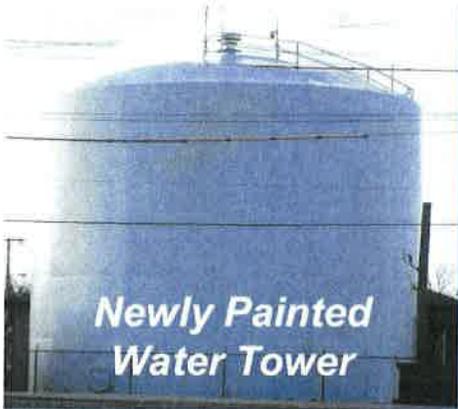


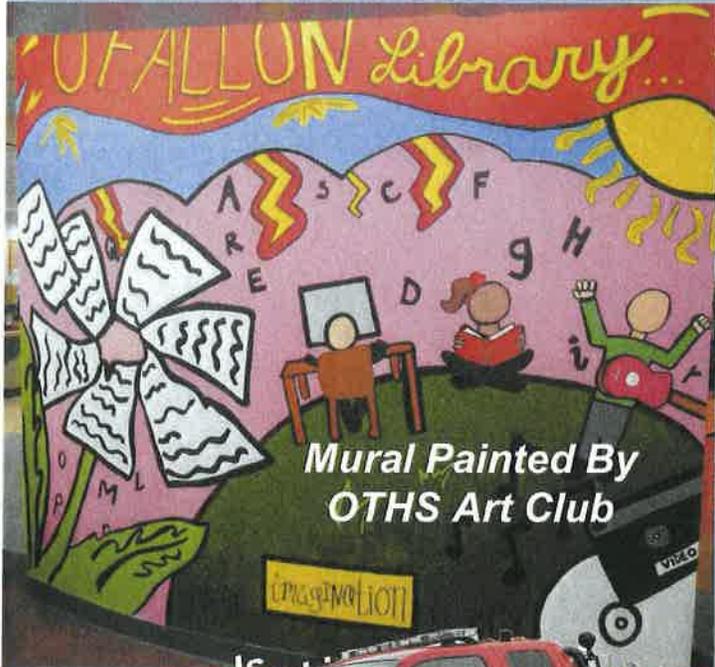
O'Fallon ILLINOIS BUDGET 2014



Newly Painted
Water Tower



EMS Transport Vehicles



Mural Painted By
OTHS Art Club



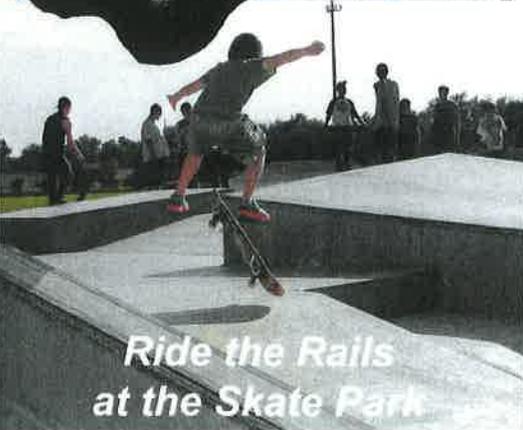
Cooling off at the Splash Pad



New Wheels



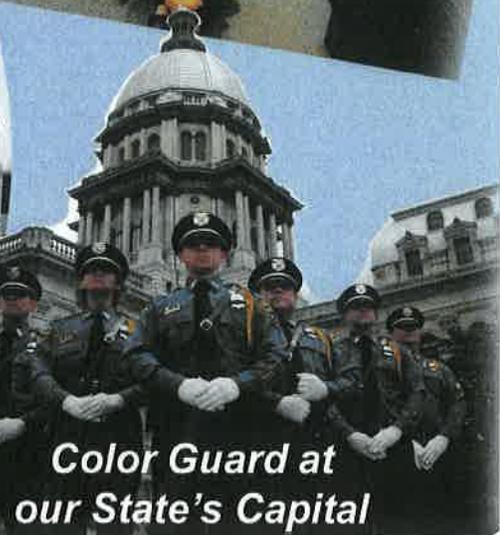
Students Honor
the Mayor



Ride the Rails
at the Skate Park



Milburn School Rd
is Open



Color Guard at
our State's Capital



CITY OF O'FALLON
2013/2014 BUDGET-IN-BRIEF

Mayor Graham, City Council, and Citizens of O'Fallon:

I am pleased to present the operating budget for the City of O'Fallon for the year ending April 30, 2014. The budget reflects expenditures in all funds of \$66,883,640, which are equally balanced by revenues. This represents an increase of approximately 14% compared to the previous year. The reason for the increase is due to \$6.4 million in Capital projects, mainly consisting of the Fire Station/Park Maintenance Complex on Venita Drive.

This budget was programmed around the goals of the Mayor and City Council as expressed through direct input of the Mayor and Council, staff input, and refinement through City Council Committee review and the public hearing process. While the budget is based on the assumption that the same high levels and types of municipal service should be continued in all departments, the continued revenue instability will challenge our ability to provide services in the same manner as previous years.

The General Fund is the main fund for the City and it provides the budgets for Administration, Police, Planning & Zoning, Streets, Facilities, Police and Fire Commission, Economic Development, and Cemetery. The General Fund revenue is estimated to increase approximately 16% mostly due to an increase in the Transfer from Reserves for Capital Improvements. If the Capital Improvements are removed from the General Fund budget, the actual increase in operating expenses is 4%. Although the national economy is still slow, there are indications that conditions may improve slightly over the next year. The revenue for the General Fund is proposed to be derived as follows:

<u>Source</u>	<u>Proposed Budget FY2014</u>	<u>% of Total</u>	<u>Amended Budget FY2013</u>	<u>% Change From FY2013 Budget</u>
Sales Tax	\$6,977,050	37%	\$6,568,250	6%
State Income Tax	2,415,000	13%	2,264,300	7%
Utility Tax	1,500,000	8%	1,500,000	0%
Phone Franchise	850,000	4%	850,000	0%
Food & Beverage	640,000	3%	635,000	1%
Fee in Lieu of Taxes	599,130	3%	644,830	(7)%
Cable Franchise	448,000	2%	410,000	9%
State Use Tax	447,000	2%	434,500	3%
Building Permit	250,000	1%	305,000	(18)%
Property Tax	246,980	1%	277,550	(11)%
Road & Bridge	240,000	1%	240,000	0%
Crime Free Housing	160,000	1%	160,000	0%
Administrative Tow Fees	125,000	1%	125,000	0%
Circuit Court Fines	130,000	1%	125,000	4%
Combined Dispatch	100,000	1%	100,000	0%
Other	561,625	3%	381,150	47%
TOTAL w/o Reserves	\$15,689,785		\$15,020,580	4%
Transfer from Reserves	\$3,000,000	16%	\$750,000	300%
GRAND TOTAL	\$18,689,785		\$15,770,580	18%

Expenditure Highlights:

Payroll

The total payroll for all operations, including all fringe benefits, is \$17,805,715. Payroll is 27% of the total operating expenditures for the entire budget. This budget does include a proposed 3% salary increase and an increase in benefit costs. The salary increases are a result of contractual obligations with the City's four collective bargaining units (FOP sworn officers, FOP civilians, AFCSME, and Laborers). As a result of the budget cuts made in August 2008, nine positions are being held vacant: two in Planning and Zoning, six in Public Works, and one in Police.

General & Administration

General expenses represent 34% of the General Fund budget totaling \$6,315,100. This includes \$3 million in transfers to various funds for bond payments and a \$3 million transfer to capital improvement. Administration expenses represent 6% of the General Fund budget totaling \$1,211,390. This is an increase of \$28,390 from last year's budget. This slight increase is primarily due to the restructuring of administrative expenses from the Enterprise Funds to the General Fund to more accurately reflect actual costs.

Public Safety

The Police Department is the largest budget in the General Fund, totaling \$6,650,810 (a 6% increase). This increase is due to the negotiated pay increases in the union contracts plus three new vehicles. One police officer position continues to be held vacant due to budget shortfalls. EMS is budgeted through a dedicated property tax and totals \$3,599,040.

Engineering and Public Works

Engineering staff will be involved in reengineering and rebuilding major arterial and collector roads and intersections, and improving capacities to handle increased traffic volumes in growing parts of the city. The Venita Drive Railroad Overpass and Hwy 50 intersection reconstruction is the primary road project next year. The Madison/Illini Bike Trail will provide a much needed connection to the trail system. Six public work positions continue to be held vacant due to revenue shortfalls.

The Water Fund is budgeted to decrease \$448,985 to \$10,130,980. This budget includes completion of repairs to the St. Clair Square Elevated Storage Tank, the extension at Taylor Road, and the purchase of a water tap/line truck. The Sewer Fund is projected to increase 1% from \$5,492,750 to \$5,532,040. Sewer rates were increased in October 2012 which provided much needed revenue to improve the sewer system. Several sewer projects are planned for FY2014: including the Taylor Road Sanitary Sewer Extension, the Memorial Hospital pipe burst, and the purchase of a skid steer and mini excavator. Projects for the Wastewater Treatment Plant include the construction of a new headworks building and an ultra-violet disinfection system.

Planning and Zoning

Quality building and sustainable development are keys to the future of O'Fallon. While we have not returned to our record pace of 2006, housing construction continues to be strong and has increased over the past two years. Commercial development has also seen an increase with the recent construction of Menards, AutoZone, and Colonnade Retirement Center. However, code enforcement and occupancy inspections have also increased as foreclosures and rental activity has increased with the poor economy. One Building Inspector was laid off in August 2008 as a result of the construction decline and we do not anticipate filling the position in this budget year. One Planner position also continues to be held vacant.

Parks and Recreation

The general Park budget totals \$2,079,545 and continues to offer a terrific recreation programs for all ages. The 13% increase over prior year includes the purchase of new lights for Field #1 in Community Park (Blazier Field). The Family Sports Park is entering its sixth full season and \$1,331,950 is budgeted for general operations of the new park; including salaries, maintenance, and equipment. Major purchases include a concession stand and shade structures. A Parks Maintenance Facility on Venita Drive (adjacent to the new Fire Station) is planned to be constructed in FY2013-14.

Fire

The Fire Department budget totals \$3,307,640, and is funded through a dedicated property tax. The primary project is the design and construction of a new fire station and EMS facility at Venita Drive and Taylor Road. A new engine and ladder truck were included in last year's budget, and no additional vehicles are included in this year's budget.

Summary:

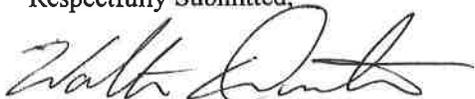
Local revenue sources are improving and this budget does not contain any major cuts in programs or expenditures. We would be more optimistic but the budget crisis in the state government has the potential to significantly affect this budget and the City's services. As noted above, 13% of our General Fund revenues come from the State Income Tax and it is unclear whether we will receive what is owed to us by the state. As of the printing of this budget, the state owes us \$551,584. If any reductions are made, the City Council will need to revisit this budget to consider additional spending cuts.

Despite the uncertainty, the budget is balanced and meets the needs, goals and demands of the City in all service areas. O'Fallon is an exciting community and is doing a good job to balance the service demands of historic and new residential neighborhoods, regional shopping and interstate highway development, and newly growing centers of employment. Particularly in our uncertain economy, the demands for resources in such a fast-growing and diverse community are significant and pose significant budgetary challenges. While we strive to manage the growth in our community's infrastructure, we must also manage the growth and capacity of the organization to maintain the City Council's high performance expectations. The strong working relationship between City Council and staff in these areas has proven O'Fallon to be a special community.

We are doing some new things with the budget document this year, including summary sheets that we hope will bring more clarity to the budgeting process. The summary sheets will continue to be a work in progress and we invited your feedback on how we can make the budget more understandable.

I would like to acknowledge the hard work of the employees of the City and the special effort of the Management Team in programming and preparing this budget, particularly Finance Director Sandy Evans and Accountant Robin Costello. I would also like to thank the Mayor and City Council for their input that helped to formulate the goals and priorities around which this budget was programmed.

Respectfully Submitted,



Walter Denton
City Administrator

Directory of City Officials O'Fallon Illinois

Mayor
Gary L. Graham

City Clerk: Philip A. Goodwin City Treasurer: David Hursey

City Council

Ward 1: Gene McCoskey
Richie Meile

Ward 2: Ed True
Dan Polites

Ward 3: Kevin Hagarty
Jerry Mouser

Ward 4: John Drolet
Herb Roach

Ward 5: Mike Bennett

Ward 6: Ned Drolet
Jim Hursey

Ward 7: David Cozad
Jerry Albrecht

Management Team

City Administrator
Walter Denton

Finance Director:
Sandy Evans

Planning Director:
Ted Shekell

City Engineer:
Dennis Sullivan

Public Safety Director:
John Betten

Fire Chief:
Brent Saunders

Library Director:
Molly Scanlan

Parks Director:
Mary Jean Hutchison

BUDGET POLICY STATEMENT

This is a concurrent capital and operating budget. This budget is balanced with current revenue and expenditures. Revenue left over from one year will be treated as current revenue and can be used to balance the next year's budget. Because it is easy to understand measure and explain, cash available at the end of the year will be the indicator of budgetary balance. The City shall have three enterprise (fee-for-service) funds: sewer, water and cemetery. The water and sewer funds are expected to balance for a number of years. The cemetery will accrue funds for perpetual care and have a long term goal of becoming self-sufficient. The water and sewer funds share cost of city operations in lieu of taxes that would be available if the services were provided by a private firm and as a return on capital investment.

AUTHORITY

Ordinance 2945 dated September 1997 established a budget officer as provided in Illinois Compiled Statutes (ILS) section 8-2-9.2 through 8-2-9-10 requires the budget officer to compile a budget to contain estimates of revenues available to the city for the fiscal year, together with recommended expenditures for the city and all its departments, commissions, and boards. Passage of the annual budget by the corporate authorities shall be in lieu of passage of appropriation ordinance. The annual budget shall be adopted by the corporate authorities before the beginning of the fiscal year to which it applies. The tentative budget was made conveniently available to public inspection for at least ten days prior to passage. The corporate authority held a public hearing on the tentative annual budget, after which hearing the tentative budget was further revised without inspection, notice or hearing. The hearing was April 15, 2013 and the notice was published in the April 4, 2013 issue of the *O'Fallon Progress*. The budget officer can delegate authority to heads of departments, boards, or commissions to move funds within the budget-subject to prior approval. It will require a two thirds vote of the council to revise the annual budget by adding, deleting or moving money between funds. No revisions will be made increasing the budget unless funds are available or made available to cover the increase.

BUDGET FEATURES AND ORGANIZATIONS

This budget is divided into several sections to make the information easy to reference. The Revenue section for all funds is included at the beginning of the budget. It is broken out with special attention paid to the General Fund revenue.

Departmental budgets are then provided. Each department outlines the *Purpose* for the division, department or function. *Accomplishments* report on how the *Goals and Objectives* for the prior year have been implemented. *Goals and Objectives* are stated to outline the primary priorities that are to be pursued in the budget year by that department or division. Some departments include personnel tables to illustrate past, current and future staffing levels by position title. Most departments also include an organizational chart to illustrate lines of reporting and division of work. Each major department also includes charts showing expenditure trends and the department's percentage of general fund or overall budget. Following these exhibits are the supporting line-items which show previous two years, current year, and proposed for each account in each department.

In most cases, departmental and fund budgets are listed in order of account code. In some instances these are taken out of order to group common budget areas together.

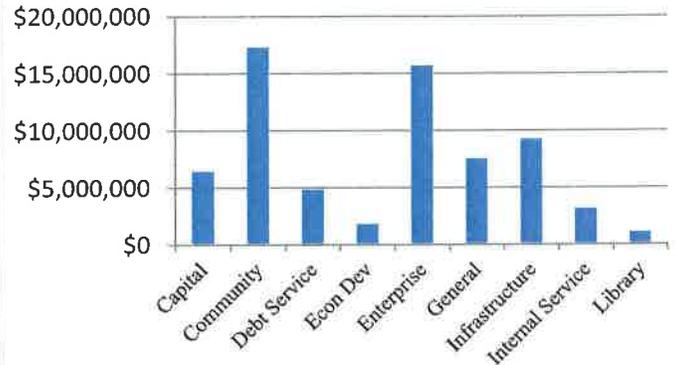
**2013/2014
Budget Summary**

GL	TITLE	REVENUE	EXPENSE
01	General	\$ 18,689,785	\$ 18,689,785
02	Park	\$ 3,411,495	\$ 3,411,495
04	Library	\$ 1,066,025	\$ 1,066,025
05	Capital Improvement	\$ 6,435,000	\$ 6,435,000
06	Cemetery Trust	\$ 5,000	\$ 5,000
08	Fire	\$ 3,307,640	\$ 3,307,640
13	IMRF	\$ 424,500	\$ 424,500
14	Prop S	\$ 1,693,500	\$ 1,693,500
16	Motor Fuel	\$ 3,440,000	\$ 3,440,000
17	EMS	\$ 3,599,040	\$ 3,599,040
25	Social Security	\$ 781,090	\$ 781,090
31	Water	\$ 10,130,980	\$ 10,130,980
34	Sewer	\$ 5,532,040	\$ 5,532,040
39	Special Svc Areas	\$ 15,200	\$ 15,200
44	Police Pension	\$ 1,918,500	\$ 1,918,500
48	Sewer Debt	\$ 540,400	\$ 540,400
50	TIF	\$ 500,000	\$ 500,000
51	Hotel/Motel	\$ 984,565	\$ 984,565
53	97 Bond Debt(2010 Issue)	\$ 600,200	\$ 600,200
55	2002 Bond Debt(2010)	\$ 962,735	\$ 962,735
57	2003 Water Debt	\$ 388,600	\$ 388,600
61	SSA #1 Debt Svc Fund	\$ 166,000	\$ 166,000
62	SSA #2 Debt Svc Fund	\$ 39,665	\$ 39,665
63	SSA #4 Debt Svc Fund	\$ 110,925	\$ 110,925
64	Subaru Debt Svc	\$ 76,540	\$ 76,540
68	Convention Center	\$ 528,300	\$ 528,300
69	Park Sports Complex	\$ 1,150,100	\$ 1,150,100
72	Park Dedication	\$ 30,100	\$ 30,100
73	Annex Fees	\$ 125,100	\$ 125,100
74	Ohlendorf Bequest	\$ 50,000	\$ 50,000
77	\$2M BAB (Prev. #46)	\$ 180,615	\$ 180,615
	TOTALS	<u>\$ 66,883,640</u>	<u>\$ 66,883,640</u>

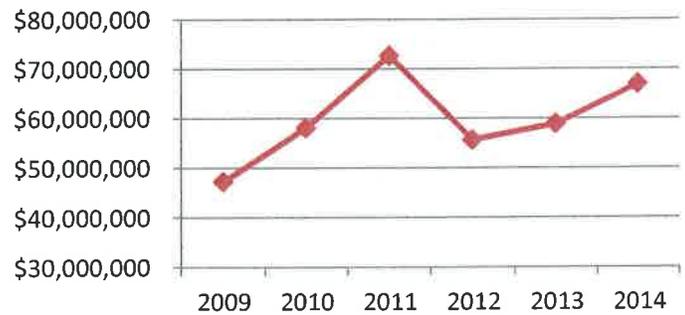
BUDGET BY FUND (in \$000's)

Fund	Category	FY14 Budget	FY13 Budget	% Diff
General	General	\$6,315	\$3,856	64%
Administration	General	\$1,211	\$1,183	2%
Police Department	Community	\$6,651	\$6,266	6%
Street Department	Infrastructure	\$2,872	\$2,860	0%
Facilities	Infrastructure	\$288	\$283	2%
Planning & Zoning	Infrastructure	\$902	\$864	4%
Fire & Police Commission	Community	\$9	\$21	(56)%
Economic Development	Econ Dev	\$301	\$314	(4)%
Cemetery Maint	Community	\$140	\$123	14%
Park	Community	\$3,411	\$3,144	8%
Library	Library	\$1,066	\$1,115	(4)%
Capital Improvement	Capital	\$6,435	\$2,927	120%
Cemetery Trust	Internal Service	\$5	\$7	(29)%
Fire	Community	\$3,308	\$2,057	61%
IMRF	Internal Service	\$425	\$371	15%
Prop S	Infrastructure	\$1,694	\$1,860	(9)%
Motor Fuel Tax	Infrastructure	\$3,440	\$4,016	(14)%
EMS	Community	\$3,599	\$2,517	43%
Social Security	Internal Service	\$781	\$726	8%
Water	Enterprise	\$10,131	\$10,573	(4)%
Sewer	Enterprise	\$5,532	\$5,493	1%
Special Svc Areas	Infrastructure	\$15	\$15	0%
Police Pension	Internal Service	\$1,919	\$1,712	12%
Sewer Debt	Debt Service	\$540	\$540	0%
TIF	Econ Dev	\$500	\$583	(14)%
Hotel/Motel	Econ Dev	\$985	\$676	46%
97 Bond Debt	Debt Service	\$600	\$599	0%
2002 Bond Debt	Debt Service	\$963	\$961	0%
2003 Water Debt	Debt Service	\$389	\$386	1%
SSA #1	Debt Service	\$166	\$170	(2)%
SSA #2	Debt Service	\$40	\$41	(3)%
SSA #4	Debt Service	\$111	\$114	(2)%
Subaru Debt Svc	Debt Service	\$76	\$78	(2)%
Newbold Debt Svc	Debt Service	\$0	\$196	(100)%
Convention Ctr	Debt Service	\$528	\$529	0%
Sports Park Complex	Debt Service	\$1,150	\$1,151	0%
Harley Davidson	Debt Service	\$0	\$167	(100)%
Park Dedication	Community	\$30	\$30	0%
Annex Fees	Community	\$125	\$125	0%
Ohlendorf Bequest	Debt Service	\$50	\$50	0%
Build America Bonds	Debt Service	\$181	\$149	21%
TOTAL		\$66,884	\$58,848	14%

FY14 Budget by Category



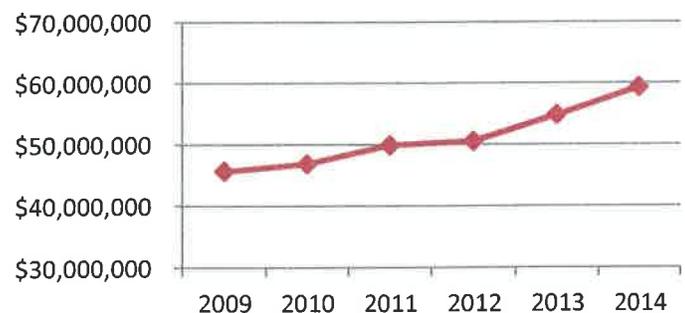
Budget History



- FY11 includes the construction of the Sports Complex
- FY14 includes the construction of the new Fire Station and Park Maintenance complex on Venita Drive

Budget History

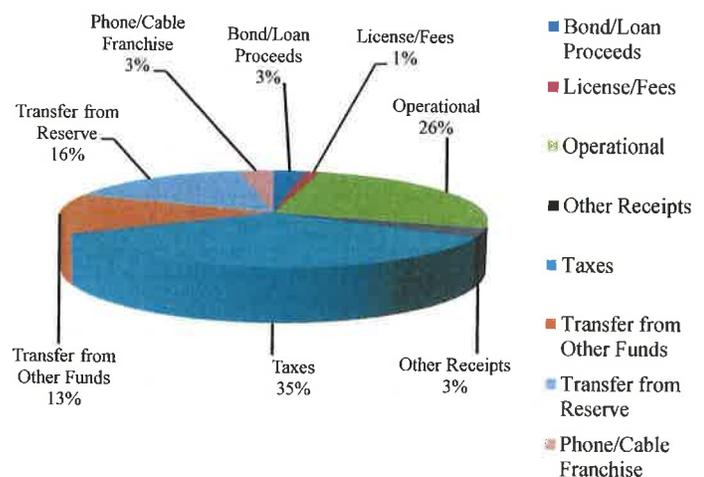
without Capital and the Sports Complex Bond Debt



REVENUE HIGHLIGHTS (in \$000's)

- ❖ **Sales Tax** comprises the largest part of the General Fund (37%). Sales tax revenues for FY2014 are 6% above the FY2013 budget. We estimate this increase in Sales Tax revenues based on our current year revenues which are 4% above prior year and a projected 2% general increase.
- ❖ **State Income Tax** is estimated to increase approximately 6%. The State Income Tax is estimated at \$85.00 per person (which is our 10% share of the state's income tax revenue). Our appeal of the 2010 Census resulted in an additional 105 residents for a total of 28,396. The state is currently three months behind in paying the City's share of the state income tax and we anticipate the delinquency will continue. However, the City will carry these funds due (up to \$2.5M) as a receivable and draw down cash reserves to cover the shortfall.
- ❖ **Property Tax** comprises only 1% of the City's budget and is ranked ninth among City General Fund revenue generators. Property tax revenues are estimated to decline by 12% due to reductions in the Equalized Assessed Value (EAV) by St. Clair County. The property tax levy supports General Fund programs such as police, street maintenance and construction, and general administrative functions. Property taxes also are levied for Special Revenue Funds such as the Public Library, Parks and Recreation, Emergency Medical Services, Fire Department, and employee pension funds.
- ❖ **Building Permits** \$250k of the total Zoning & Planning budget of \$531k, are estimated to decrease 22% due to the fact that FY2013 included the addition of Menards. Although the market is slow, new construction is anticipated in FY2013-2014.
- ❖ **Bond/Loan Proceeds** 3 new fire trucks are planned for FY14 - \$1,358k and \$210k for new lights on Parks Ball Field #1.

Revenue Classification	FY14 Budget	FY13 Budget	% Diff
½ Cent Sales Tax	\$1,667	\$1,650	1%
Property Tax	\$7,709	\$8,249	(7)%
Ambulance Receipts	\$850	\$850	0%
Sales Tax	\$7,438	\$7,011	6%
State Income Tax	\$2,415	\$2,264	6%
Utility Tax	\$1,500	\$1,500	0%
Other Tax	\$1,457	\$1,510	(4)%
Phone/Cable Franchise	\$2,005	\$2,002	0%
License/Permits	\$52	\$54	(4)%
Zoning/Planning	\$531	\$586	(9)%
Fines/Fees	\$268	\$264	2%
Hotel/Motel	\$690	\$675	2%
Food & Beverage Tax	\$640	\$635	1%
Cemetery Receipts	\$20	\$22	(9)%
Grants	\$94	\$98	(4)%
Interest Earned	\$451	\$268	68%
Miscellaneous	\$550	\$379	45%
Operational Revenue	\$17,001	\$16,433	3%
Transfers from Reserves	\$10,887	\$9,183	19%
Bond/Loan Proceeds	\$1,852	\$184	904%
Transfer from Other Funds	\$8,807	\$5,031	75%
TOTAL	\$66,884	\$58,848	14%

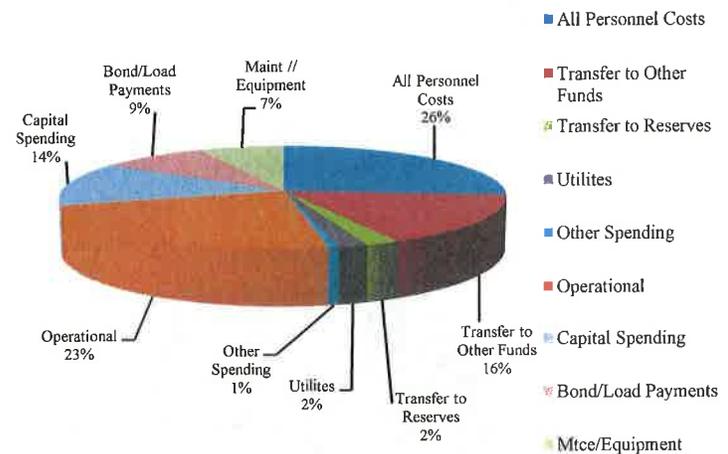


FY14 Source of Total Funds \$66,883,640
where the money comes from...

EXPENSE HIGHLIGHTS (in \$000's)

- ❖ Personnel Costs for all operations, including fringe benefits, is \$17,805,715. Payroll is 27% of the total operating expenditures for the entire budget. This budget includes a proposed 3% salary increase and an increase in benefit costs.
- ❖ Sales Tax Rebates Newbold and Hilton Gardens are down \$2,000 each from last year.
- ❖ Maintenance/Equipment spending is down from last year's budget by \$365,754. Prior year included high dollar repairs for the Southview storm water culvert and the ground storage tank. This year includes lower cost repairs such as the Spot Overlay program budgeted at \$582k.
- ❖ Operating expenses are down \$820,468. Professional services for the fire department are reduced by \$350k. Spending for the Venita overpass project is reduced next year by \$690k.
- ❖ Miscellaneous reduced the Police Pension \$211k due to reclassification of the account.
- ❖ Capital spending is up due to the construction of the new fire station/park maintenance complex on Venita Drive.
- ❖ Transfers to Other Funds include transfer to the Capital Fund of \$4.2 million for the complex on Venita Drive (\$3 million from General Fund and \$1.2 million from Ambulance).
- ❖ Transfers to Reserves that are used for investments or future spending are budgeted about the same as prior year.
- ❖ Bond/Loan Payments are just \$47,000 over last year's budget.

Expense Classification	FY14 Budget	FY13 Budget	% Diff
Personnel	\$12,108	\$11,644	4%
Other Personnel	\$5,636	\$5,084	11%
Sales Tax Rebates	\$16	\$20	(20)%
Utilities	\$1,271	\$1,280	(1)%
Travel/Training	\$365	\$340	7%
Maint/Equipment	\$4,537	\$4,903	(7)%
Operating	\$15,722	\$16,542	(5)%
Miscellaneous	\$74	\$337	(78)%
Capital Spending	\$9,143	\$4,522	102%
Transfers to Other Funds	\$10,605	\$6,958	52%
Transfers to Reserves	\$1,472	\$1,394	6%
Loan Payments	\$1,736	\$1,291	34%
Bond Payments	\$4,199	\$4,533	(7)%
TOTAL	\$66,884	\$58,848	14%



PROPERTY TAX LEVY

PRINCIPLES OF A LEVY:

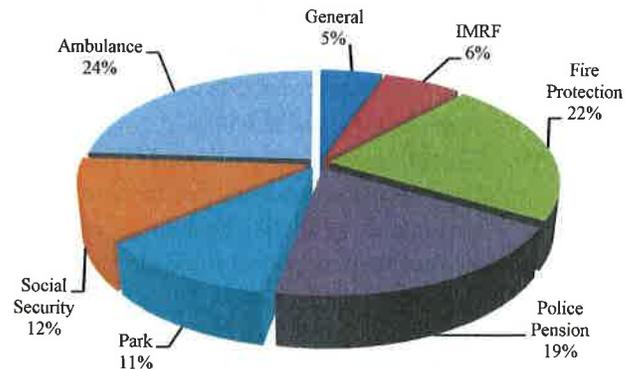
Property taxes are one of the primary (if not the only) ways for municipalities to raise revenue for community services. Towns and cities use the proceeds from levying property taxes to fund law enforcement and emergency service personnel wages to install and maintain roadways and traffic equipment (such as streetlights and road signs) and to pay for other services that benefit the community.

Residents of O'Fallon pay personal property taxes each year with the City receiving approximately 10.5% of the total property tax bill (unchanged since 2005).

The levy amount is based on the previous year's budget and a city cannot levy more in the next year than it budgeted the previous year. The requested Tax Levy must be filed (in dollars not tax rates or percentages) with the county every December for the next fiscal year. The city must predict what the Equalized Assessed Value (EAV) + the county multiplier will be for the next year. The county estimates the EAV to decrease 2% for the 2013-2014 Budget Year.

In budget year 2013-2014, the City has requested a total of \$6,302,096 in Property Tax levy revenue. The pie chart below shows how the City's 10.5% portion of these taxes is allocated within the City's budget. As you can see, only 5% goes into the General Fund (unchanged since 2005). Fire Protection (22%) and EMS (24%) receive the highest percentages.

How O'Fallon's 10.5% Portion of Property Taxes are Allocated



Property Tax Allocation for O'Fallon Residents

