FINANCE AND ADMINISTRATION
MINUTES

Monday, February 26, 2007

Minutes of a regular meeting of the Finance and Administration Committee of the City of O'Fallon, held in the Mayor's Conference Room, City Hall, 255 S. Lincoln, O'Fallon, Illinois on February 26, 2007. CALL TO ORDER: Time: 5:30 p.m.

ROLL CALL: MEMBERS _Medford - X____ _Reckamp - ____

_West - X ____ _Drolet - X____

_Grogan - X____

STAFF LIAISON: Dean Rich, Pam Funk, Walter Denton, Alderman Schmidt Alderman Albrecht, Alderman True and Alderman Gardner .

Approval of the minutes from January 22, 2006

Item 1 Annual Budget

The entire meeting was devoted to budget review. Director of Finance presented the budget summary of a balanced budget at $58,766,873. Sources of revenue were discussed and further evidence of the City's effort to diversify revenue was evident in state managed income (sales tax, income tax and use tax) dropping below 70% for the first time in 10 years. O'Fallon remains too dependent on single source revenue but progress is being made. General Fund revenue increased by 20% (15% was an increase in telephone tax from 1% to 5%, utility tax increase from Ameren rate increase and the addition of food & beverage tax). The three highlighted taxes are pass thru to repay debt leaving an overall 5% increase of general operating funds.

On the expense side, there was little change. Salaries of non-union employees were raised 4% in line with union contracts. Health insurance is projected to go up by 13% and utilities by an average of 35%. The budget also contains funds for the purchase of the 1St Bank property across from City Hall if negotiations are successful and council approves. No other major changes from last year were identified.

ADJOURNMENT: 5:58 p.m. PREPARED BY: Dean Rich