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Mary Jo Pemberton  
City Clerk

**City of Mt. Vernon**  
1100 Main PO Box 1708  
cityclerk@mtvernon.com

618-242-6815  
FAX 618-242-6867  
www.mtvernon.com

**CITY OF MT. VERNON, ILLINOIS  
CITY COUNCIL WORKSHOP MEETING  
Friday, January 24, 2020**

The Mt. Vernon City Council called a Workshop Meeting for Friday, January 24, 2020 at 10:00 a.m. at City Hall, 1100 Main Street, Council Chamber Room, 2<sup>nd</sup> Floor, Mt. Vernon, IL.

Mayor John Lewis called the meeting to order.

**ROLL CALL**

Roll call showed present: Council Member Ray Botch, Council Member Joe Gliosci, Council Member Donte Moore, Council Member Mike Young, and Mayor John Lewis.

**VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE**

No visitors spoke at the meeting.

**SECOND QUARTER BUDGET REVIEW**

City Manager Mary Ellen Bechtel explained the budget reports will show eight months of revenue and expenditures from May 1 to December 31, 2019.

Finance Director Merle Hollmann distributed the budget summary chart for the General Corporate Fund, Public Utilities Water Fund, and the Public Utilities Sewer Fund.

CITY OF MT. VERNON, ILLINOIS, EIGHT MONTH BUDGET REVIEW, AS OF DECEMBER 31, 2019						1/24/2020
Description	General Corporate Fund	Comments	Public Utilities Water	Comments	Public Utilities Sewer	Comments
Operating Cash Balance @ 4/30/2019	\$ 3,196,927		\$ 233,014		\$ 411,722	
Operating Cash Balance @ 8/31/2019	\$ 3,742,921		\$ 69,570		\$ 305,168	
Operating Cash Balance @ 12/31/2019	\$ 4,740,912		\$ 392,998		\$ 442,266	
Operating Working Fund Balance @ 4/30/2018	\$ 3,421,630		\$ 644,541		\$ -	
Transfer from Water to Sewer	\$ -		\$ (651,093)		\$ 651,093	
Operating Working Fund Balance @ 5/1/2018	\$ 3,421,630		\$ (6,552)		\$ 651,093	
Operating Working Fund Balance @ 4/30/2019	\$ 4,038,623		\$ 176,194		\$ 659,284	
Operating Working Fund Balance @ 8/31/2019	\$ 4,485,194		\$ 412,874		\$ 542,914	
Operating Working Fund Balance @ 12/31/2019	\$ 5,003,047	4.4 months Operations Expense	\$ 509,262		\$ 389,963	
Actual Revenues as % of Budget	69.4%	Should be 66.7% (\$400K Over)	67.5%	Should be 66.7% (\$35K Over)	68.4%	Should be 66.7%(\$49K over)
Actual Expenditures as % of Budget	63.4%	Should be 66.7% (\$486K Under)	66.7%	Should be 66.7% (\$0 Over)	67.1%	Should be 66.7% (\$13K Over)
Originally Budgeted Operating Surplus FY 2019-2020	\$ 59,895		\$ 405,835		\$ (438,633)	

Actual Operating Surplus (Deficit) after 8 months	\$ 964,425	\$ 333,068	\$ (269,321)
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Merle Hollmann explained that the numbers do not include any capital items. It represents unrestricted fund balances. The General Corporate Operating Cash at April 30, 2019 was \$3,196,927, August 31, 2019 was \$3,742,291, and December 31, 2019 was \$4,740,912. The Operating Working Fund Balance at April 30, 2018 was \$3,421,630 and April 30, 2019 was \$4,038,623. August 31, 2019 was \$4,485,194 and December 31, 2019 was \$5,003,047 (4.4 months of operating expense).

Council Member Ray Botch asked if the City had any large encumbered items. Hollmann replied, not against the General Corporate Fund. The new Police Radios are a capital expense. Council Member Donte Moore asked if the increase in Operating Cash was due to the money saved from water loss. Hollmann replied that some of the savings will show in the Water Fund. Saving in expenses is mostly from salaries and overtime in the Police Department. The increase in revenues is mostly due to Sales Tax.

Hollmann explained the Actual Operating Surplus Balance after eight (8) months is \$964,425.

Council Member Mike Young asked if the reduction of overtime expense is related to the improvements in the Water and Sewer System. City Manager Mary Ellen Bechtel stated that reduction of overtime expense not only occurred in the Public Works Department, but also Police and Fire Departments.

Merle Hollmann explained at May 1, 2018, the Water Division was separated from the Sewer Division. The Public Utilities Water Operating Cash at April 30, 2019 was \$233,014, August 31, 2019 was \$69,570, and December 31, 2019 was \$392,998. The Public Utilities Sewer Operating Cash at April 30, 2019 was \$411,722, August 31, 2019 was \$305,168, and December 31, 2019 was \$44,266. Ultimately, additional funds will be transferred from the Water Fund to the Sewer Fund for operations because when the funds were separated, it was found that the Sewer Rates are not covering the Sewer Expenses. Council Member Ray Botch asked if the Sewer Rates should be increased and the Water Rates be decreased. City Manager Mary Ellen Bechtel explained that this is being looked into and a recommendation will be presented later.

The Public Utilities Water Operating Working Fund Balance at April 30, 2019 was \$176,194, August 31, 2019, it was \$412,874, and December 31, 2019 was \$509,262. Hollmann explained the Actual Operating Surplus Balance after eight (8) months is \$333,068.

The Public Utilities Sewer Operating Working Fund Balance at April 30, 2019 was \$659,284, August 31, 2019 was \$542,914, and December 31, 2019 was \$389,963. Hollmann explained the Actual Operating Surplus Balance after eight (8) months is a deficit of (\$269,321).

Council Member Donte Moore asked why so much money is being lost in the Sewer Fund. Hollmann explained that Sewer's revenue stream did not keep up with the Sewer's expenses.

Bechtel stated the cost of the Sewer’s treatment was higher than the cost of the Water’s treatment which caused the Water Fund to subsidize the Sewer Fund. Reducing Sewer expenses and increasing revenue are the solutions. Mayor John Lewis asked if this is affected by the major repair issue at the Sewer Treatment Plant. Bechtel stated that the funds will come from the Capital Fund and it does not affect the operation expenses.

Hollmann presented a chart showing the estimated Working Fund Balance Projections for the next five years. Bechtel explained that the chart is a five-year projection based on the identified revenues and expenses.

**CITY OF MT. VERNON, IL GENERAL CORPORATE FUND WORKING FUND BALANCE PROJECTIONS 1/23/2020**

	Year Ending 4/30/2020	Year Ending 4/30/2021	Year Ending 4/30/2022	Year Ending 4/30/2023	Year Ending 4/30/2024
<b>Working Fund Balance at Beginning of Year</b>	4,038,623	5,003,000	4,634,931	3,840,277	2,608,161
<b>Revenues</b>	14,589,549	14,181,205	14,181,205	14,181,205	14,181,205
<b>Expenses</b>	(13,625,172)	(14,549,274)	(14,975,859)	(15,413,321)	(15,863,932)
<b>Working Fund Balance at End of Year</b>	5,003,000	4,634,931	3,840,277	2,608,161	925,434
<b>Months of Operating Expense</b>	4.4	3.8	3.1	2.0	0.7

**Revenue Assumptions**

1. Assuming a 1.3% increase in 2019-20 Sales and Home Rule Tax from 2018-19 and 0% increase thereafter
2. Assuming no increase in 2019-20 State Income Tax from 2018-19 and 0% thereafter
3. Assuming 10% reduction in State Income Tax by State will continue indefinitely
4. Assuming all other revenue will remain constant

**Expenditure Assumptions**

1. Assuming staffing levels budgeted in 2019-20 will continue through 4/30/2024
2. Assuming a 2.77% increase each year in wages (union contracts are thru 4/30/2022)
3. Assuming 4% increase each year in Self-funded Health Insurance
4. Assuming 4% increase each year in Plan F Health Insurance
5. Assuming 3% increase each year in Property Casualty Insurance
6. Assuming 5% increase each year in Work Comp Insurance
7. Assuming no reimbursements will be received from MFT for Public Works labor and equipment
8. Assuming that we will continue to fund JCDC at \$100,000 each year
9. Assuming that we will continue to fund DMDC at \$77,000 each year
10. Assuming 2% increase each year in all other expenses
11. Assuming no transfer for Capital Items

Merle Hollmann presented worksheets showing Multi-Year Comparisons for the 1% Sales Tax, the 1% Home Rule Sales Tax, and the State Income Tax. These are the three biggest General Corporate revenue sources. He explained that the 1% Sales Tax and the 1% Home Rule Sales Tax Charts reflect the local economy and the State Income Tax reflects the State’s economy.

**CITY OF MT. VERNON, IL, MULTI-YEAR COMPARISON OF 1% SALES TAX**

LIABILITY MONTH	MONTH RECEIVED	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	MONTHLY % COMPARISON OF MOST RECENT YR TO PREVIOUS YEAR
APRIL	JULY	\$403,299.10	\$438,054.71	\$413,345.85	\$417,313.89	\$446,544.55	\$453,501.72	\$432,693.61	\$426,860.22	\$423,619.59	\$480,044.36	13.3%
MAY	AUG	\$434,046.32	\$425,073.52	\$462,490.66	\$451,599.76	\$462,605.32	\$464,125.16	\$438,854.30	\$440,901.99	\$488,038.82	\$492,435.38	0.09%
JUNE	SEPT	\$473,792.37	\$471,145.49	\$450,682.91	\$449,115.95	\$471,678.09	\$481,928.07	\$469,207.40	\$453,841.19	\$483,459.35	\$484,239.14	0.2%

JULY	OCT	\$433,021.47	\$475,730.14	\$431,115.53	\$439,482.29	\$468,015.09	\$467,011.54	\$437,607.36	\$428,080.80	\$483,701.38	\$483,901.73	0.0%
AUG	NOV	\$422,792.11	\$440,940.37	\$431,643.75	\$427,230.95	\$463,591.46	\$457,652.17	\$440,577.07	\$432,021.45	\$475,659.74	\$486,259.55	2.2%
SEPT	DEC	\$422,938.76	\$430,482.03	\$424,995.71	\$423,086.66	\$455,783.48	\$436,302.03	\$430,567.86	\$441,890.73	\$451,061.33	\$469,784.65	4.2%
OCT	JAN	\$403,217.32	\$423,053.79	\$403,469.31	\$411,730.30	\$439,598.77	\$443,213.70	\$426,192.88	\$422,557.78	\$450,477.21	\$474,938.88	5.4%
NOV	FEBR	\$388,891.92	\$482,427.64	\$434,126.45	\$429,370.49	\$449,715.77	\$438,230.23	\$435,201.44	\$423,276.80	\$475,148.10	\$0.00	-100.0%
DEC	MAR	\$528,918.62	\$578,423.02	\$527,102.34	\$516,248.25	\$554,323.37	\$542,572.85	\$531,174.43	\$517,811.46	\$563,550.54	\$0.00	-100.0%
JAN	APR	\$367,556.57	\$402,637.47	\$393,061.21	\$376,020.98	\$413,605.65	\$391,898.84	\$370,949.60	\$407,683.39	\$394,325.33	\$0.00	-100.0%
FEB	MAY	\$408,084.47	\$432,826.88	\$391,809.94	\$409,135.29	\$402,685.75	\$403,617.21	\$378,441.64	\$414,504.60	\$417,493.64	\$0.00	-100.0%
MAR	JUN	\$444,939.91	\$486,526.94	\$431,162.08	\$460,339.39	\$468,445.96	\$449,141.99	\$451,925.75	\$478,201.07	\$500,594.61	\$0.00	-100.0%
<b>ANNUAL TOTALS</b>		<b>\$5,131,498.94</b>	<b>\$5,487,322.00</b>	<b>\$5,195,005.74</b>	<b>\$5,210,674.20</b>	<b>\$5,496,593.26</b>	<b>\$5,429,195.51</b>	<b>\$5,243,393.34</b>	<b>\$5,287,631.48</b>	<b>\$5,607,129.64</b>	<b>\$3,371,603.69</b>	
<b>% INCR/(DECR) OVER PREVIOUS YEAR</b>		<b>3.7%</b>	<b>6.9%</b>	<b>-5.3%</b>	<b>0.3%</b>	<b>5.5%</b>	<b>-1.2%</b>	<b>-3.4%</b>	<b>0.8%</b>	<b>6.0%</b>		
<b>YEAR-TO-DATE AMOUNTS</b>										<b>\$3,256,017.42</b>	<b>\$3,371,603.69</b>	
<b>% INCREASE/(DECREASE) OVER PREVIOUS YEAR-TO-DATE</b>										<b>3.5%</b>		
<b>% INCREASE/(DECREASE) OVER CURRENT YEAR-TO-DATE Budget</b>										<b>5.2%</b>		
<b>TOTAL BUDGET FOR CURRENT YEAR</b>										<b>\$5,520,000.00</b>		

**CITY OF MT. VERNON, IL, MULTI-YEAR COMPARISON OF 1% Home Rule SALES TAX**

LIABILITY MONTH	MONTH RECEIVED	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	MONTHLY % COMPARISON OF MOST RECENT YR TO PREVIOUS YEAR
APRIL	JULY	\$301,146.94	\$315,948.25	\$301,330.71	\$290,518.85	\$303,214.02	\$307,763.98	\$289,545.13	\$295,799.98	\$286,066.29	\$315,170.04	10.2%
MAY	AUG	\$302,600.21	\$313,862.01	\$320,847.45	\$316,153.60	\$318,543.12	\$312,410.24	\$293,500.86	\$293,719.12	\$324,621.31	\$331,812.29	2.2%
JUNE	SEPT	\$318,679.07	\$330,904.19	\$321,667.13	\$317,664.36	\$327,368.99	\$330,632.84	\$324,514.12	\$302,748.82	\$323,298.59	\$328,510.50	1.6%
JULY	OCT	\$303,422.24	\$313,659.63	\$294,773.90	\$299,893.82	\$308,231.89	\$303,531.20	\$288,857.62	\$277,729.84	\$323,021.28	\$322,143.10	-0.3%
AUG	NOV	\$297,739.31	\$309,213.30	\$301,317.68	\$292,853.90	\$303,530.00	\$299,817.54	\$283,216.09	\$282,789.99	\$324,099.02	\$324,498.83	0.1%
SEPT	DEC	\$316,875.03	\$302,637.83	\$306,524.18	\$295,054.52	\$301,555.73	\$291,681.84	\$290,021.86	\$285,433.51	\$302,354.23	\$305,080.79	0.9%
OCT	JAN	\$272,788.62	\$296,529.37	\$280,437.17	\$281,033.82	\$300,200.89	\$288,061.69	\$274,976.68	\$278,122.28	\$304,422.20	\$303,686.50	-0.2%
NOV	FEBR	\$297,492.65	\$306,433.22	\$305,744.52	\$302,881.22	\$306,622.74	\$297,195.59	\$301,803.62	\$297,487.43	\$328,453.05	\$0.00	-100.0%
DEC	MAR	\$379,094.14	\$414,084.63	\$376,032.51	\$359,300.40	\$375,241.65	\$368,602.55	\$361,436.51	\$351,656.00	\$367,483.87	\$0.00	-100.0%
JAN	APR	\$244,906.39	\$275,478.80	\$260,799.71	\$259,218.08	\$262,046.52	\$246,865.14	\$242,665.87	\$250,152.38	\$260,328.80	\$0.00	-100.0%
FEB	MAY	\$261,457.66	\$297,324.87	\$270,192.20	\$269,820.24	\$275,056.26	\$261,750.94	\$249,758.63	\$264,802.27	\$267,065.36	\$0.00	-100.0%
MAR	JUN	\$321,441.71	\$341,993.90	\$308,803.26	\$317,723.46	\$300,719.02	\$302,215.98	\$301,862.90	\$311,142.55	\$337,310.18	\$0.00	-100.0%
<b>ANNUAL TOTALS</b>		<b>\$3,617,643.97</b>	<b>\$3,818,070.00</b>	<b>\$3,648,470.42</b>	<b>\$3,602,116.27</b>	<b>\$3,682,330.83</b>	<b>\$3,610,529.53</b>	<b>\$3,502,159.89</b>	<b>\$3,491,584.17</b>	<b>\$3,748,524.18</b>	<b>\$2,230,902.05</b>	
<b>% INCR/(DECR) OVER PREVIOUS YR</b>		<b>3.4%</b>	<b>5.5%</b>	<b>-4.4%</b>	<b>-1.3%</b>	<b>2.2%</b>	<b>-1.9%</b>	<b>-3.0%</b>	<b>-0.3%</b>	<b>7.4%</b>		
<b>YEAR-TO-DATE AMOUNTS</b>										<b>\$2,187,882.92</b>	<b>\$2,230,902.05</b>	
<b>% INCREASE/(DECREASE) OVER PREVIOUS YEAR-TO-DATE</b>										<b>2.0%</b>		
<b>% INCREASE/(DECREASE) OVER CURRENT YEAR-TO-DATE Budget</b>										<b>4.1%</b>		
<b>TOTAL BUDGET FOR CURRENT YEAR</b>										<b>\$3,671,900.00</b>		

**CITY OF MT. VERNON, IL, MULTI-YEAR COMPARISON OF STATE INCOME TAX**

LIABILITY MONTH	MONTH RECEIVED	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	MONTHLY % COMPARISON OF MOST RECENT YR TO PREVIOUS YEAR
APRIL	JULY	\$85,731.11	\$91,194.53	\$100,923.46	\$88,556.52	\$86,004.56	\$113,725.06	\$99,605.00	\$105,893.54	\$96,792.87	\$95,807.21	
MAY	AUG	\$120,486.27	\$118,137.36	\$129,600.09	\$135,629.35	\$142,340.26	\$160,459.37	\$142,152.95	\$140,084.25	\$130,873.27	\$143,277.26	
JUNE	SEPT	\$78,991.23	\$81,274.76	\$81,325.49	\$84,266.52	\$83,035.22	\$93,117.52	\$82,781.34	\$66,945.80	\$96,069.49	\$102,705.55	
JULY	OCT	\$81,008.07	\$78,230.17	\$80,668.15	\$82,208.52	\$81,199.62	\$88,689.06	\$90,421.61	\$78,964.06	\$93,759.93	\$90,899.46	
AUG	NOV	\$117,736.10	\$124,252.62	\$127,018.33	\$143,426.11	\$144,884.06	\$155,874.90	\$133,618.78	\$120,227.56	\$145,720.27	\$162,181.38	
SEPT	DEC	\$88,606.87	\$79,131.47	\$95,975.85	\$94,960.68	\$97,679.95	\$102,777.46	\$89,682.00	\$90,481.85	\$104,952.04	\$105,848.41	
OCT	JAN	\$97,994.34	\$74,505.64	\$79,205.29	\$75,796.33	\$73,449.17	\$80,378.77	\$81,249.61	\$79,658.97	\$86,990.70	\$100,022.18	
NOV	FEBR	\$111,720.59	\$110,695.55	\$122,776.91	\$140,362.22	\$124,447.23	\$150,814.02	\$131,362.89	\$116,091.98	\$126,751.23	\$0.00	-100.0%
DEC	MAR	\$138,061.74	\$127,626.00	\$144,932.41	\$148,960.15	\$185,675.95	\$165,037.54	\$151,929.63	\$168,042.45	\$152,491.93	\$0.00	-100.0%
JAN	APR	\$68,859.84	\$85,146.93	\$81,268.69	\$85,079.83	\$81,000.64	\$95,545.41	\$79,520.84	\$84,479.00	\$91,819.70	\$0.00	-100.0%
FEB	MAY	\$118,461.84	\$132,205.69	\$141,117.32	\$148,780.08	\$165,526.86	\$147,839.38	\$153,353.81	\$129,721.21	\$147,481.76	\$0.00	-100.0%
MAR	JUN	\$151,351.48	\$191,959.11	\$260,658.72	\$230,903.16	\$273,849.20	\$208,377.40	\$204,756.74	\$209,525.14	\$306,783.22	\$0.00	-100.0%
<b>ANNUAL TOTALS</b>		<b>\$1,259,009.48</b>	<b>\$1,294,359.83</b>	<b>\$1,445,470.71</b>	<b>\$1,458,929.47</b>	<b>\$1,539,092.72</b>	<b>\$1,562,635.89</b>	<b>\$1,440,435.20</b>	<b>\$1,390,115.81</b>	<b>\$1,580,486.41</b>	<b>\$800,741.45</b>	
% INCR/(DECR) OVER PREVIOUS YR		3.4%	0.3%	2.8%	11.7%	0.9%	5.5%	1.5%	-7.8%	13.7%		
YEAR-TO-DATE AMOUNTS										\$755,158.57	\$800,741.45	
% INCREASE/(DECREASE) OVER PREVIOUS YEAR-TO-DATE											6.0%	
% INCREASE/(DECREASE) OVER CURRENT YEAR-TO-DATE BUDGET											13.6%	
TOTAL BUDGET FOR CURRENT YEAR											\$1,474,900.00	

Council Member Donte Moore asked if the newly enacted ¼% Home Rule Tax effected July 1, 2020 will be included in the above charts. City Manager Mary Ellen Bechtel replied no because the new tax is restricted for pensions only. Council Member Ray Botch asked if the new tax would reduce the property tax. Merle Hollman stated that the property tax would remain level.

Council Member Donte Moore asked if the City would receive additional tax from cannabis sales. Bechtel stated that the City would receive their portion through the State Sales Tax and Home Rule Tax. The City has an option to add an additional tax on cannabis sales. Mayor John Lewis said that the amount of future revenue is unknown at this time. Council Member Ray Botch asked if the current K-9 Dogs can be retrained. Police Chief Trent Page stated no and evidently the current three dogs will need to be replaced with dogs that do not alert on the scent of cannabis. The cost of each dog with training is between \$10,000 and \$15,000. Discussion regarding the type of K-9 Dogs and regarding narcotics training.

**VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE**

No visitors spoke at the meeting.

**EXECUTIVE SESSION**

No Executive Session was held.

**ADJOURNMENT**

**Council Member Mike Young motioned to adjourn. Seconded by Council Member Joe Gliosci.  
Yeas: Botch, Gliosci, Moore, Young, and Lewis.**

The meeting was adjourned at 10:45 a.m.

Respectfully submitted,



Mary Jo Pemberton  
City Clerk