



CITY OF O'FALLON 2015/2016 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, 2016. The budget reflects expenditures in all funds of \$76,001,065, which are equally balanced by revenues. This represents an increase of approximately 22% compared to the previous year. The reason for the large increase is due to capital projects and not operating expenses.

Where possible, we have included the priorities listed in the City Council's Strategic Plan to guide our budget decisions. 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.

Revenue Highlights:

The General Fund is the main fund for the City and it provides the budgets for Administration, Police, Community Development, Streets, Facilities, Police and Fire Commission, Economic Development, and Cemetery. The General Fund revenue is estimated to increase approximately 5%, mainly due to the approval of Video Gambling and the addition of an Ameren surcharge resulting from the settlement. The revenue for the General Fund is proposed to be derived as follows:

<u>Source</u>	<u>Proposed Budget FY2016</u>	<u>% of Total</u>	<u>Amended Budget FY2015</u>	<u>% Change From FY2015 Budget</u>
Sales Tax	\$7,500,000	47%	\$7,284,085	3%
State Income Tax	2,669,225	17%	2,610,000	2%
Utility Tax	754,190	5%	807,500	(7%)
Phone Franchise	140,000	1%	170,000	(18)%
Food & Beverage	720,000	5%	689,116	4%
Fee in Lieu of Taxes	644,475	4%	621,263	4%
Cable Franchise	475,000	3%	450,000	5%
State Use Tax	504,050	3%	475,635	6%
Property Tax	248,300	1%	247,690	0%
Ameren Franchise	245,000	1%	245,000	0%
Road & Bridge	260,000	2%	240,000	8%
Building Permit	300,000	2%	225,000	33%
Crime Free Housing	173,400	1%	170,235	2%
Administrative Tow Fees	100,000	1%	125,000	(20)%
Circuit Court Fines	135,000	1%	130,000	4%
Combined Dispatch	104,000	1%	102,000	2%
Other	791,025	5%	430,466	84%
TOTAL	\$15,763,665		\$15,022,990	5%

Sales tax comprises the largest part of the General Fund (47%). Sales tax revenues for FY2015-2016 are 3% above the FY2015 budget. We estimate this increase in Sales Tax revenues based on our current year revenues which are 2% above prior year and a projected general increase of 1.8%.

We anticipate a 2% increase in the State Income Tax revenue. The State Income Tax is estimated at \$94.00 per person (which is our 10% share of the state's income tax revenue). Our current number of residents totals 28,396. The state is currently one month 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 use cash reserves to cover the shortfall. There are proposals at the state government to reduce the City's share of the income tax, but at the time of this printing it is unknown what (if any) reductions will be made. Since this is the second highest revenue source for the General Fund, any significant cuts in the state income tax will require the City Council to revisit the budget.

Property tax comprises only 1% of the City's budget and is ranked tenth among City General Fund revenue generators. Property tax revenues remain even with prior year. The property tax levy supports General Fund programs such as police, street maintenance and construction, and general administrative functions. Property taxes are also levied for Special Revenue Funds such as the Public Library, Parks and Recreation, Emergency Medical Services, Fire Department, and employee pension funds.

We estimate a 33% increase in Building Permits. New construction is anticipated in FY2015-16 including an office complex, ice rink/aquatic center complex, and Car Max.

Expenditure Highlights:

Payroll

The total payroll for all operations, including fringe benefits, is \$19,268,135. Payroll is 25% of the total operating expenditures for the entire budget. This budget includes a salary increase of 3%. There are three new positions and two vacancies that will be filled.

General & Administration

General expenses represent 13% of the General Fund budget totaling \$2,084,000. This includes \$1.89 million in transfers to various funds for bond payments as well the transfer of \$220,000 to a reserve account to be used for projects outlined in our Strategic Plan. This account reflects a 1% decrease over FY15. Administration expenses represent 9% of the General Fund budget totaling \$1,377,135 which represents a slight 2% increase (or \$25,628 over last year's budget). This increase is partly due to the adjustment of payroll costs based on position budgeting and an increase in the allocation of IT support/services.

Public Safety

The Police Department is the largest budget in the General Fund, totaling \$6,965,740. It was determined that a portion of Telecommunicator costs should be allocated to EMS. Beginning in FY2015, 15% of wages and benefits are being allocated to EMS. The Police Department budget also includes two new vehicles. EMS is budgeted through a dedicated property tax and totals \$2,497,355. This is \$92,000 above FY15 and includes the addition of two new full-time positions and the reduction of part-time hours. The Police Department and EMS budgets, along with the Fire Department, include the purchase of a mandated 911 Dispatch Console upgrade. There is one vacant police officer position in the Police Department.

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 will be complete in fiscal year 2016. New projects for next year include Hwy 50 continuous right turn lane, I-64 Interchange #14 improvement, Milburn School Road reconstruction, Milburn/Simmons roundabout construction, and improvements to the Presidential Streets. There are one full time and two part time positions vacant at this time.

The Water Fund is budgeted to increase \$1,289,178 to \$11,165,125. This budget includes extensions for Union Hill, Seven Hills Road and Rieder Road to Hagemann. The Sewer Fund is projected to increase 36% from \$5,411,711 to \$7,378,300. Several sewer projects are planned for FY2016 including the Woodstream by-pass, August/Smiley main replacement and West Washington main replacement. The budget also includes replacement of

an International Dumpbed truck, purchase of a backhoe with 4 wheel drive, purchase of a boring machine, and construction of a screen wall at 8645 Hwy 50.

Community Development

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 stabilized over the past couple of years. Commercial development has also seen an increase with the recent construction of Gander Mountain and rehabilitation of vacant buildings by Peels Pizza and Mungo's restaurants. Upcoming projects include the McKendree Athletic Complex on Scott-Troy Road, CarMax on Central Park Drive and additional downtown improvements. Code enforcement and occupancy inspections have also increased as foreclosures and rental activity has increased with the poor economy.

Parks and Recreation

The general Park budget totals \$2,436,755 and continues the department's terrific recreation programs for all ages. The 11% increase over prior year includes the purchase of a 1 ton dump truck, lighting and sidewalk improvements at Hesse Park, improvements to the Family Sports Park, and replace/relocate a restroom at Community Park. The Family Sports Park is entering its eighth full season and \$1,386,790 is budgeted for general operations of the park, including maintenance, equipment, and the addition of a new supervisor position to manage the increased activities and tournaments. Major purchases include a laser grader, JD gator, soccer field irrigation system, and a shade structure.

Fire Department

The Fire Department budget totals \$1,920,760, and is funded through a dedicated property tax. Construction of the Venita Drive Fire Headquarters and EMS facility was completed in FY15. The budget includes the purchase of a mandated 911 Dispatch Console upgrade which is shared with the Police Department and EMS.

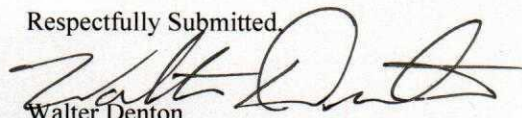
Summary:

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, 17% 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 is currently one month behind on the payments and we expect this to continue. The Governor is also proposing that Local Government Distributive Fund (LGDF) revenue be reduced by 50%. LGDF is shared state income tax money. 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.

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. We invite your feedback on how we can make the budget presentation more understandable.

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
Jerry Albrecht

Ward 3: Kevin Hagarty
Jerry Mouser

Ward 4: John Drolet
Herb Roach

Ward 5: Mike Bennett
Courtney Cardona

Ward 6: Ray Holden
Jim Hursey

Ward 7: David Cozad
Harlan Gerrish

Management Team

City Administrator
Walter Denton

Asst. City Administrator:
Pam Funk

Community Development Director:
Ted Shekell

City Engineer:
Dennis Sullivan

Public Safety Director:
Eric Van Hook

Fire Chief:
Brent Saunders

Library Director:
Molly Scanlan

Parks Director:
Mary Jean Hutchison

Finance Director:
Sandy Evans

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 20, 2015 and the notice was published in the April 9, 2015 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 ORGANIZATION

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 three 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.

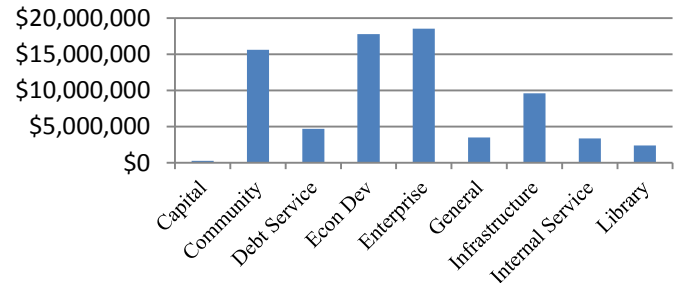
2015/2016 Budget Summary

Fund	Description		Revenue		Expense
01	General	\$	15,763,665	\$	15,763,665
02	Park	\$	3,823,545	\$	3,823,545
04	Library	\$	2,393,070	\$	2,393,070
05	Capital Improvement	\$	-	\$	-
06/07	Cemetery Trust & Agency	\$	45,000	\$	45,000
08	Fire	\$	1,920,760	\$	1,920,760
13	IMRF	\$	580,000	\$	580,000
14	Prop S	\$	2,820,360	\$	2,820,360
16	Motor Fuel	\$	1,895,000	\$	1,895,000
17	EMS	\$	2,497,355	\$	2,497,355
25	Social Security	\$	840,100	\$	840,100
31	Water	\$	11,165,125	\$	11,165,125
34	Sewer	\$	7,378,300	\$	7,378,300
39	Special Svc Areas	\$	15,200	\$	15,200
44	Police Pension	\$	1,917,160	\$	1,917,160
48	Sewer Debt	\$	540,420	\$	540,420
50	TIF	\$	16,916,415	\$	16,916,415
51	Hotel/Motel	\$	936,230	\$	936,230
53	97 Bond Debt(2010 Issue)	\$	590,330	\$	590,330
55	2002 Bond Debt(2010)	\$	970,930	\$	970,930
61	SSA #1 Debt Svc Fund	\$	168,460	\$	168,460
62	SSA #2 Debt Svc Fund	\$	38,025	\$	38,025
63	SSA #4 Debt Svc Fund	\$	110,930	\$	110,930
67	Newbold Debt Svc Fund	\$	197,900	\$	197,900
68	Convention Center	\$	528,695	\$	528,695
69	Park Sports Complex	\$	1,150,645	\$	1,150,645
71	Harley Davidson Debt Svc	\$	168,200	\$	168,200
72	Park Dedication	\$	30,050	\$	30,050
73	Annex Fees	\$	150,000	\$	150,000
74	Ohlendorf Bequest	\$	50,000	\$	50,000
77	\$2M BAB (Prev. #46)	\$	178,895	\$	178,895
78	Strategic Plan Project	\$	220,300	\$	220,300
TOTALS		\$	76,001,065	\$	76,001,065

BUDGET BY FUND (in \$000's)

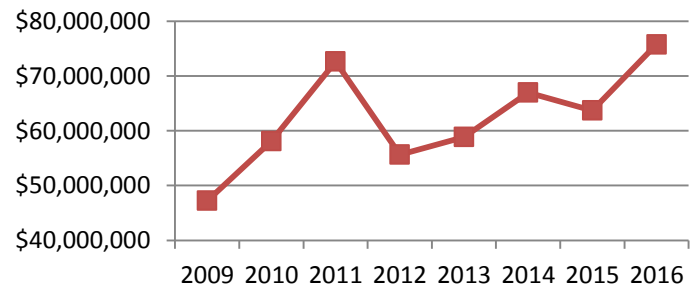
Fund	Category	FY16 Budget	FY15 Budget	% Diff
General	General	\$2,084	\$2,099	(1)%
Administration	General	\$1,377	\$1,352	2%
Police Dept	Community	\$6,966	\$6,690	4%
Street Dept	Infrastructure	\$3,508	\$3,222	9%
Facilities	Infrastructure	\$340	\$279	22%
Comm Dev	Infrastructure	\$1,018	\$936	9%
Fire/Police Commission	Community	\$23	\$4	504%
Ec Dev	Econ Dev	\$314	\$316	(1)%
Cemetery Maintenance	Community	\$134	\$124	8%
Park	Community	\$3,824	\$3,463	10%
Library	Library	\$2,393	\$1,161	106%
Capital Improvement	Capital	\$0	\$8,486	(100)%
Cemetery Trust	Internal Service	\$45	\$5	800%
Fire	Community	\$1,921	\$1,947	(1)%
IMRF Retirement	Internal Service	\$580	\$560	4%
Prop S	Infrastructure	\$2,820	\$1,725	63%
Motor Fuel Tax	Infrastructure	\$1,895	\$2,855	(34)%
EMS	Community	\$2,497	\$2,406	4%
Social Security	Internal Service	\$840	\$838	0%
Water	Enterprise	\$11,165	\$9,876	13%
Sewer	Enterprise	\$7,378	\$5,412	36%
Special Svc Areas	Infrastructure	\$15	\$15	0%
Police Pension	Internal Service	\$1,917	\$1,919	0%
Sewer Debt	Debt Service	\$540	\$540	0%
TIF	Econ Dev	\$16,917	\$500	3283%
Hotel/Motel	Econ Dev	\$936	\$926	1%
97 Bond Debt	Debt Service	\$590	\$596	(1)%
2002 Bond Debt	Debt Service	\$971	\$966	1%
SSA #1	Debt Service	\$168	\$167	1%
SSA #2	Debt Service	\$38	\$39	(2)%
SSA #4	Debt Service	\$111	\$114	(2)%
Subaru Debt Svc	Debt Service	\$0	\$80	(100)%
Newbold Debt Svc	Debt Service	\$198	\$197	1%
Conv Ctr	Debt Service	\$529	\$530	0%
Sports Park Complex	Debt Service	\$1,151	\$1,152	0%
Harley Davidson	Debt Service	\$168	\$165	2%
Park Dedication	Community	\$30	\$25	20%
Annex Fees	Community	\$150	\$125	20%
Ohlendorf Bequest	Debt Service	\$50	\$50	0%
Build America Bonds	Debt Service	\$179	\$183	(2)%
Strategic Plan	Capital	\$221	\$200	11%
TOTAL		\$76,001	\$62,245	22%

FY16 Budget by Category



Budget History

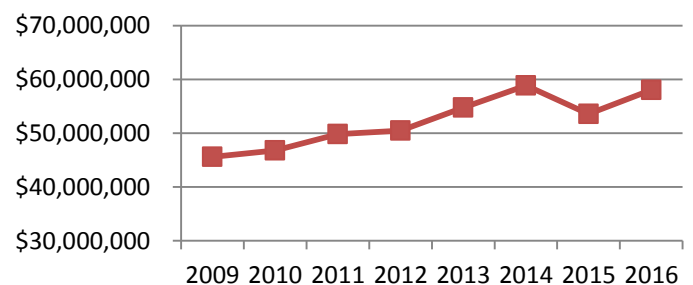
Amended Budget 2009-2016



- FY11 includes the Sports Complex
- FY14 includes the Venita Drive Fire Headquarters, EMS and Park Maintenance building
- FY16 includes the St Elizabeth medical complex

Budget History

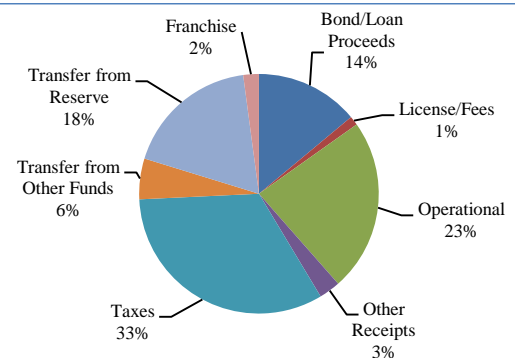
without Capital, Sports Complex Bond Debt, and TIF



REVENUE HIGHLIGHTS (in \$000's)

- ❖ Sales Tax comprises the largest part of the General Fund (47%). Sales tax revenues for FY2016 are 3% above the FY2015 budget. We estimate this increase in Sales Tax revenues based on our current year revenues which are 2% above prior year and a projected 1.8% general increase.
- ❖ State Income Tax is the second largest part of the General Fund (17%). The State Income Tax is estimated at \$94.00 per person (which is our 10% share of the state's income tax revenue). This is a 2% increase over FY2015 budget. Our current total number of residents, based on our appeal of the 2010 Census, is 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 tenth among City General Fund revenue generators. Property tax revenues are expected to remain flat to prior year. 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 \$300k of the total Zoning & Planning revenue budget of \$609k. This is an estimated 17% increase. Although the market is slow, new construction is anticipated in FY2015-FY2016.
- ❖ Bond/Loan Proceeds \$141k of the total is designated in the General Fund for the purchase of a mandated 911 Dispatch Console upgrade. \$10 million is included in the TIF fund for the Green Mount Medical complex.

Revenue Classification	FY16 Budget	FY15 Budget	% Diff
½ Cent Sales Tax	\$1,800	\$1,700	6%
Property Tax	\$8,418	\$8,194	3%
Ambulance Receipts	\$925	\$775	19%
Sales Tax	\$8,020	\$7,775	3%
State Income Tax	\$2,669	\$2,610	2%
Utility Tax	\$1,805	\$1,700	6%
Other Tax	\$726	\$821	(12)%
Phone/Cable Franchise	\$1,446	\$1,571	(8)%
License/Permits	\$73	\$53	38%
Zoning/Planning	\$609	\$522	17%
Fines/Fees	\$250	\$271	(7)%
Hotel/Motel	\$740	\$700	6%
Food & Beverage Tax	\$720	\$689	4%
Cemetery Receipts	\$22	\$21	5%
Grants	\$90	\$1,965	(95)%
Interest Earned	\$431	\$435	(1)%
Miscellaneous	\$716	\$413	73%
Operational Revenue	\$17,670	\$17,179	3%
Transfers from Reserves	\$14,143	\$10,326	37%
Bond/Loan Proceeds	\$10,567	\$212	4887%
Transfer from Other Funds	\$4,161	\$4,313	(4)%
TOTAL	\$76,001	\$62,245	22%

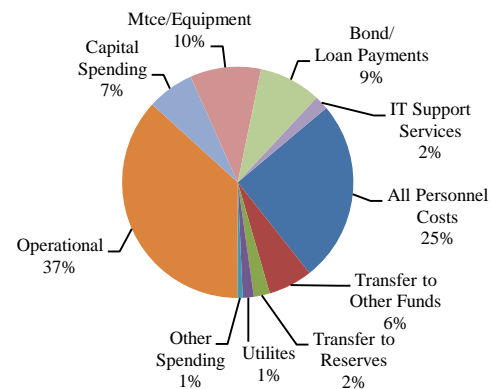


FY16 Source of Total Funds \$76,001,065
where the money comes from...

EXPENSE HIGHLIGHTS (in \$000's)

- ❖ Personnel Costs for all operations, including fringe benefits, is \$19,268,135. Payroll is 25% of the total operating expenditures for the entire budget. This budget includes a 3% salary increase, a benefit cost increase and 3 new positions.
- ❖ Sales Tax Rebates Newbold and Hilton Gardens are down \$1,000 from last year.
- ❖ Maintenance/Equipment spending is over last year's budget by \$3.2 million. Projects include Woodstream by-pass, Presidential streets phase I, and Augusta/Smiley and W Washington sewer main replacements.
- ❖ Operating expenses are up \$15.1 million over prior year. Professional services for the Green Mount Medical Complex TIF are 95% of the total. Other spending includes engineering services for a street survey, increase for snow removal in light of the heavier snowfall the past two years, and Hesse Park and Community Park improvements. The Venita overpass project is reduced next year by \$990k.
- ❖ Miscellaneous increased \$120k over last year since we are now including the spending from police seized funds. The Seized Fund monies are included with Miscellaneous Revenue and offset the spending dollar for dollar.
- ❖ Capital spending is down \$6.1 million from prior year. The Fire/EMS/Park Maintenance project was complete at the end of FY15. This year includes \$1.3 million for redesigning the Library, a mandated 911 Dispatch Console upgrade, \$1.1 million for water main extensions, and various new equipment.
- ❖ Transfers to Other Funds is down slightly from prior year.
- ❖ Transfers to Reserves that are used for investments or future spending are budgeted 9% higher to reserve a portion of new sales tax revenue.
- ❖ Bond/Loan Payments are 18% higher than last year to include repayment of the anticipated TIF Bond Revenue.

Expense Classification	FY16 Budget	FY15 Budget	% Diff
Personnel	\$12,912	\$12,675	2%
Other Personnel	\$6,355	\$6,191	3%
Sales Tax Rebates	\$11	\$12	(8)%
Utilities	\$1,165	\$1,131	3%
Travel/Training	\$368	\$365	1%
Maint/Equipment	\$7,490	\$4,273	75%
Operating	\$28,159	\$12,617	123%
IT Expense	\$1,473	\$1,322	11%
Miscellaneous	\$186	\$69	169%
Capital Spending	\$4,987	\$11,117	(55)%
Transfers to Other Funds	\$4,643	\$4,917	(7)%
Transfers to Reserves	\$1,661	\$1,552	7%
Loan Payments	\$1,642	\$1,822	(10)%
Bond Payments	\$4,949	\$4,182	18%
TOTAL	\$76,001	\$62,245	22%



FY16 Use of Total Funds - \$76,001,065
where the money goes...

PROPERTY TAX LEVY

PRINCIPLES OF A LEVY:

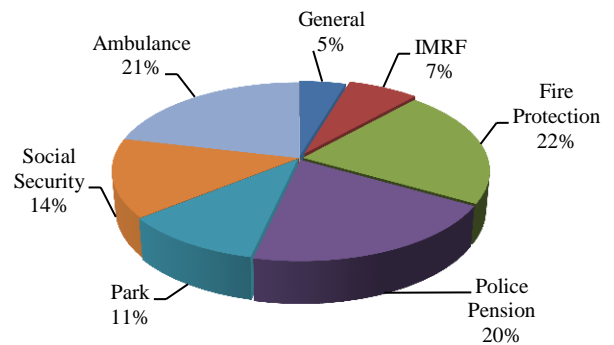
Property taxes are one of the primary (if not the only) ways for municipalities to raise revenue for community services. Towns and cities use the proceeds from levying property taxes to fund law enforcement and emergency service personnel wages, to install and maintain roadways and traffic equipment (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 10.6% of the total property tax bill (an increase of less than 1% 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 remain flat for the 2015-2016 Budget Year.

In budget year 2015-2016, the City has requested a total of \$6,373,880 in Property Tax levy revenue. The pie chart below shows how the City's 10.6% 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 (21%) receive the highest percentages.

How O'Fallon's 10.6% Portion of Property Taxes are Allocated 2015-2016 Budget Year



Property Tax Allocation for O'Fallon Residents

