>\$ 10,455,450</b>	<b>\$ 730,322</b>	<b>\$ 2,215,028</b>	<b>\$ 1,544,452</b>	<b>(5,965,648)</b>
<b>General Revenues:</b>					
Taxes:					
Sales taxes					6,054,516
Utility taxes					3,225,949
Franchise taxes					235,051
Other taxes					92,869
Investment income					190,301
Traffic generation permits					22,953
Other					13,803
Loss on sale of capital assets					(28,975)
<b>Total General Revenues</b>					<b>9,806,467</b>
<b>Change In Net Assets</b>					<b>3,840,819</b>
<b>Net Assets - Beginning Of Year</b>					<b>63,734,118</b>
<b>Net Assets - End Of Year</b>					<b>\$ 67,574,937</b>

**CITY OF WILDWOOD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2011**

	General Fund	Escrow And TGA Fund	Town Center Sewer Improvement Fund	Capital Projects Fund	Improvement Sales Tax Fund	Road And Bridge Fund	City Hall Project Fund	Total Governmental Funds
<b>Assets</b>								
Cash and investments	\$ 13,276,179	\$ 2,495,613	\$ 404,345	\$ —	\$ 5,844,505	\$ 3,509,666	\$ 2,323,976	\$ 22,630,350
Restricted cash and investments								5,223,934
Receivables, net	985,477	—	—	—	286,965	479,306	—	1,751,748
Taxes	—	—	—	—	162,091	—	—	162,091
Intergovernmental								1,744,034
Special assessments receivable								1,744,034
Interest	6,409	1,758	—	—	4,193	5,579	—	17,939
Other	155,733	—	—	—	—	—	—	155,733
Prepaid items	95,620	—	—	—	—	—	—	95,620
Due from other funds	11,500	—	860	—	—	—	—	12,360
<b>Total Assets</b>	<b>\$ 14,530,818</b>	<b>\$ 2,497,371</b>	<b>\$ 2,149,239</b>	<b>\$ —</b>	<b>\$ 6,135,663</b>	<b>\$ 4,156,642</b>	<b>\$ 2,323,976</b>	<b>\$ 31,733,709</b>
<b>Liabilities And Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 150,591	\$ 800	\$ —	\$ —	\$ 8,772	\$ 107,064	\$ 385,443	\$ 652,670
Accrued payroll	27,893	—	—	—	—	—	—	27,893
Deferred revenue	99,870	—	1,687,400	—	—	—	—	1,787,270
Escrow funds								
Subdivision inspections	—	291,268	—	—	—	—	—	291,268
Public space payment	—	59,232	—	—	—	—	—	59,232
Planning and zoning	—	576,797	—	—	—	—	—	576,797
Infrastructure	—	387,806	—	—	—	—	—	387,806
Subdivision	—	304,446	—	—	—	—	—	304,446
Sign replacement	—	18,000	—	—	—	—	—	18,000
Rural roadway development	—	6,000	—	—	—	—	—	6,000
Community beautification	—	4,160	—	—	—	—	—	4,160
Due to other funds	860	—	11,500	—	—	—	—	12,360
<b>Total Liabilities</b>	<b>279,214</b>	<b>1,648,509</b>	<b>1,698,900</b>	<b>—</b>	<b>8,772</b>	<b>107,064</b>	<b>385,443</b>	<b>4,157,902</b>
<b>Fund Balances</b>								
Nonspendable:								
Prepaid items	95,520	—	—	—	—	—	—	95,520
Restricted for:								
Debt service	—	—	450,339	—	—	222,959	673,298	
Road and bridge capital improvements	—	—	—	—	4,049,578	—	4,049,578	
General capital improvements	—	—	—	6,126,891	—	—	6,126,891	6,126,891
New City Hall facility	—	—	—	—	—	1,715,574	—	1,715,574
Total Restricted	—	—	450,339	—	6,126,891	4,049,578	1,938,533	12,555,341
Committed for:								
New City Hall facility	5,000,000	—	831,795	—	—	—	—	5,000,000
East/West Manchester Road improvements	5,000,000	—	831,795	—	—	—	—	831,795
Total Committed	5,000,000	—	831,795	—	—	—	—	5,831,795
Assigned for:								
Other fund activities	7,600	17,067	—	—	—	—	—	24,667
Unassigned	9,148,484	—	450,339	—	—	—	—	9,148,484
<b>Total Fund Balances</b>	<b>\$ 14,251,604</b>	<b>848,862</b>	<b>450,339</b>	<b>\$ 2,149,239</b>	<b>\$ —</b>	<b>6,126,891</b>	<b>4,049,578</b>	<b>27,685,807</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 14,530,818</b>	<b>\$ 2,497,371</b>	<b>\$ 2,149,239</b>	<b>\$ —</b>	<b>\$ 6,135,663</b>	<b>\$ 4,156,642</b>	<b>\$ 2,323,976</b>	<b>\$ 31,733,709</b>

## CITY OF WILDWOOD, MISSOURI

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

**December 31, 2011**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 27,665,807</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$48,688,517 and the accumulated depreciation is \$5,462,338.	43,226,179
Some of the City's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the fund financial statements.	1,787,270
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:	
Accrued compensated absences	(120,996)
Accrued interest	(70,883)
Debt outstanding	(5,055,000)
Unamortized bond discount	10,952
Unamortized bond issue costs	131,608
<b>Total Net Assets - Governmental Activities</b>	<b>\$ 67,574,937</b>

# CITY OF WILDWOOD, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2011

	General Fund	Escrow And TGA Fund	Town Center Sewer Improvement Fund	Capital Projects Fund	Improvement Sales Tax Fund	Road And Bridge Fund	City Hall Project Fund	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 7,688,530 3,875	\$ — —	\$ — 187,260	\$ — —	\$ 1,919,855 —	\$ 2,205,028 —	\$ — —	\$ 11,813,413 3,875
Charges for services	—	—	—	—	—	—	—	—
Special assessments	614,564	—	—	—	—	—	—	187,260
Fines and forfeitures	93,683	22,953	—	—	—	—	—	614,564
Licenses and permits	10,000	—	—	—	—	—	—	116,636
Intergovernmental	109,736	20,296	—	—	—	372,118	—	382,118
Investment income	43,488	—	185	77	32,230	27,534	173	190,301
Miscellaneous	8,563,876	43,249	187,700	77	1,952,085	2,604,680	—	43,673
<b>Total Revenues</b>	<b>8,563,876</b>	<b>43,249</b>	<b>187,700</b>	<b>77</b>	<b>1,952,085</b>	<b>2,604,680</b>	<b>173</b>	<b>13,351,840</b>
<b>Expenditures</b>								
Current:								
Administration	1,259,154	—	—	—	—	—	—	1,259,154
Police	3,028,823	—	—	—	—	—	—	3,028,823
Courts	221,124	—	—	—	—	—	—	221,124
Clerk and council	274,831	—	—	—	—	—	—	274,831
Public works	1,528,921	—	—	—	—	—	—	1,528,921
Planning and zoning	829,517	—	—	—	—	—	—	829,517
Parks and recreation	496,283	—	—	—	—	—	—	496,283
Capital outlay	—	12,270	74,496	189,226	2,349,422	945,690	3,571,104	
Debt service:								
Principal retirement	—	—	110,000	—	—	—	—	110,000
Interest and fiscal charges	—	—	83,370	—	—	—	—	157,863
Issuance costs	—	—	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>7,638,653</b>	<b>—</b>	<b>205,640</b>	<b>74,496</b>	<b>189,226</b>	<b>2,349,422</b>	<b>1,020,183</b>	<b>11,477,620</b>
Revenues Over (Under) Expenditures	925,223	43,249	(17,940)	(74,419)	1,762,859	255,258	(1,020,010)	1,874,220
<b>Other Financing Sources (Uses)</b>								
Transfers in	19,489	—	—	—	173,667	6,496	—	199,652
Transfers out	—	(19,489)	—	(12,993)	—	—	(167,170)	(199,652)
<b>Total Other Financing Sources (Uses)</b>	<b>19,489</b>	<b>(19,489)</b>	<b>—</b>	<b>(12,993)</b>	<b>173,667</b>	<b>6,496</b>	<b>(167,170)</b>	<b>—</b>
Net Changes In Fund Balances	944,712	23,760	(17,940)	(87,412)	1,936,526	261,754	(1,187,180)	1,874,220
Fund Balances - Beginning Of Year	13,306,892	825,102	468,279	87,412	4,190,365	3,787,824	3,125,713	25,791,587
<b>Fund Balances - End Of Year</b>	<b>\$ 14,251,604</b>	<b>\$ 848,862</b>	<b>\$ 450,339</b>	<b>\$ —</b>	<b>\$ 6,126,891</b>	<b>\$ 4,049,578</b>	<b>\$ 1,938,533</b>	<b>\$ 27,665,807</b>

**CITY OF WILDWOOD, MISSOURI**

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**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2011**

<b>Net Change In Fund Balances - Governmental Funds</b>	\$ 1,874,220
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$2,242,979 over the capitalization threshold exceeded depreciation of \$1,279,903 in the current period.	
	963,076
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, disposals, exchanges, donations) is to increase net assets. Current year consists of disposals and donations.	1,101,553
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the final financial statements.	(157,124)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.	
Repayment of bond principal	110,000
Amortization of bond issuance costs	(7,742)
Amortization of bond discount	(802)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(37,900)
Accrued compensated absences	(4,462)
<b>Change In Net Assets Of Governmental Activities</b>	<u>\$ 3,840,819</u>

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**CITY OF WILDWOOD, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2011**

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**1. Summary Of Significant Accounting Policies**

The City of Wildwood, Missouri (the City) was incorporated in 1995 and covers an area of over 68 square miles in St. Louis County, Missouri. The City is a charter city operating under an elected Mayor-City Council form of government. The City Administrator is the chief administrative officer of the City. The City provides services to more than 34,000 residents in many areas, including public safety (police), public works, parks and recreation and various other social and administrative services.

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

**Reporting Entity**

The financial statements of the City include the financial activities of the City and its component units. The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB 14*. The requirements for inclusion as a component unit are based primarily upon whether the City is considered financially accountable for the potential component unit. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or because the potential component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

**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., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements, with the exception of interfund services provided and used.

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

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

### **Fund Financial Statements**

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

### **Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Of the three categories of funds: governmental, proprietary and fiduciary, the City has only governmental funds.

### **Governmental Funds**

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

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The following are the City's special revenue funds:

**Escrow And Traffic Generation Assessment (TGA) Fund** - The Escrow and TGA Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund consists of amounts collected for planning, zoning and subdivision inspection escrow funds and TGA collections.

**Town Center Sewer Improvement Fund** - The Town Center Sewer Improvement Fund is used to account for special assessment revenue to be used for the construction of sewer improvements.

**Capital Projects Funds** - are used to account for all resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital amounts. The following are the City's Capital Project's funds:

**Capital Projects Fund** - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. This fund was closed in 2011.

**Capital Improvement Sales Tax Fund** - The Capital Improvement Sales Tax Fund is used to account for the financial resources from the City's  $\frac{1}{2}$  cent capital improvement sales tax to be used for funding general capital improvements.

**Road And Bridge Fund** - The Road and Bridge Fund is used to account for the financial resources from the motor fuel/gas tax received from the State of Missouri, and road & bridge tax received from St. Louis County, which is to be used for funding roadway and bridge acquisition, maintenance, and construction purposes.

**City Hall Project Fund** - The City Hall Project Fund is used to account for the financial resources and expenditures associated with the construction of the new city hall. This fund shall also be used to record the repayment of the certificates of participation used to fund a portion of the project.

### **Measurement Focus And Basis Of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the City are included in the statement of net assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

## **CITY OF WILDWOOD, MISSOURI**

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### **Notes To Basic Financial Statements (*Continued*)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are 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 government considers revenues to be available if they are collected within 60 days of the end of the 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 (i.e. matured).

#### **Revenues - Exchange And Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include grants, entitlements and donations. The City does not levy a property tax. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Sales, utility, 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 revenues of 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.

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

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

#### **Unearned/Deferred Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Certain grants received before eligibility requirements are met are reported as unearned revenues.

In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

#### **Cash And Investments**

Investments that have a maturity date of less than one year at the time of purchase are carried at cost or amortized cost because of their short-term maturities. Investments that have a maturity date of greater than one year at the time of purchase are carried at fair value. Fair value is based on quoted market prices.

#### **Special Assessments Receivable**

Special assessments receivable represents the residents' portion of sewer improvements 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 fund that provides the resources.

#### **Capital Assets**

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not enhance functionality or materially extend the asset's life is not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

<b>Asset</b>	<b>Years</b>
Land improvements	15 - 20
Building	20 - 40
Vehicles	7
Equipment	5 - 7
Infrastructure	10 - 50

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

#### **Compensated Absences**

The City's personnel policy imposes limits on the maximum accrual of accumulated vacation time. Upon termination, qualified accumulated vacation will be paid to the employee. Sick leave is not paid upon termination, but will be paid only upon illness while in the employment of the City.

Accumulated unpaid vacation, compensatory time, and personal leave are accrued as earned. These amounts are recorded in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if the amounts due at year end have matured.

The City's liability for accrued compensated absences is liquidated by the General Fund.

#### **Long-Term Liabilities**

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

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 cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Net Assets**

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

*Invested In Capital Assets, Net Of Related Debt* - This consists of capital assets, net of accumulated depreciation and debt that is directly related to the acquisition, construction or improvement of those capital assets.

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

*Unrestricted* - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets."

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

#### **Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. During 2011, the City established the following hierarchy of fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*.

*Nonspendable Fund Balance* - That portion of the City's governmental fund's net assets that are not in a spendable form, such as inventory and prepaids, or are otherwise required to be maintained intact.

*Restricted Fund Balance* - That portion of the City's governmental fund's net assets that are subject to external enforceable legal restrictions, such as by grant providers, bondholders, higher levels of government through constitutional provisions, or by enabling legislation (that is, legislation that creates a new revenue source and restricts its use) including grant money and bond proceeds. Restrictions may be changed or lifted only with the consent of the financial resource provider.

*Committed Fund Balance* - That portion of the City's governmental fund's net assets constrained to specific purposes by action of the City's highest level of decision-making authority and to be reported as Committed. Committed amounts cannot be used for any other purpose unless that same level of authority takes specific action to remove or change the constraint. For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken by City Council to establish modify, or rescind a fund balance commitments is through the adoption of an ordinance.

*Assigned Fund Balance* - That portion of City's governmental fund's net assets that the City intends to use for a specific purpose, such intent having been specifically expressed by action of the City Council, or by an official or body to which the governing body has delegated the authority. For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose. The authorization to assign fund balance has also been delegated to the City Administrator.

*Unassigned Fund Balance* - Positive amounts reported as "Unassigned Fund Balance" in the General Fund represent all amounts not contained in other classifications and are available for any purpose. In general, Unassigned Fund Balance in the General Fund may be used for capital expenditures and other non-recurring expenses as authorized by the City Council through the budget process. Positive Unassigned Fund Balance amounts will be reported only in the General Fund. If governmental funds other than the General Fund have a fund balance deficit, it shall be reported as a negative amount in the "Unassigned" classification in that fund.

## **CITY OF WILDWOOD, MISSOURI**

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### **Notes To Basic Financial Statements (*Continued*)**

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

The City Council adopted a minimum fund balance policy for the General Fund. The policy requires the City to maintain a rolling minimum fund balance in the General Fund in an amount not less than 25% of annual operating expenditures for the fiscal year.

#### **Interfund Transactions**

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balance."

All receivables are shown net of an allowance for doubtful accounts, if applicable.

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

#### **Use Of Estimates And Assumptions**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

## **2. Deposits And Investments**

The City's investment policy conforms to the investment policy guidelines set forth by the State of Missouri. The City's investment policy authorizes the City to invest in the following instruments: insured or collateralized certificates of deposit, collateralized repurchase agreements, United States treasury securities, United States agency obligations (as outlined in the policy), bankers' acceptances, commercial paper, and money market mutual funds. As of December 31, 2011, all of the City's investments were in compliance with the City's investment policy.

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

Any bond ordinance, contract or other document, which imposes more stringent standards for investments than those set forth in the policy, shall govern the investment of such funds. A summary of deposits and investments, maturities and credit risk as of December 31, 2011 is as follows:

	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Less Than One Year</b>	<b>1 - 5 Years</b>	<b>Credit Risk</b>
Certificates of deposit	\$ 6,884,257	\$ 6,891,185	\$ 1,525,420	\$ 5,358,837	N/A
Repurchase agreements	18,544,000	18,544,000	18,544,000	—	AA+
Money market mutual funds	2,323,976	2,323,976	—	—	AAA
Total Investments	27,752,233	27,759,161	\$ 20,069,420	\$ 5,358,837	
Cash deposits	102,051	102,051			
	<hr/> <u>\$ 27,854,284</u>	<hr/> <u>\$ 27,861,212</u>			

### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy minimizes credit risk by:

1. Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business.
2. Diversifying the portfolio to reduce potential losses on individual securities.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy minimizes interest rate risk by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
2. Investing primarily in shorter-term securities.

### **Concentration Of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy does not allow for more than 50% of the City's total investment portfolio to be invested in a single class of securities with the exception of U.S. Treasury securities and overnight repurchase agreements. The City's investment in repurchase agreements that are backed by collateral comprised of United States Treasury and agency securities represents 89% of their portfolio of securities. The City's investment in the Goldman Sachs Financial Square Treasury Obligation fund represents 11% of their portfolio of securities.

## CITY OF WILDWOOD, MISSOURI

### Notes To Basic Financial Statements (*Continued*)

#### Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by pre-qualifying institutions with which the City places investments, diversifying the investment portfolio, and maintaining a standard of quality for investments.

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

### 3. Capital Assets

Capital asset activity was as follows:

	Balance - January 1, 2011	Additions And Transfers In	Retirements And Transfers Out	Balance - December 31, 2011
<b>Government Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,122,807	\$ 489,256	\$ —	\$ 13,612,063
Construction in process	4,860,890	2,220,905	1,289,392	5,792,403
Total capital assets not being depreciated	17,983,697	2,710,161	1,289,392	19,404,466
Capital assets, being depreciated:				
Land improvements	1,262,534	9,077	—	1,271,611
Buildings	628,263	—	—	628,263
Vehicles	158,588	—	13,826	144,762
Equipment	452,180	12,997	—	465,177
Infrastructure	24,872,549	1,901,689	—	26,774,238
Total capital assets being depreciated	27,374,114	1,923,763	13,826	29,284,051
Less accumulated depreciation for:				
Land improvements	161,405	66,181	—	227,586
Buildings	86,050	18,567	—	104,617
Vehicles	93,104	15,392	13,826	94,670
Equipment	246,239	53,386	—	299,625
Infrastructure	3,609,463	1,126,377	—	4,735,840
Total accumulated depreciation	4,196,261	1,279,903	13,826	5,462,338
Total capital assets being depreciated, net	23,177,853	643,860	—	23,821,713
Governmental activities capital assets, net	\$ 41,161,550	\$ 3,354,021	\$ 1,289,392	\$ 43,226,179

## CITY OF WILDWOOD, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

Depreciation expense for the year ended December 31, 2011 was charged to functions/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 14,665
Public works	566,728
Planning and zoning	7,728
Parks and recreation	684,685
Courts	4,525
Police	1,572
	<hr/>
	<u>\$ 1,279,903</u>

## 4. Long-Term Liabilities

A summary of changes in long-term liabilities was as follows:

	Balance -			Balance -		Amounts Due Within One Year
	January 1, 2011	Additions	Reductions	December 31, 2011		
<b>Governmental Activities</b>						
Neighborhood improvement						
district bonds payable	\$ 2,165,000	\$ —	—	\$ 2,055,000	\$ 115,000	
Certificates of participation	3,000,000	—	—	3,000,000	115,000	
Compensated absences	116,534	117,987	113,525	120,996	120,996	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
	\$ 5,281,534	\$ 117,987	\$ 223,525	\$ 5,175,996	\$ 350,996	
Less: Unamortized discounts, net				10,952		
				<hr/>	<hr/>	
				\$ 5,165,044		

### Neighborhood Improvement District Bonds Payable

In September 2005, the City issued \$2,565,000 in Neighborhood Improvement District Bonds (Series 2005) that mature in 2025 and bear interest ranging from 3.1% to 4.4% for the construction of Town Center sewer improvements. The sewer improvements in Town Center are not capital assets of the City because the sewer system is maintained by a separate sewer district.

### Certificates Of Participation - Series 2010

In November 2010, the City issued \$3,000,000 in Certificates of Participation (Series 2010) for the purpose of financing the construction of a new City Hall. The Certificates mature in 2031 and bear interest at varying rates from 1.2% to 4.55%. The Certificates of Participation have a debt service reserve restriction requirement of \$222,950.

## **CITY OF WILDWOOD, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

#### **Maturities**

Aggregate maturities required on long-term debt for governmental activities are as follows:

Years Ending December 31,	Neighborhood Improvement					
	District Bonds Payable		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 115,000	\$ 79,544	\$ 115,000	\$ 105,998	\$ 230,000	\$ 185,542
2013	120,000	75,460	115,000	104,618	235,000	180,078
2014	120,000	71,200	120,000	102,950	240,000	174,150
2015	125,000	66,728	120,000	100,850	245,000	167,578
2016	130,000	61,945	120,000	98,450	250,000	160,395
2017-2021	735,000	227,958	660,000	439,844	1,395,000	667,802
2022-2026	710,000	62,858	785,000	313,056	1,495,000	375,914
2027-2031	—	—	965,000	133,614	965,000	133,614
	\$ 2,055,000	\$ 645,693	\$ 3,000,000	\$ 1,399,380	\$ 5,055,000	\$ 2,045,073

#### **5. Interfund Assets/Liabilities**

Individual interfund assets and liabilities are as follows:

Receivable Fund	Payable Fund	December 31, 2011
General Fund	Town Center Sewer Improvement Fund	\$ 11,500
Town Center Sewer Improvement Fund	General Fund	860
		\$ 12,360

The amounts due to or from individual funds represent interfund borrowings that arise in the normal course of business and are due to either timing differences or to the elimination of negative cash balances within various funds.

## **CITY OF WILDWOOD, MISSOURI**

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Notes To Basic Financial Statements (*Continued*)

### **6. Interfund Transactions**

Individual interfund transactions are as follows:

<b>Transfers In/Transfers Out</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 19,489	\$ —
Escrow And TGA Fund	—	19,489
Capital Projects Fund	—	12,993
Capital Improvements Sales Tax Fund	173,667	—
Road And Bridge Fund	6,496	—
City Hall Project Fund	—	167,170
	<hr/> <hr/> \$ 199,652	<hr/> <hr/> \$ 199,652

Interfund transfers were used to 1) reimburse the Capital Improvement Sales Tax Fund for expenses paid for the City Hall project prior to 2011 2) provide unrestricted revenues collected in the Escrows and TGA Fund to finance activities in accordance with budgetary authorization, and 3) allocate net assets from the Capital Projects Fund to the new Capital Improvement Sales Tax Fund and Road and Bridge Fund to better track the restricted revenues.

### **7. Defined Contribution Plan**

The City has a defined contribution retirement plan funded through the International City Management Association Retirement Corporation (ICMA-RC). The plan was established by ordinance of the City Council on June 24, 1996. All full-time employees are eligible to participate in the plan after six months of service. Pursuant to the plan's provisions, the City is obligated to contribute 7% of each eligible employees covered wages. Contributions are fully vested after two years of continuous service. Contributions to the plan for the year ended December 31, 2011 amounted to \$108,231. Any amendments to the plan would require City Council approval.

### **8. Commitments And Contingencies**

The City maintains a contract with the St. Louis County Police Department to provide police services for the City. The contract amount is subject to annual adjustments upon renewal, and can be adjusted when both parties agree that changed circumstances exist that require additional services be provided. Total expenditures under the terms of the contract were \$2,937,416 for the year ended December 31, 2011. The contract renewal term expired on December 31, 2011 and is subject to renewal annually for each year for its renewal terms through December 31, 2021, if the contract is not terminated by either party.

## CITY OF WILDWOOD, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

The City is required by contract to provide a police precinct facility for the St. Louis County Police. The City entered into a lease agreement for a new police precinct facility commencing in February 2009. Payments under the lease are to be made by the City and continued through the initial lease term of three years. The City has options to renew the lease for two one-year periods. The City exercised its option for 2012; however does not anticipate exercising the second year option.

In July 2008, the City entered into a five-year term lease agreement for the new city hall and municipal business offices. The lease commenced with operation in February 2009. The lease provides for early termination rights by the City and it is anticipated the lease will be terminated after 2012.

The City is also obligated under various equipment leases that expire through 2016. The leases are accounted for as operating leases. Total expenditures under the terms of all lease agreements were \$345,831 for the year ended December 31, 2011.

The scheduled future minimum lease payments under the leases are as follows:

Year	Police Precinct	City Hall	Various Equipment	Total
2012	\$ 81,957	\$ 255,316	\$ 16,036	\$ 353,309
2013	6,830	261,795	16,036	284,661
2014	—	21,860	4,576	26,436
2015	—	—	2,284	2,284
2016	—	—	1,618	1,618
	<hr/> <hr/> <hr/> <hr/> <hr/>			
	\$ 88,787	\$ 538,971	\$ 40,550	\$ 668,308

The City has entered into long-term contracts with a general contractor and an architect firm in connection with the City Hall project. These contracts in total amount to \$6,556,801 including reimbursable expenses. The City has incurred \$1,072,548 in costs against those contracts as of December 31, 2011.

The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM), which is a public entity risk pool for general liability, law enforcement liability, public officials' errors and omissions, and automobile liability. The City pays an annual contribution to MOPERM for its insurance coverage. Should the contributions received not produce sufficient funds to meet obligations, MOPERM is empowered to make special assessments. Members of MOPERM are jointly and severally liable for all claims against MOPERM. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The City is currently a defendant in two lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorneys that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

## CITY OF WILDWOOD, MISSOURI

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND

**For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Taxes</b>				
Sales tax	\$ 3,825,000	\$ 3,825,000	\$ 4,049,729	\$ 224,729
Local option tax	74,000	74,000	84,932	10,932
Utilities tax				
Electric	1,125,000	1,125,000	1,304,849	179,849
Gas	570,000	570,000	534,999	(35,001)
Telephone	1,161,000	1,161,000	1,144,853	(16,147)
Water	197,000	197,000	241,248	44,248
Cable franchise	270,000	270,000	235,051	(34,949)
Cigarette tax	96,000	96,000	92,869	(3,131)
<b>Total Taxes</b>	<b>7,318,000</b>	<b>7,318,000</b>	<b>7,688,530</b>	<b>370,530</b>
<b>Charges For Services</b>				
False alarm fees	3,000	3,000	3,875	875
Subdivision inspections	7,500	7,500	—	(7,500)
<b>Total Charges For Services</b>	<b>10,500</b>	<b>10,500</b>	<b>3,875</b>	<b>(6,625)</b>
<b>Fines And Forfeitures</b>	<b>806,700</b>	<b>597,700</b>	<b>614,564</b>	<b>16,864</b>
<b>Licenses And Permits</b>				
Merchant licenses	48,500	48,500	51,298	2,798
Liquor license	12,000	12,000	13,625	1,625
Vending machine licenses	1,200	1,200	1,125	(75)
Planning and zoning permits/fees	28,000	28,000	27,635	(365)
<b>Total Licenses And Permits</b>	<b>89,700</b>	<b>89,700</b>	<b>93,683</b>	<b>3,983</b>
<b>Intergovernmental Revenue</b>	<b>—</b>	<b>—</b>	<b>10,000</b>	<b>10,000</b>
<b>Investment Income</b>	<b>80,000</b>	<b>80,000</b>	<b>109,736</b>	<b>29,736</b>
<b>Miscellaneous</b>				
Other	27,000	27,000	32,003	5,003
Parks revenue	5,800	5,800	11,485	5,685
<b>Total Miscellaneous</b>	<b>32,800</b>	<b>32,800</b>	<b>43,488</b>	<b>10,688</b>
<b>Total Revenues</b>	<b>8,337,700</b>	<b>8,128,700</b>	<b>8,563,876</b>	<b>435,176</b>

*(Continued)*

## CITY OF WILDWOOD, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
GENERAL FUND (*Continued*)  
For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures</b>				
Administration	\$ 1,378,926	\$ 1,377,026	\$ 1,257,810	\$ (119,216)
Police	3,054,885	3,054,885	3,028,823	(26,062)
Courts	225,330	246,372	221,124	(25,248)
Clerk and council	291,384	291,384	274,831	(16,553)
Public works	1,506,476	1,767,391	1,473,427	(293,964)
Planning and zoning	877,092	883,092	817,166	(65,926)
Parks and recreation	452,603	521,533	495,523	(26,010)
<b>Total General Government</b>	<b>7,786,696</b>	<b>8,141,683</b>	<b>7,568,704</b>	<b>(572,979)</b>
<b>Revenues Over Expenditures</b>	<b>551,004</b>	<b>(12,983)</b>	<b>995,172</b>	<b>1,008,155</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,000	20,000	19,489	(511)
Transfers out	(5,000,000)	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>(4,980,000)</b>	<b>20,000</b>	<b>19,489</b>	<b>(511)</b>
<b>Net Change In Fund Balances</b>	<b>\$ (4,428,996)</b>	<b>\$ 7,017</b>	<b>1,014,661</b>	<b>\$ 1,007,644</b>
<b>Adjustment To Reconcile To GAAP Basis</b>				
Current year encumbrances			7,600	
Prior year encumbrances			(77,549)	
			<u>(69,949)</u>	
<b>Net Change In Fund Balances - GAAP Basis</b>			<b>944,712</b>	
<b>Fund Balance - Beginning Of Year</b>			<b>13,306,892</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 14,251,604</b>	

## CITY OF WILDWOOD, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
ESCROW AND TGA FUND**

**For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 22,953	\$ 12,953
Investment income	1,060	1,060	20,296	19,236
<b>Total Revenues</b>	<b>11,060</b>	<b>11,060</b>	<b>43,249</b>	<b>32,189</b>
<b>Other Financing Use</b>				
Transfers out	—	—	(19,489)	19,489
<b>Net Change In Fund Balances</b>	<b>\$ 11,060</b>	<b>\$ 11,060</b>	<b>23,760</b>	<b>\$ 12,700</b>
<b>Fund Balance - Beginning Of Year</b>			<b>825,102</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 848,862</b>	

## CITY OF WILDWOOD, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
TOWN CENTER SEWER IMPROVEMENT FUND  
For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Special assessments	\$ 198,660	\$ 198,660	\$ 187,260	\$ (11,400)
Investment income	375	375	255	(120)
Miscellaneous	—	—	185	185
<b>Total Revenues</b>	<b>199,035</b>	<b>199,035</b>	<b>187,700</b>	<b>(11,335)</b>
<b>Expenditures</b>				
Capital outlay	12,250	12,250	12,270	20
Debt Service:				
Principal retirement	110,000	110,000	110,000	—
Interest and fiscal charges	83,370	83,370	83,370	—
<b>Total Expenditures</b>	<b>205,620</b>	<b>205,620</b>	<b>205,640</b>	<b>20</b>
<b>Net Change In Fund Balance</b>	<b>\$ (6,585)</b>	<b>\$ (6,585)</b>	<b>(17,940)</b>	<b>\$ (11,355)</b>
<b>Fund Balance - Beginning Of Year</b>			<b>468,279</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 450,339</b>	

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**CITY OF WILDWOOD, MISSOURI**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTES TO BUDGETARY COMPARISON INFORMATION**

**December 31, 2011**

**Explanation Of Budgetary Process**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles, except that encumbrances are recorded as expenditures for budget basis. An annual appropriated budget is adopted for all funds of the City including the General Fund, Escrow and TGA Fund, Town Center Sewer Improvement Fund, Capital Projects Fund, Capital Improvement Sales Tax Fund, Road and Bridge Fund, and City Hall Project Fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to January 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them for the General Fund, Escrow and TGA Fund, Town Center Sewer Improvement Fund, Capital Projects Fund, Capital Improvement Sales Tax Fund, Road and Bridge Fund, and City Hall Project Fund.
- b. Public hearings and open council meetings are held to obtain taxpayer comments.
- c. Prior to January 1, the budget is adopted by the City Council.
- d. Expenditures may not exceed budget appropriations at the departmental level.
- e. Current year budget includes amendments. The City Council must authorize amendments that increase total expenditures for any department. The City Administrator may authorize transfers within a department.

**CITY OF WILDWOOD, MISSOURI**

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**SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
CAPITAL PROJECTS FUND  
For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Investment income	\$   —	\$   —	\$   77	\$   77
Release of prior year encumbrances	—	—	3,031	3,031
<b>Total Revenues</b>	<b>—</b>	<b>—</b>	<b>3,108</b>	<b>3,108</b>
<b>Other Financing Uses</b>				
Transfers out	—	10,000	12,993	2,993
<b>Net Change In Fund Balances</b>	<b>\$   —</b>	<b>\$ (10,000)</b>	<b>(9,885)</b>	<b>\$   115</b>
<b>Adjustments To Reconcile To GAAP Basis</b>				
Prior year encumbrances			<u>(77,527)</u>	
<b>Net Change In Fund Balances - GAAP Basis</b>			<b>(87,412)</b>	
<b>Fund Balance - Beginning Of Year</b>			<u>87,412</u>	
<b>Fund Balance - End Of Year</b>			<u>\$   —</u>	

## CITY OF WILDWOOD, MISSOURI

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
CAPITAL IMPROVEMENT SALES TAX FUND  
For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Sales tax	\$ 1,860,000	\$ 1,860,000	\$ 1,919,855	\$ 59,855
Intergovernmental	233,000	3,000	—	(3,000)
Investment income	20,000	20,000	32,230	12,230
<b>Total Revenues</b>	<b>2,113,000</b>	<b>1,883,000</b>	<b>1,952,085</b>	<b>69,085</b>
<b>Expenditures</b>				
Capital outlay	2,382,000	2,132,078	746,339	(1,385,739)
<b>Revenues Over (Under) Expenditures</b>	<b>(269,000)</b>	<b>(249,078)</b>	<b>1,205,746</b>	<b>1,454,824</b>
<b>Other Financing Sources</b>				
Transfers in	175,000	180,000	173,667	(6,333)
<b>Net Change In Fund Balances</b>	<b>\$ (94,000)</b>	<b>\$ (69,078)</b>	<b>1,379,413</b>	<b>\$ 1,448,491</b>
<b>Adjustments To Reconcile To GAAP Basis</b>				
Current year encumbrances			689,050	
Prior year encumbrances			(131,937)	
			<u>557,113</u>	
<b>Net Change In Fund Balances - GAAP Basis</b>			<b>1,936,526</b>	
<b>Fund Balance - Beginning Of Year</b>			<u><b>4,190,365</b></u>	
<b>Fund Balance - End Of Year</b>			<u><b>\$ 6,126,891</b></u>	

## CITY OF WILDWOOD, MISSOURI

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
ROAD AND BRIDGE FUND  
For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Motor fuel/gas tax	\$ 1,245,000	\$ 1,245,000	\$ 1,244,679	\$ (321)
Road and bridge tax	980,000	980,000	960,349	(19,651)
Total taxes	2,225,000	2,225,000	2,205,028	(19,972)
Intergovernmental	404,000	404,000	372,118	(31,882)
Investment income	18,000	18,000	27,534	9,534
<b>Total Revenues</b>	<b>2,647,000</b>	<b>2,647,000</b>	<b>2,604,680</b>	<b>(42,320)</b>
<b>Expenditures</b>				
Capital outlay	3,215,000	2,898,000	2,280,090	(617,910)
<b>Revenues Over (Under) Expenditures</b>	<b>(568,000)</b>	<b>(251,000)</b>	<b>324,590</b>	<b>575,590</b>
<b>Other Financing Sources</b>				
Transfers in	—	5,000	6,496	1,496
<b>Net Change In Fund Balances</b>	<b>\$ (568,000)</b>	<b>\$ (246,000)</b>	<b>331,086</b>	<b>\$ 577,086</b>
<b>Adjustments To Reconcile To GAAP Basis</b>				
Current year encumbrances			91,579	
Prior year encumbrances			(160,911)	
			(69,332)	
<b>Net Change In Fund Balances - GAAP Basis</b>			<b>261,754</b>	
<b>Fund Balance - Beginning Of Year</b>			<b>3,787,824</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 4,049,578</b>	

## CITY OF WILDWOOD, MISSOURI

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**SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
CITY HALL PROJECT FUND  
For The Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>	\$ —	\$ —	\$ 173	\$ 173
<b>Expenditures</b>				
Capital outlay	7,137,000	1,640,500	945,690	(694,810)
Debt service:				
Interest and fiscal charges	74,492	74,492	74,493	1
<b>Total Expenditures</b>	<b>7,211,492</b>	<b>1,714,992</b>	<b>1,020,183</b>	<b>(694,809)</b>
<b>Expenditures Over Revenues</b>	<b>(7,211,492)</b>	<b>(1,714,992)</b>	<b>(1,020,010)</b>	<b>694,982</b>
<b>Other Financing Uses</b>				
Transfers out	(175,000)	(175,000)	(167,170)	7,830
<b>Net Change In Fund Balances</b>	<b>\$ (7,386,492)</b>	<b>\$ (1,889,992)</b>	<b>(1,187,180)</b>	<b>\$ 702,812</b>
<b>Fund Balance - Beginning Of Year</b>			<b>3,125,713</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 1,938,533</b>	

## APPENDIX B

### SUMMARY OF BOND ORDINANCE

*In addition to the information under the caption “THE BONDS” the following is a brief summary of the Bond Ordinance pursuant to which the Bonds will be issued. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Bond Ordinance, copies of which are on file with the City.*

#### **Definitions of Words and Terms**

**“Act”** means Article III, Section 38(c) of the Constitution of Missouri, and Sections 67.453 to 67.475, inclusive, of the Revised Statutes of Missouri, as amended, named the “Neighborhood Improvement District Act.”

**“Bond Counsel”** means Gilmore & Bell, P.C., or other attorneys or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

**“Bond Ordinance”** means the ordinance authorizing the issuance of the Bonds adopted by the City on December 10, 2012, as from time to time amended in accordance with its terms.

**“Bond Payment Date”** means any date on which principal of or interest on any Bond is payable.

**“Bond Register”** means the books for the registration, transfer and exchange of Bonds kept by the Paying Agent.

**“Bondowner,” “Owner” or “Registered Owner”** when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

**“Bonds”** means the Neighborhood Improvement District Limited General Obligation Refunding Bonds (Town Center Sewerage Improvements Project No. 1), Series 2012, authorized and issued by the City pursuant to the Bond Ordinance.

**“Business Day”** means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

**“City”** means the City of Wildwood, Missouri, a constitutional charter city operating under a home rule form of government and political subdivision organized and existing under the laws of the State of Missouri.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Undertaking executed by the City in connection with the Bonds.

**“Defaulted Interest”** means interest on any Bond which is payable but not paid on any Interest Payment Date.

**“Defeasance Obligations”** means United States Government Obligations that are not subject to redemption in advance of their maturity dates.

**“Escrow Agent”** means The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, and any successors or assigns.

**“Escrow Fund”** means the fund by that name referred to in the Bond Ordinance.

**“Escrow Letter”** means the Letter of Escrow Instructions, between the City and the Escrow Agent.

**“Federal Tax Certificate”** means the City’s Federal Tax Certificate relating to the Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

**“Interest Payment Date”** means the Stated Maturity of an installment of interest on any Bond.

**“Maturity”** when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as provided therein and in the Bond Ordinance, whether at the Stated Maturity thereof or by call for redemption or otherwise.

**“Outstanding”** means, when used with reference to Bonds, as of any particular date of determination, all Bonds theretofore authenticated and delivered under the Bond Ordinance, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Bond Ordinance.

**“Paying Agent”** means The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, and any successors or assigns.

**“Permitted Investments”** means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts under the Bond Ordinance:

- (a) United States Government Obligations;
- (b) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by United States Government Obligations which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and
- (c) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

**“Person”** means any natural person, corporation, partnership, limited liability company, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

**“Project”** means the neighborhood improvement district project described in the preamble to the Bond Ordinance.

**“Purchaser”** means Commerce Bank, Kansas City, Missouri, the original purchaser of the Bonds.

**“Rebate Fund”** means the fund by that name referred to in the Bond Ordinance.

**“Record Date”** for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

**“Redemption Date”** when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

**“Redemption Price”** when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Bond Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

**“Refunded Bonds”** means the Series 2005 Bonds maturing on March 1, 2013 and thereafter, outstanding in the principal amount of \$1,940,000.

**“Refunding Bond Law”** means Article VI, Section 28 of the Constitution of Missouri, and Section 108.140 of the RSMo, as amended.

**“Series 2005 Bonds”** means the City’s Neighborhood Improvement District Limited General Obligation Bonds (Town Center Sewerage Improvements Project No. 1), Series 2005, issued in the original principal amount of \$2,565,000.

**“Series 2005 Ordinance”** means the ordinance of the City passed on August 22, 2005, which authorized the issuance of the Series 2005 Bonds.

**“Series 2012 Bond Fund”** means the fund by that name created by the Bond Ordinance.

**“Series 2012 Bond Reserve Fund”** means the fund by that name created by the Bond Ordinance.

**“Series 2012 Costs of Issuance Fund”** means the fund by that name created by the Bond Ordinance.

**“Special Record Date”** means the date fixed by the Paying Agent pursuant to the Bond Ordinance for the payment of Defaulted Interest.

**“Stated Maturity”** when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

**“United States Government Obligations”** means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation).

## **Designation of Paying Agent**

The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, is designated as the City's paying agent for the payment of principal of and interest on the Bonds and as bond registrar with respect to the registration, transfer and exchange of Bonds (the "Paying Agent").

The City will at all times maintain a Paying Agent meeting the qualifications described below for the performance of the duties under the Bond Ordinance. The City reserves the right to appoint a successor Paying Agent by (1) filing with the Paying Agent then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent and appointing a successor, and (2) causing notice of the appointment of the successor Paying Agent to be given by first-class mail to each Bondowner. The Paying Agent may resign upon giving written notice by first class mail to the City and the Bondowners not less than 60 days prior to the date such resignation is to take effect. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent.

Every Paying Agent appointed under the Bond Ordinance shall at all times be a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority.

## **Method and Place of Payment of Bonds**

The principal of or Redemption Price and interest on the Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal of or Redemption Price of each Bond shall be paid at Maturity by check or draft to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at such payment office as designated by the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (1) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or, (2) by electronic transfer to such Registered Owner upon written notice given to the Paying Agent not less than 15 days prior to the Record Date for such interest signed by such Registered Owner and containing the electronic transfer instructions including the bank (which shall be in the continental United States), address, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer fee is payable.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of

the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Registered Owner of a Bond entitled to such notice at the address of such Registered Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

### **Registration, Transfer and Exchange of Bonds**

The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent. Each Bond when issued shall be registered in the name of the owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in the Bond Ordinance. Upon surrender of any Bond at the principal payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Bond Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by the Bond Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Registered Owner under the Bond Ordinance or under the Bonds.

The City and the Paying Agent shall not be required (1) to register the transfer or exchange of any Bond after notice calling such bond or portion thereof for redemption has been mailed by the Paying Agent pursuant to the Bond Ordinance and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (2) to register the transfer or exchange any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Bond Ordinance.

The City and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owners of 10% or more in principal amount of the

Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

### **Mutilated, Destroyed, Lost and Stolen Bonds**

If (1) any mutilated Bond is surrendered to the Paying Agent or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (2) there is delivered to the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the City or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Paying Agent, in its discretion, may pay such Bond instead of delivering a new Bond.

Upon the issuance of any new Bond under the Bond Ordinance, the City or the Paying Agent may require the payment by the Registered Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith. Every new Bond issued pursuant to the Bond Ordinance shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of the Bond Ordinance equally and ratably with all other Outstanding Bonds.

### **Security for the Bonds**

The Bonds shall be general obligation bonds of the City payable as to both principal and interest from special assessments that are levied and assessed upon real property benefited by the Project and, if not so paid, from current income and revenue and surplus funds of the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due; provided, however, the City may not impose any new or increased ad valorem property tax to pay principal of or interest on the Bonds without the voter approval required by the Constitution and laws of the State of Missouri.

### **Levy of Annual Assessments**

The unpaid assessments for the Project financed by the issuance of the Bonds, together with interest thereon and reasonable costs of collecting the special assessments, shall be levied and assessed upon the real properties benefited for the purpose of producing the amounts necessary for the payment of such principal and interest as the same becomes due and payable in each year, taking into account scheduled mandatory redemptions.

### **Collection of Annual Assessments**

The assessments referred to above shall be levied and collected at the same time and in the same manner as the ad valorem taxes of the City are levied and collected; provided, however, that if the Collector of Revenue of St. Louis County, Missouri, refuses to perform the function of collecting the assessments, the City shall perform all functions incident to the collection and enforcement of the assessments at the same time and in the same manner as the ad valorem taxes of the City are levied and collected. The proceeds derived from said assessments shall be deposited in the Series 2012 Bond Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account scheduled mandatory redemptions, the fees and expenses of the Paying Agent, and reasonable costs of collecting the special assessments; provided that, amounts which

exceed the amount required to pay the interest on and principal of the Bonds due and payable in accordance with the provisions set forth under the caption "**Application of Moneys in Series 2012 Bond Fund**" shall be applied and used as provided therein.

If at any time said assessments are not collected in time to pay the principal of or interest on the Bonds when due, the City's financial officer is authorized and directed to pay said principal or interest out of the income and revenues of the City for the current fiscal year available therefor or from surplus funds of the City and to reimburse the source of such funds for money so expended when said assessments are collected as provided under the caption "**Application of Moneys in Series 2012 Bond Fund**."

### **Establishment of Funds**

There have been or shall be established in the treasury of the City and shall be held and administered by the City's financial officer the following separate funds:

- (1) Series 2012 Bond Fund.
- (2) Series 2012 Bond Reserve Fund.
- (3) Rebate Fund.

In addition to the funds described above, the Escrow Letter establishes the Series 2012 Costs of Issuance Fund and the Escrow Fund to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Letter.

### **Application of Moneys in Series 2012 Bond Fund**

Except as provided in the Ordinance, all amounts paid and credited to the Series 2012 Bond Fund shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due, the usual and customary fees and expenses of the Paying Agent, and reasonable costs of collecting the special assessments.

On February 1 and August 1 of each year, beginning on February 1, 2013, the City's financial officer shall value the Series 2012 Bond Fund. If the City's financial officer determines that the amounts available in the Series 2012 Bond Fund are less than the amount required to pay principal of and premium, if any, and interest on the Bonds due and payable on the next succeeding Interest Payment Date, the City's financial officer is authorized and directed, in the event of any such deficiency, to cause to be transferred amounts from the Series 2012 Bond Reserve Fund to the Series 2012 Bond Fund to the extent and in the amount of such deficiency. If the City's financial officer determines that moneys in the Series 2012 Bond Fund, after transfers of amounts from the Series 2012 Bond Reserve Fund, are insufficient to pay the interest on or principal of the Bonds due on the next succeeding Interest Payment Date, the City's financial officer shall cause to be transferred from the available income and revenues of the City for the current fiscal year available therefor or from surplus funds of the City to the Series 2012 Bond Fund an amount equal to the deficiency in the Series 2012 Bond Fund.

If the City's financial officer determines on August 1 of any year that amounts then on deposit in the Series 2012 Bond Fund exceeds the amount required to pay principal of and premium, if any, and interest on the Bonds due and payable on the next succeeding Interest Payment Date, the City's financial officer shall apply such excess amounts in the following order:

*First*, if the amount on deposit in the Series 2012 Bond Reserve Fund is less than \$164,113.03, transfer to the Series 2012 Bond Reserve Fund such amount as may be required to

restore any deficiency in the Series 2012 Bond Reserve Fund sufficient to cause the balance in said fund to equal \$164,113.03; and

*Second*, to reimburse the City for payments of any payment of principal and interest on the Bonds made by the City from any source other than the assessments.

Any amounts remaining after the foregoing applications shall be retained on deposit in the Series 2012 Bond Fund.

The City's financial officer is authorized and directed to withdraw from the Series 2012 Bond Fund sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such moneys.

### **Application of Moneys in the Series 2012 Bond Reserve Fund**

Except as provided in the Bond Ordinance, moneys in the Series 2012 Bond Reserve Fund shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Bond Payment Date if the moneys in the Series 2012 Bond Fund are insufficient to pay the interest on or principal of said Bonds as they become due. So long as the Series 2012 Bond Reserve Fund aggregates \$164,113.03, no payments into said Fund shall be required. However, if the City is ever required to expend and use a part of the moneys in said Fund for the purpose authorized in the Bond Ordinance and such expenditure shall reduce the amount of said Fund below \$164,113.03, the City shall thereafter begin or resume and continue to deposit all assessments collected in excess of amounts required to be deposited into the Series 2012 Bond Fund into the Series 2012 Bond Reserve Fund until said Fund aggregates \$164,113.03 as provided in the Bond Ordinance.

Moneys in the Series 2012 Bond Reserve Fund may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the Series 2012 Bond Reserve Fund shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the Series 2012 Bond Reserve Fund in excess of \$164,113.03 shall be transferred to the Series 2012 Bond Fund.

Draws on the Series 2012 Bond Reserve Fund due to delays in the collection of assessments on the Project will not be treated as a reportable material event under the Continuing Disclosure Undertaking unless the draw, in some other respect, reflects financial difficulties.

### **Deposits and Investment of Moneys**

Moneys in each of the funds created by and referred to in the Bond Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri.

All moneys held in the funds created by the Bond Ordinance shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

Moneys held in any fund referred to in the Bond Ordinance may be invested in accordance with the Bond Ordinance and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any fund shall accrue to and become a part of such fund; provided, however, that any amounts in the Series 2012 Bond Reserve Fund in excess of \$164,113.03 shall be transferred to the Series 2012 Bond Fund. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided that the Series 2012 Bond Reserve Fund will be valued at market value.

### **Payments Due on Saturdays, Sundays and Holidays**

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

### **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City without liability for interest thereon the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### **Application of Moneys in the Rebate Fund**

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money in the Rebate Fund shall be held in trust, to the extent required to satisfy the rebate amount (as determined in the Federal Tax Certificate), for payment to the United States of America, and neither the City nor the Registered Owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Federal Tax Certificate.

The City shall periodically determine the rebatable arbitrage under Section 148(f) of the Code in accordance with the Federal Tax Certificate, and the City shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and the interest thereon and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be released to the City.

Notwithstanding any other provision of the Bond Ordinance, the obligation to pay rebatable arbitrage to the United States and to comply with all other requirements of this Section and the Federal Tax Certificate shall survive the defeasance or payment in full of the Bonds.

### **Remedies**

The provisions of the Bond Ordinance shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

### **Limitation on Rights of Bondowners**

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds in the Bond Ordinance pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in the Bond Ordinance. No one or more Bondowners secured by the Bond Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Ordinance, or to enforce any right under the Bond Ordinance, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

### **Remedies Cumulative**

No remedy conferred in the Bond Ordinance upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred in the Bond Ordinance. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by the Bond Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights under the Bond Ordinance, respectively, and all rights, remedies,

powers and duties of the Bondholders shall continue as if no such suit, action or other proceedings had been brought or taken.

### **Defeasance**

When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of the City's faith and credit under the Bond Ordinance and all other rights granted by the Bond Ordinance shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (1) the City shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with the Bond Ordinance.

Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Bonds, and such moneys shall be irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of the Bond Ordinance.

### **Annual Audit**

Annually, promptly after the end of the fiscal year, the City will cause an audit to be made of its funds and accounts for the preceding fiscal year by a certified public accountant or firm of certified public accountants. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Registered Owner. As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of the Bond Ordinance, the City shall promptly cure such deficiency.

### **Amendments**

The rights and duties of the City and the Bondholders, and the terms and provisions of the Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (1) extend the maturity of any payment of principal or interest due upon any Bond;
- (2) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;
- (3) permit preference or priority of any Bond over any other Bond; or
- (4) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Any provision of the Bonds or of the Bond Ordinance may, however, be amended or modified by ordinance duly adopted by the City Council of the City at any time in any legal respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Bondholders, the City may amend or supplement the Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondholders.

Every amendment or modification of the provisions of the Bonds or of the Bond Ordinance shall be expressed in an ordinance adopted by the governing body of the City amending or supplementing the provisions of the Bond Ordinance and shall be deemed to be a part of the Bond Ordinance. A certified copy of every such amendatory or supplemental ordinance, if any, and a certified copy of the Bond Ordinance shall always be kept on file in the office of the City Clerk, and shall be made available for inspection by the Registered Owner of any Bond or a prospective purchaser or owner of any Bond authorized by the Bond Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or of the Bond Ordinance will be sent by the City Clerk to any such Bondholder or prospective Bondholder.

Any and all modifications made in the manner provided in the Bond Ordinance shall not become effective until there has been filed with the City Clerk a copy of said ordinance of the City, duly certified, as well as proof of any required consent to such modification by the Registered Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

### **Notices, Consents and Other Instruments by Bondholders**

Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds (except for the assignment of ownership of a Bond as provided for in the Bond Ordinance), if made in the following manner, shall be sufficient for any of the purposes of the Bond Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

- (1) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(2) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Registered Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Bond Ordinance, Bonds registered in the name of the City shall be disregarded and deemed not to be Outstanding under the Bond Ordinance, except that, in determining whether the Bondowners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Bondowners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bondowners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

\* \* \*

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

*General.* The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by DTC.

*The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The City (referred to in this section as the “Issuer”) takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be delivered for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.