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CITY OF MT. VERNON, ILLINOIS CITY COUNCIL WORKSHOP MEETING Friday, September 27, 2019

The Mt. Vernon City Council met in a Workshop Meeting on Friday, September 27, 2019 at 10:00 a.m. at City Hall, 1100 Main Street, Council Chamber Room, 2nd Floor, Mt. Vernon, IL.

CALL TO ORDER

Mayor John Lewis called the meeting to order.

Present: Council Member Ray Botch, Council Member Donte Moore, Council Member Mike Young, and Mayor John Lewis. Absent: Council Member Jim Rippy. Also present were City Manager Mary Ellen Bechtel and Finance Director Merle Hollmann.

VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE

Council Member Ray Botch wished Happy Birthday to Council Member Donte Moore.

FISCAL YEAR 2019-2020 BUDGET REVIEW (May – August)

City Manager Mary Ellen Bechtel stated that the numbers are looking good. Finance Director Merle Hollman presented a chart showing the Budget Review for the first four months (May through August) of Fiscal Year 2019-2020. The chart represents the three largest City funds; General Corporate, Public Utilities Water, and Public Utilities Sewer.

The General Corporate Fund shows a healthy cash balance. The cash balance will be needed to fund the home and floodplain buyouts at roughly \$800,000. The City will receive 100% reimbursement from the State for the buyouts, but it will take one or two years before the State sends the reimbursement. The General Corporate Operating Cash Balance as of August 31, 2019 is \$3,742,291. The final audited General Corporate Operating Working Fund Balance at April 30, 2019 is \$4,038,623. The revenues are \$208,000 higher than estimated and expenses are lower by \$192,000. Bechtel explained that the figures include a \$250,000 receivable from the Downtown TIF. In 2010, the City transferred \$250,000 to the Downtown TIF and it is still being carried as a receivable.

The Public Utilities Water Operating Cash Balance as of August 31, 2019 is \$69,570. The final audited Operating Working Fund Balance at April 30, 2019 is \$176,194. The revenues are \$172,000 higher than estimated and expenses higher by \$90,000.

The Public Utilities Sewer Operating Cash Balance as of August 31, 2019 is \$305,168. The final audited Operating Working Fund Balance at April 30, 2019 is \$659,284. The revenues are \$65,000 higher than estimated and expenses higher by \$33,000.

Merle Hollmann explained at May 1, 2018, the Water Division was separated from the Sewer Division. He stated that the sewer rates are not covering all of the sewer expenses, and water rates are subsidizing the expenses. Council Member Ray Botch asked if this will affect the City's ability to obtain the IEPA Loans. Hollmann spoke with IEPA and they were alright with the way the City is subsidizing the sewer expenses.

CITY OF MT. VERNON, ILLINOIS						9/25/2
FIRST FOUR MONTH BUDGET REVIEW						
AS OF AUGUST 31, 2019						
	General		Public		Publi	c
	Corporate		Utilities		Utilitie	is in the second s
Description	Fund	Comments	Water	Comments	Sew	er Comments
Operating Cash Balance @ 4/30/2019	\$ 3,196,927		\$ 424,885		\$ 411,	722
Operating Cash Balance @ 8/31/2019	\$ 3,742,291		\$ 69,570		\$ 305,	168
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
Actual Revenues as % of Budget	34.7%	Should be 33.3% (\$208,000 over)	36.8%	Should be 33.3% (\$172,000 over)	35	.2% Should be 33.3% (\$65,000 over)
Actual Expenditures as % of Budget	32.0%	Should be 33.3% (\$192,000 under)	35.6%	Should be 33.3% (\$90,000 over)	34	.3% Should be 33.3% (\$33,000 over)
Originally Budgeted Operating Surplus FY 2019-2020	\$ 59,895		\$ 405,835		\$ (438,	633)
Actual Operating Surplus (Deficit) after 4 months	\$ 446,571		\$ 236,680		\$ (116,	370)

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. For the 1% Sales Tax, the revenue increased 6% in Fiscal Year 2018-2019.

CITY OF MT. VERNO											
MULTI-YEAR COMPA	RISON O	F1% SALE	S TAX								~
											MONTHLY
											PERCENTAGE
											COMPARISON O
											MOST RECENT Y
LIABILITY	MONTH										TO
MONTH	RECEIVED	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	PREVIOUS YEA
APRIL	JULY	\$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	AUGUST	\$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	0.9%
JUNE	SEPTEMBER	\$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%
JUAL											
JULY	OCTOBER	\$475,730.14	\$431,115.53	\$439,482,29	\$468,015.09	\$467,011.54	\$437,607.36	\$428,080.80	\$483,701.38	\$0.00	-100.0%
AUGUST	NOVEMBER	\$440,940.37	\$431,643.75	\$427,230.95	\$463,591.46	\$457,652.17	\$440,577.07	\$432,021.45	\$475,659.74	\$0.00	-100.0%
SEPTEMBER	DECEMBER	\$430,482.03	\$424,995.71	\$423,086,66	\$455,783.48	\$436,302.03	\$430,567.86	\$441,890.73	\$451,061.33	\$0.00	-100.0%
OCTOBER	JANUARY	\$423,053.79	\$403,469.31	\$411,730.30	\$439,598.77	\$443,213.70	\$426,192.88	\$422,557.78	\$450,477.21	\$0.00	-100.0%
NOVEMBER	FEBRUARY	\$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%
DECEMBER	MARCH	\$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%
JANUARY	APRIL	\$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%
FEBRUARY	MAY	\$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%
MARCH	JUNE	\$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%
ANNUAL TOTALS		\$5,487,322.00	\$5,195,005,74	\$5,210,674,20	\$5,496,593,26	\$5,429,195.51	\$5,243,393.34	\$5,287,631.48	\$5,607,129.64	\$1,456,718.88	
ANAUAL IUTALS		33,407,522,00	23,175,003,14	35,210,074.20	33,470,373.20	33,427,173,31	\$3,243,373.34	33,201,031.40	03,001,127.04	31,450,710,00	
% INCR/(DECR) OVER PREVIOUS	YEAR	6.9%	-5.3%	0.3%	5.5%	-1.2%	-3.4%	0.8%	6.0%		
YEAR-TO-DATE AMOUNTS									\$1,395,117.76	\$1,456,718.88	
% INCREASE/(DECREASE) OVER	PREVIOUS YE	EAR-TO-DATE								4.4%	
% INCREASE/(DECREASE) OVER	CURRENT YE	AR-TO-DATE BU	DGET							6.1%	
FOTAL BUDGET FOR CURRENT	YEAR ,									\$5,520,000.00	

Hollmann explained the Multi-Year Comparison of the 1% Home Rule Sales Tax only includes a portion of the Home Rule Sales Tax dedicated to the General Corporate Fund. The City collects a total of 2.5% Home Rule Sales Tax. One-percent goes to the General Corporate Fund, .5% goes to the Quality of Life Fund, and 1% into a separate dedicated fund to be expended solely for (i) expenses incurred for capital construction projects for the Public Utility Department, (ii) expenses incurred for capital equipment purchases for all City Departments, (iii) expenses incurred for capital expenditures for road construction or road maintenance, (iv) early retirement of existing indebtedness, with priority to payment of debt with the highest interest rate, and (v) nuisance abatement expenditures, including demolition of dangerous and dilapidated structures. For the 1% Home Rule Sales Tax, the revenue increased 7.4% in Fiscal Year 2018-2019.

MULTI-YEAR COMPAR	AISON OF 1%	HOME RU	LE SALES	IAX							
											MONTHLY
											PERCENTAGE
											COMPARISON
											MOST RECENT
LIABILITY	MONTH										TO
MONTH	RECEIVED	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	PREVIOUS YEA
APRIL	JULY	\$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%
MIV.	AUGUST	\$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%
MAY	100031	3313,002,01	3220/041745	2010/120/00	3010,010.14	-	22.70,700.00	4879/17/18	ers quarter		
IUNE	SEPTEMBER	\$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	OCTOBER	\$313,659.63	\$294,773.90	\$299,893.82	\$308,231.89	\$303,531.20	\$288,857.62	\$277,729.84	\$323,021.28	\$0.00	-100.0%
A DOUGT	NOVEMBER	\$309,213.30	\$301,317.68	\$292,853.90	\$303,530.00	\$299,817.54	\$283,216.09	\$282,789.99	\$324,099.02	\$0.00	-100.0%
AUGUST	NUYENBER	3307,213.30	5301,017,08	3676/030.54	3363,536.00	2677/011-04	2200,220,07	2000,107.77	0001/07/000		
SEPTEMBER	DECEMBER	\$302,637.83	\$306,524.18	\$295,054.52	\$301,555.73	\$291,681.84	\$290,021.86	\$285,433.51	\$302,354.23	\$0.00	-100.0%
OCTOBER	JANUARY	\$296,529.37	\$280,437.17	\$281,033.82	\$300,200.89	\$288,061.69	\$274,976.68	\$278,122.28	\$304,422.20	\$0.00	-100.0%
IN THEFT	FEBRUARY	\$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%
NOVEMBER	FEDRUARI	3300,433.22	5385,744.55	3302,001.22	5300,022.14	3671,173.37	3201/00245	3671,981.99	2220,00.00	20,00	-100.070
DECEMBER	MARCH	\$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%
JANUARY	APRIL	\$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%
	MAN	2947 294 87	2953 105 56	63(0.630.3)	\$275,056.26	\$261,750.94	\$249,758.63	\$264,802.27	\$267,065.36	\$1.00	-100.0%
FEBRUARY	MAY	\$297,324.87	\$270,192.20	\$269,820.24	\$712/020150	\$201,/30.34	3247,758.83	3204,802.27	3701/002/30	30.00	-144.0 %
MARCH	JUNE	\$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%
ANNUAL TOTALS		\$3,818,070.00	\$3,648,470.42	\$3,602,116.27	\$3,682,330.83	\$3,610,529.53	\$3,502,159,89	\$3,491,584.17	\$3,748,524.18	\$975,492.83	
U DICO ID CODI OLICO BERLIOIO	12.10		1.10/	1.24/	2.26/	1.04/	-3.0%	-0.3%	7.4%		
% INCR/(DECR) OVER PREVIOUS	YEAK	5.5%	-4.4%	-1.3%	2.2%	-1.9%	-3.0%	-11,3 %	1.4 /6		
YEAR-TO-DATE AMOUNTS									\$933,986.19	\$975,492.83	,
Law IV Part Law Control											
% INCREASE/(DECREASE) OVER P	REVIOUS YEAR-T	0-DATE								4.4%	
										6.681	
% INCREASE (DECREASE) OVER (URRENT YEAR-TO	D-DATE BUDGET								6.6%	
TOTAL BUDGET FOR CURRENT Y	FAR									\$3,671,900.00	
UTAL BUDGET FOR CORRENT I											

Hollmann explained the Multi-Year Comparison of the State Income Tax showed an increase in revenue of 13.7% in Fiscal Year 2018-2019. The chart assumes that the State of Illinois will continue deducting 10% indefinitely.

CITY OF MT. VERNON,	IL										
MULTI-YEAR COMPAR	ISON OF	STATE INC	OME TAX								
											MONTHLY PERCENTAGE
LIABILITY	MONTH NORMALLY										COMPARISON OF MOST RECENT YR TO
MONTH	RECEIVED	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	PREVIOUS YEAR
MAY	JUNE	\$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	-1.0%
JUNE	JULY	\$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	9.5%
JULY	AUGUST	\$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	6.9%
AUGUST	SEPTEMBER	\$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	-3.1%
SEPTEMBER	OCTOBER	\$124,252.62	\$127,018.33	\$143,426.11	\$144,884.06	\$155,874.90	\$133,618.78	\$120,227.56	\$145,720.27	\$0.00	-100.0%
OCTOBER	NOVEMBER	\$79,131.47	\$95,975.85	\$94,960.68	\$97,679.95	\$102,777.46	\$89,682.00	\$90,481.85	\$104,952.04	\$0.00	-100.0%
NOVEMBER	DECEMBER	\$74,505.64	\$79,205.29	\$75,796.33	\$73,449.17	\$80,378.77	\$81,249,61	\$79,658.97	\$86,990.70	\$0.00	-100.0%
DECEMBER	JANUARY	\$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%
JANUARY	FEBRUARY	\$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%
FEBRUARY	MARCH	\$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%
MARCH	APRIL	\$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%
APRIL	MAY	\$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%
ANNUAL TOTALS		\$1,294,359.83	\$1,445,470.71	\$1,458,929.47	\$1,539,092.72	\$1,562,635.89	\$1,440,435.20	\$1,390,115.81	\$1,580,486.41	\$432,689.48	
% INCR/(DECR) OVER PREVIOUS Y	EAR	2.8%	11.7%	0.9%	5.5%	1.5%	-7.8%	-3.5%	13.7%		
YEAR-TO-DATE AMOUNTS									\$417,495.56	\$432,689.48	
% INCREASE/(DECREASE) OVER PF	REVIOUS YEAR	R-TO-DATE								3.6%	
% INCREASE/(DECREASE) OVER CU	URRENT YEAR	-TO-DATE BUDG	ET							11.1%	
TOTAL BUDGET FOR CURRENT YE	AR									\$1,474,900.00	

Finance Director Merle Hollmann presented a chart showing the Working Fund Balance Projections with revenue and expenditure assumptions.

CITY OF MT. VERNON, IL GENERAL CORPORATE FUND WORKING FUND BALANCE PROJECTIONS

	Year	Year	Year	Year	Year
	Ending	Ending	Ending	Ending	Ending
	4/30/2020	4/30/2021	4/30/2022	4/30/2022	4/30/2024
Working Fund Balance at Beginning of FY	\$ 4,038,623	\$ 4,485,000	\$ 4,116,931	\$ 3,322,277	\$ 2,090,161
Revenues	\$14,381,687	\$14,181,205	\$14,181,205	\$14,181,205	\$14,181,205
Expenses	(\$13,935,310)	(\$14,549,274)	(\$14,975,859)	(\$15,413,321)	(\$15,863,932)
Working Fund Balance at End of Year	\$ 4,485,000	\$ 4,116,931	\$ 3,322,277	\$ 2,090,161	\$ 407,434
Months of Operating Expense	3.8	3.4	2.7	1.6	.03

Revenue Assumptions

- 1. Assuming a 1.2% increase in 2019-20 Sales and Home Rule Taxes from 2018-19 and 0% increase thereafter
- 2. Assuming a 0% increase in 2019-20 State Income Tax from 2018-19 and 0% thereafter
- 3. Assuming 10% reduction in State Income Tax 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
- 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

Mayor John Lewis asked if any of the expenditure assumptions include the increase in minimum wage. City Manager Mary Ellen Bechtel stated that no projections for minimum wage are included. She explained that the City needs to be vigilant on funds management. Council Member Ray Botch stated that the City is in great shape today and hopes to keep the 3.8 months of operating expenses on hand each year. Council Member Donte Moore feels that when the Interstate 57 and 64 are improved, the City's revenue will be affected again. City Manager Mary Ellen Bechtel stated that a review is taking place regarding zoning around Exit 94 to have limited development of truck stops in that area.

EXECUTIVE SESSION

No Executive Session was held.

VISITORS/CITIZEN'S REQUESTS/ADDRESSES FROM THE AUDIENCE

No visitors spoke at the meeting.

ADJOURNMENT

Council Member Mike Young motioned to adjourn. Seconded by Council Member Donte Moore. Yeas: Botch, Moore, Young, and Lewis. Absent: Rippy.

The meeting was adjourned at 10:40 a.m.

Respectfully submitted,

Mary Jo Pembecton

Mary Jo Pemberton, City Clerk