

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Tuesday, August 3, 2004 at 4:04 p.m. in Room 700 of the Law and Justice Center, 104 West Front Street, Bloomington, IL.

Members Present: Chairman Sorensen, Members Berglund, Nuckolls, and Kalapp

Members Absent: Members Moss and Selzer

Staff Present: Mr. John Zeunik, County Administrator, Mr. Terry Lindberg, Assistant County Administrator, Ms. Lucretia Wherry, Human Resources Assistant and Ms. Jude LaCasse, Assistant to the County Administrator

Department Heads/
Elected Officials

Present: Ms. Becky McNeil, County Treasurer; Mr. Don Lee, Director, Nursing Home; Ms. Ruth Weber, County Recorder; Mr. Craig Nelson, Director, Information Services; Jackie Dozier, County Auditor; Mr. Bob Keller, Director, Health Department; Ms. Jennifer Ho, Risk Manager

Others Present: None

Chairman Sorensen called the meeting to order at 4:05 p.m. and noted that two members were absent.

Chairman Sorensen presented the minutes from the July 6, 2004 Finance Committee Meeting for approval. Hearing no corrections to those minutes, Chairman Sorensen advised that the minutes would stand approved as presented.

Ms. Becky McNeil, County Treasurer, addressed the Finance Committee. The first report she presented was the Treasurer's Pooled Investment Account Summary that lists all of the investment accounts that the McLean County Treasurer manages for the County. Ms. McNeil stated that in long-term investing a few CDs rolled over this month and no CDs were taken out. The interest rates on the Money Market accounts with Illinois Funds, National City, and Commerce Bank were slightly higher this month. The Illinois Funds Money Markets were at 1.22% and the Illinois Funds-Prime Rate was at 1.29%. The State Farm rate remained steady at 1.65%.

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The next report that Ms. McNeil presented was the Summary of Retailers Occupation Tax (ROT), State Income Tax, Personal Property Replacement Tax (PPRT). She indicated that the report shows that the fiscal year is at 58% as of 7/31/04 and the Retailers Occupation Tax is at 59% of budget, which is what was projected. The State Income Tax is coming in at 68.6% of budget and the Personal Property Replacement Tax is at 68.7% of budget. Ms. McNeil reported that, comparing the Sales Tax of July 2004 to July 2003, the County is down on Revenue Sales Tax and on Local Use Tax we are up 12%. On State Income Tax, we are up 9% compared to July of 2003.

Chairman Sorensen asked for clarification of the total amounts for the various tax revenues on the report. Ms. McNeil stated you can see a pattern on the months. Some months are higher as they are quarterly months where quarterly filers are paying, thus some months are higher than previous months. State Income Tax revenues passed along to the counties has been going down. The information is compared to the previous year's receipts. Ms. McNeil further clarified that the Budget is the year total, noting that the budgeted amount for 2004 was reduced compared to 2003. Mr. Kalapp asked if this explains why the percent of budget is higher. Ms. McNeil noted that this is a conservative approach to come in lower rather than project out too high. She noted that we should meet or exceed the 2004 budget.

Mr. Zeunik informed the Committee that the State Legislature did not take anything away from local governments as far as the income tax is concerned this year. A year ago they withheld more money in order to meet their refund obligations and previously reduced the percentage going into the local government state income tax distributive fund. He noted that the legislature did not do anything to further reduce the amount going into the fund. The only impact felt state-wide is the impact of the economy, such as Mitsubishi's announcement of losing 1,200 jobs. This is money the State will not see in income tax dollars and, as yet, final severance packages have not been determined. Ms. McNeil stated that the sales tax might also be impacted by the situation at Mitsubishi.

Ms. McNeil pointed out that she included figures regarding the property taxes at the bottom of the page.

Ms. McNeil reported on the Statement of Revenue, Expenditures and Fund Balance. She pointed out that expenditures are at 54.79% of budget compared to 54% last year and Revenue is at 45.3% of budget compared to 54.7% last year. Ms. McNeil noted that property tax receipts last year were higher at this time compared to where we are now. Last year, property tax receipts were at \$4.2 million and are currently at \$2.9 million. The remainder will be received at the second installment in September. Overall, the fund balance is showing quite a bit of a drop compared to a year ago. The Fund Balance a year ago was \$4.7 million; it is now at \$2.3 million. Once the property tax difference is accounted for, the difference in revenue will be about \$300,000 compared to a year ago. Ms. McNeil noted that we have had some reductions in various areas.

Ms. McNeil's final report was the Statement of Revenue, Expenditures and Fund Balance for the Law Library Fund. She pointed out that Revenue as of July 31, 2004 is at \$38,193; Revenue as of July 2003 was at \$27,200. Expenditures as of July 31, 2004 are at \$24,251 and Expenditures as of July 31, 2003 are at \$24,302.00. She noted that the Fund Balance has grown. It was a negative \$76,853 at the beginning of the year and, currently, it is at negative \$62,910.63. This growth is attributable to the increase in Law Library fees being collected.

Chairman Sorensen asked if there were any more questions for the Treasurer's Office. As there were none heard, he entertained a motion to accept and place on file the monthly financial reports from the County Treasurer as submitted.

Motion by Nuckolls/Berglund to accept and place on file the month-end financial reports from the County Treasurer's Office for the month ending July 31, 2004, as submitted.

Motion carried.

Mr. Don Lee, Director, Nursing Home, stated that the Nursing Home ended the month of June in a positive position. He indicated that the census has held somewhat steady, although it dropped a little in the month of July. He anticipates that the Nursing Home should just break even as the Medicare and overall census has dropped. Mr. Lee informed the Committee that the Illinois Department of Public Aid will be taking back some of the Intergovernmental transfer monies paid in 2002 and 2003 due to errors made in the way it was originally paid, which will affect this year.

Chairman Sorensen affirmed that when the money is refunded, it will be taken from the Enterprise Fund and given back to the Illinois Department of Public Aid.

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Mr. Lee indicated that it should not have an impact on anything other than the Enterprise Fund.

Chairman Sorensen congratulated Mr. Lee on the outside auditor's report noting that the Nursing Home ended fiscal year 2003 with a positive figure.

Chairman Sorensen asked the Committee if they had any questions for Mr. Lee. Hearing none, he thanked him for attending.

Ms. Ruth Weber, County Recorder, addressed the Finance Committee. She asked for permission to award the Storage Area Network device bid to Integrity Solutions, a local business. Ms. Weber reported on the procedures taken in obtaining bids. She noted that Information Services did a significant amount of work which was most appreciated. She indicated that there is sufficient money in the Recorder's Document Storage Fund to cover the expense.

Chairman Sorensen asked if there were any questions for Ms. Weber regarding the bid. Mr. Craig Nelson, Director, Information Services, reported that Information Services supports the recommendation and noted that they involved the assistance of an outside storage technician to evaluate the technical specifications of the bids. He reported that the first three years of maintenance are included with a \$1,024 charge for the following three years of maintenance.

Motion by Berglund/Nuckolls to approve the award of the bid for a SAN (Storage Area Network) device to Integrity Solutions.
Motion carried.

Chairman Sorensen asked the Committee if they had any questions on the monthly report submitted by Ms. Weber. Hearing none, he thanked her for attending.

Ms. Jackie Dozier, County Auditor, addressed the Finance Committee. Chairman Sorensen asked Ms. Dozier to clarify what will happen when the Law Library Fund is stable. Ms. Dozier indicated that it is in maintenance at this time and they are discussing getting rid of some of the hard bound subscriptions if it becomes necessary. Last year, the State's Attorney, Public Defender and Circuit Court were required to put in their share of the annual subscription costs for the West Lay system and they did not. This year they have been billed by the Law Library and they will be paying their share as they are the main users of the Law Library. Ms. Dozier noted that she does not know what will be done after the

Fund is back in the black, but right now it is in maintenance. Chairman Sorensen noted that he assumed that four or five years from now, when the fund is secure, it may be necessary to purchase equipment or update the Library. Ms. Dozier reported that the Legislature just raised the maximum Law Library fee to \$13.00 from \$10.00.

Chairman Sorensen made the observation that if the primary users and primary payers of the Law Library bills are our own internal departments, we are basically paying ourselves.

Ms. Dozier reported that the Finance Committee, in their special meeting on July 27, requested a report on the Law Library. She indicated that she would be able to begin quarterly reports beginning in the first quarter of 2005. Mr. Kalapp asked if the report could include a percent of year to date total for a quick snapshot of where we are for the year. Ms. Dozier agreed to add this information.

Chairman Sorensen asked if the Committee had any questions for Ms. Dozier. Hearing none, he thanked her for attending.

Mr. Bob Keller, Director, Health Department, reported that the Health Department received a one-time grant of \$1,775 from the Illinois Prairie Community Foundation. The grant will be used to set up a program, with Dr. Susan Farner who teaches at the University of Illinois, in cooperation with the Community Health Care Clinic, for Hispanic patients who are diabetic. He noted they are trying to develop a culturally sensitive education program to help mitigate diabetes as the Hispanic population has not always been compliant with follow-up care and instruction. This program offers an opportunity to have an impact and measure the impact with pre and post tests. Of the total grant award, \$1,000 will be used this calendar year and the remainder will be used during the first six months of 2005. Half of the grant will go towards educational supplies and the remainder for travel and stipends for graduate interns.

Chairman Sorensen asked if there were any questions for Mr. Keller regarding the budget amendment.

Motion by Berglund/Kalapp to approve the fiscal year 2004 budget amendment as presented by the Health Department.
Motion carried.

Chairman Sorensen asked if there were any further questions for Mr. Keller. Hearing none, he thanked him for attending the meeting.

Ms. Jennifer Ho, Risk Manager, reported on the summary of the activity in the Risk Management Fund at the end of June 30, 2004. She noted that each quarter she makes an adjustment to get an indication of where we are in terms of research. She referred to the report she handed out as of March 31, 2004. Ms. Ho noted that she looks at the reserves for different claims, the activity and what has been happening in claims and then adjusts the reserves either up or down to reflect the degree of programs developed.

Ms. Ho reported that, for this second quarter, liability claims reserves reflect a net increase of \$3,434 for 11 open claims, while there was a net reduction of \$12,482 in reserves for workers compensation claims for all prior years to premium year 2003. A reduction in reserves is a positive indication that case reserves are adequate and that there is no negative development in reported claims. Ms. Ho indicated that for the six months in 2004 there were 28 open claims for workers compensation. The claims are more medical and less severe than in the past. Overall, the claims activities for the first six months in 2004 are 35 claims, which is good in comparison with the past five years as summarized.

Ms. Ho reported that notable risk management activities this past quarter include participation by personnel from the Highway Department, Parks and Recreation Department and Court Services in a defensive driving course hosted by the National Safety Council in partnership with a few others at the Chicagoland Speedway. It was very popular with the Highway staff. Ms. Ho indicated that the program may be offered again in the future.

Ms. Ho indicated that the Nursing Home received the highest risk classification from its liability insurance carrier during a loss control visit in June. She noted that she had visited with Mr. Don Lee reviewing claims on July 13 when the storms came through McLean County. She stated that it was a good visit and a good opportunity to see how the Nursing Home dealt with the evacuation of residents. Ms. Ho noted that department heads have expressed concern for the safety of the employees and the public. Ms. Ho indicated that she is submitting a report to Mr. Zeunik.

With respect to the insurance markets, Ms. Ho reported that liability insurance markets for public entities remain restricted due to the type of risks we have. She reported that the County can expect a 35-45% increase in rates. Property insurance and workers compensation markets thus far have been expected to remain relatively stable, with rate increases projected at about 10 to 15%.

Ms. Ho warned that we expect to be hit a bit harder on the workers compensation policy, as the County is coming off a two-year policy. When you come off a multi-year policy, the carrier looks for adjustments that need to be made. She indicated that Risk Management is looking for alternatives on the market.

Chairman Sorensen asked for clarification on the reserves and if the monies are earmarked in the general fund as reserves or is there a special trustee account in which the reserves are kept. Ms. Ho replied that the reserves are the liability account maintained by the County Treasurer in the Risk Management Fund and, when necessary, she will send a memo to Ms. Becky McNeil to either adjust it up or down. If we need to pump up the reserve, we would take the monies inside the current use line item and kick it into the case reserve for that line item as it is a liability expense. If there is a reduction in the reserves for the claims, we would reduce those claims reserve line items and kick it into the current year expense line.

Chairman Sorensen asked if the Committee had any questions for Ms. Ho.

Mr. Kalapp asked for clarification about the department heads concern for the employees' safety. Ms. Ho explained that the department heads were more concerned with the emergency evacuation system. She noted that the Nursing Home moves the residents to a wing away from an approaching storm.

Chairman Sorensen asked if there were any further questions for Ms. Ho. Hearing none, he thanked her for attending.

Mr. Zeunik reminded the Committee of the PowerPoint presentation Terry Lindberg presented at the last meeting on the McLean County Personnel Policies and Procedures Ordinance. This item has been brought back this month to the Committee for questions, comments and concerns so that the document can be finalized and forwarded to the County Board for approval.

Mr. Lindberg pointed out that it has been a long time since the document has been updated and the proposed document, to the best of his knowledge, complies with current Federal, State and Local laws in all regards.

Ms. Berglund asked for clarification of the evaluation period, particularly the difference with the Sheriff's Department. Mr. Lindberg indicated the reason it is one year instead of six months is because it goes through the Sheriff's Merit Commission. Mr. Lindberg noted that the evaluation period for a current employee was reduced to three months, while a new employee evaluation period remains six months.

Ms. Berglund also asked for clarification on the vacation entitlement and accrual rate, noting that the Regional Planning Commission is different from everyone else. Mr. Lindberg replied that we don't have the authority, as the County Government or the County Board, to force them to comply with the document. He noted that they were encouraged to conform as much as possible, as we handle most of their paperwork. However, the Commission has the authority and they exercised that authority, so their vacation and sick accrual is slightly more generous than ours.

Ms. Berglund remarked that she felt it was very interesting to read and she hoped the County Board members will be required to sign off on the policy. Mr. Lindberg explained that, pending approval of the Finance Committee, pages 12-68, which constitutes a total revision of Chapter 10 of the Personnel Ordinance of the County Code, will be taken to the full Board for approval. Following approval, it will replace the existing Chapter 10. The handbook document, which follows Page 68, will be put into a more user-friendly form, probably an 8 inch by 5 inch book that would be distributed to employees. Employees will only receive the handbook.

Mr. Kalapp asked for clarification of Paragraph 10-55-1 FLSA regarding elected officials signing off on this document or providing variances for their departments. Mr. Lindberg explained that the document would be made available to the elected officials and time will be spent with them to review and encourage them to adopt the document. The County Board doesn't have the legal authority to mandate that the elected officials adopt the document nor does the Board have the legal authority to demand that they inform us of the parts they are following or not following. However, we will make that process as easy as possible for them so that the Civil Assistant State's Attorneys will be able to see very clearly the policies of an elected official. As for FLSA, this is a federal law that all County offices and departments are required to follow, including the elected officials.

Chairman Sorensen congratulated Mr. Lindberg, Ms. Lucretia Wherry and the team that worked on the document.

Chairman Sorensen asked if new elements of the document replace previous policies. Mr. Lindberg explained that the other parts that existed somewhere else in the code were brought into the new document.

There was some discussion on the longevity of the document and how it would be updated. Mr. Lindberg explained that the handbook will be available on line as well as printed handbooks for all current employees and new employees. The on-line version will be continually updated.

Motion by Berglund/Kalapp to recommend approval of the Update of the McLean County Personnel Policies and Procedures Ordinance as presented by the Administrator's Office.
Motion carried.

Ms. Lucretia Wherry reported on Nationwide Retirement Solutions, one of the County's 457 Retirement Plans. The Plan currently allows employees to borrow money against their account for hardship expenses, such as medical expenses. Nationwide is now permitting employees to take a loan against their account for any reason. As an employer, McLean County must approve the change for its employees. The interest rate is 5.95% today, which is prime plus 1%. Ms. Wherry indicated it is similar to a 401K, but less limiting.

The Committee discussed approving the option, noting the following:

- There are only approximately 100 employees in the Plan.
- It is a supplementary retirement plan, with the IMRF as the primary retirement plan.
- Employees can only borrow 50% of the amount they have paid into the Plan.
- Administrative duties to implement the Plan are minimal.
- More employees may be encouraged to join the Plan.

Motion by Berglund/Kalapp to approve the Agreement with Nationwide Retirement Solutions for Employee Loans as presented by the Administrator's Office.
Motion carried.

Chairman Sorensen presented the July 31, 2004 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee Fund total is \$471,723.93. In the Nursing Home funds, the total amount is \$443,830.28 and the prepaid total is the same.

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Motion by Kalapp/Nuckolls to recommend approval of the July 31, 2004 Finance Committee bills as presented to the Committee by the County Auditor.
Motion carried

The meeting was adjourned at 5:08 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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