

April 20, 2015

Minutes of the Budget Hearing of the City Council, City of Clinton at 6:45 p.m. in the Council Chambers of City Hall, Monday, April 20, 2015. Mayor Carolyn Peters, presiding. On roll call Commissioners Wise, Milton, Edmunds and Crang were present.

Mayor Peters introduced Paul Skowron, Acting CEO and Donna Wisner, CFO of the Hospital to give an overview of the capital and operating budget for fiscal year 2016.

Donna Wisner, CFO, discussed the Capital Budget items excluding carry over and contingency. It is \$746,000.00 with all major expenditures to include: \$375,000.00 for the Rural Health Clinic (RHC) ambulatory electronic health record (EHR), \$124,000.00 for computer software and hardware updates to include personal computer upgrades and Microsoft Server and Office licenses, \$150,000.00 for the replacement of the telephone system and \$55,000.00 for a lab hematology analyzer. She then discussed the Operating Budget, which is projecting a bottom line net income of \$484,433.00 with a \$261,000.00 operating income. Inpatient revenue is 13% with outpatient revenue at 87%. Of this revenue, over 44% will be written off due to Medicare, Medicaid and various other reasons concerning expenses, 47% relates to salaries/wages/benefits, 17% relates to purchase services and maintenance services, 16% professional fees and 9% relates to supplies/minor equipment with the rest being utilities, maintenance, education/travel and insurance. The carryover budget of \$408,390.00 includes the final payment on the Meditech computer system that was implemented during FY15 along with equipment that has been approved but will be paid for next fiscal year. The contingency budget amount of \$733,000.00 is an amount for contingency equipment not listed in the budget if a need arises.

Mayor Peters thanked Donna for her presentation.

City Treasurer, Clint Lichtenwalter discussed the City portion of the budget. While most of the revenues continue to remain stagnant the City is continuing to hear from the Illinois Municipal League that bills continue to be proposed each legislative cycle to decrease shared revenues to municipalities as a way to plug the state's budget gap. The largest unknown is Governor Rauner's proposal to try and decrease state shared revenues by \$350,000.00 for the next fiscal year. He stated this month's Motor Fuel Tax check was reduced by a one time sweep for the State to balance their current fiscal year budget by 50% as that would be a devastating impact to us and would account for more than 10% of our General Fund operating budget. He stated this budget is projected to end with a higher overall fund balance than where FY15 is projected to end, but the unrestricted fund balance is projected to end lower due to restricting new municipal telecommunications tax money for Parks & Streets. That money is just starting to come in and will need to wait until FY17 to have enough to disburse. The budget is projected to end with a slightly higher cash balance but again some of that is reserved for Parks & Streets for FY17.

He went on to say removing the expenses for the Kleemann Road project would make total General Fund operating expenses \$3,318,362.00 which would be a 6.83% increase from the projected current fiscal year end. He reported since FY08 we have seen an average increase of 2.57%/year in the operating expenses. This is less than the average increase in inflation of 2.69%/year for that same time period.

He also stated since FY08 we have seen several income line items decrease while others have increased, but overall the annual increase in revenue has only averaged 0.52% over that time period. This has not been keeping up with the rate of inflation even though we have picked up a couple of new sources of revenue such as video gaming. Sales tax which is by far the largest revenue source for the General Fund has only seen growth of 1.44%/year, while our Telecom Tax has decreased by 4.92%/year and Interest income has decreased by 13.4%/year. Overall the next year's revenue is budgeted at \$127,710.00 more than the projected current year end when taking out Grant money and the increased Telecom Tax.

He stated it is debatable as to what level is appropriate for the cash reserves. It has been recommended that there should be a year's worth of reserves to cover any unexpected contingencies, and at a bare minimum 6 months worth. With this budget (taking into account the reserved fund balances for parks & streets), we will end the year at around 6.7 months of reserves. The overall lack of growth in revenues and the continued increased pressure of inflation on the expenses is causing continued negative pressure on reserves.

He stated over the past several years warnings appeared with the City's Self-Funded Health Insurance plan as the reserves have dwindled to very low levels. Several changes that were made to the plan around 9 years ago had been holding the plan steady with small increases or decreases each year in fund balance. However there were losses in FY11, FY12 and FY13 that proved to be a very unhealthy for the plan. This caused several changes to be implemented to the plan for FY14 including changing deductibles, out-of-pocket limits, a premium increase, and mandating mail order for maintenance type drugs. All of these changes led the plan to a very small gain for FY14. Through the first 11 months of FY15 the employees have been very healthy and a significant amount of cash was put back in the reserves. Claims were down year to date across the board showing both that employees are healthier for the time being and that the education on the drug options has been working. He reported although things are much better right now, we are still not recovered to the point that I would like to see the reserves and we don't want to take any steps backwards so this budget implements a 2% premium increase for the health insurance premiums.

Mayor Peters opened the floor for any comments or questions from the audience. Hearing none motion was made by Commissioner Milton and seconded by Commissioner Edmunds to adjourn the Budget Hearing. On roll call vote, Commissioners Milton, Edmunds, Crang, Wise and Mayor Peters voted “Yes”.

Respectfully submitted,

Cheryl A. Van Valey
City Clerk

April 20, 2015

Minutes of the regular meeting of the City Council of the City of Clinton, Illinois in session in the Council Chambers of City Hall, Monday, April 20, 2015. Mayor Carolyn Peters, presiding. On roll call, Commissioners Edmunds, Crang, Wise and Milton were present.

Written motion was made by Commissioner Wise and seconded by Commissioner Crang that the minutes of the regular meeting of April 6, 2015 be approved as submitted. On roll call vote, Commissioners Crang, Wise, Milton, Edmunds and Mayor Peters voted "Yes".

The bills and payroll were read.

Written motion was made by Commissioner Edmunds and seconded by Commissioner Crang that the bills and payroll be allowed as read and the Clerk be instructed to issue warrants on the Treasurer for the several amounts. On roll call vote, Commissioners Wise, Milton, Edmunds, Crang and Mayor Peters voted "Yes".

PETITIONS AND COMMUNICATIONS

John Baker, Chairman of the Tree City Commission, presented the awards to the Arbor Day Poster winners, which were Zoe Barnes (1st place), Katie Wherry (2nd place) and Isaiah Dial (3rd place). Mayor Peters read an Arbor Day proclamation.

REPORT FROM THE DEPARTMENT OF PUBLIC AFFAIRS

Mayor Peters read a statement thanking everyone who had worked with her over her term.

REPORT FROM THE DEPARTMENT OF STREETS & PUBLIC IMPROVEMENTS

Commissioner Crang reported that the City-wide Clean-up is Saturday, April 25th from 8:00 a.m. – 12:00 p.m. and 1:00 p.m. – 5:00 p.m. and that no electronics will be accepted.

REPORT FROM THE DEPARTMENT OF PUBLIC PROPERTY

Commissioner Wise thanked Carolyn and Jerry for their time on the Council. He reported that the department started flushing mains this week.

REPORT FROM THE DEPARTMENT OF PUBLIC HEALTH & SAFETY

Commissioner Milton had no report but thanked everyone for letting him serve on the Council for the last 12 years.

REPORT FROM THE DEPARTMENT OF ACCOUNTS & FINANCES

Commissioner Edmunds reported that the sales tax was flat and the City will not make their budget this year by 1% less.

UNFINISHED BUSINESS

Written motion was made by Commissioner Wise and seconded by Commissioner Edmunds to adopt Ordinance #1366, An Ordinance Amending Annual Budget (FY 2015). On roll call vote, Commissioners Milton, Edmunds, Crang, Wise and Mayor Peters voted "Yes".

Written motion was made by Commissioner Edmunds and seconded by Commissioner Wise to adopt Ordinance #1367, An Ordinance Adopting Budget (FY 2016). Commissioner Edmunds made some comments and then he made a motion to amend the main motion for the Hospital budget under Dept. 8310 Administration Line Item 6010 Salaries and Wages change to \$199,774.00, Line Item 6920 Non or Temp Employee Fees \$30,000.00, Line Item 7510 Management Services \$0, then under Dept. 9000 Other Operating Expenses Line Item 6510 FICA/Medicare Employer Paid \$384,300.00 and Line Item 6520 Employee Health \$1,062,000.00. Commissioner Milton seconded the motion. On roll call vote, Commissioners Edmunds, Crang, Wise and Milton voted "Yes". Mayor Peters voted "No". Written motion was made by Crang and seconded by Edmunds to adopt Ordinance #1367 as Amended, An Ordinance Adopting Budget (FY2015). On roll call vote, Commissioners Crang, Wise, Milton, Edmunds voted "Yes". Mayor Peters voted "No".

Written motion was made by Commissioner Wise and seconded by Commissioner Crang to adopt Ordinance #1368, Ordinance Amending Section 7-8-3(A) of the City Code of the City of Clinton, Illinois. On roll call vote, Commissioners Wise, Milton, Edmunds, Crang and Mayor Peters voted "Yes".

Written motion was made by Mayor Peters and seconded by Commissioner Crang to adopt Ordinance #1369, An Ordinance Authorizing Acquisition of Real Estate (south 10 feet of North St. between Madison & Monroe/Canadian National Railroad) in the amount of \$2,500.00. On roll call vote, Commissioners Milton, Edmunds, Crang, Wise and Mayor Peters voted "Yes".

The Ordinance Vacating a Portion of Street (south 10 feet of North St. between Madison & Monroe) was tabled.

Written motion was made by Commissioner Crang and seconded by Commissioner Milton to approve Resolution 2015-10 to authorize \$116,000.00 for Summer Maintenance 2015. On roll call vote, Commissioners Edmunds, Crang, Wise, Milton and Mayor Peters voted "Yes".

Written motion was made by Commissioner Crang and seconded by Commissioner Wise to approve the Engineering Agreement with Cummins Engineering Corporation for the Elm St. and Jackson St. Resurfacing. On roll call vote, Commissioners Crang, Wise, Milton, Edmunds and Mayor Peters voted "Yes".

NEW BUSINESS

None

Commissioner Edmunds presented plaques to Commissioner Milton and Mayor Peters for their time served on the Council.

ADJOURNMENT

With no further business to come before the Council, a motion was made by Commissioner Crang and seconded by Commissioner Milton to adjourn the meeting. Voice vote was taken. Motion was unanimous.

Respectfully Submitted,

Cheryl A. Van Valey
City Clerk

Correction to the minutes per Donna Wisner, CFO at the Dr. John Warner Hospital. She called and told me that one of the line item numbers that Commissioner Edmunds stated was wrong. He stated line item 6020 and it should have been 6920 and she authorized me to change it in the minutes.