

## Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Tuesday, February 1, 2005 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Sorensen, Members Moss, Owens, Berglund, Selzer and Nuckolls

Members Absent: None

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. Jackie Dozier, County Auditor; Mr. Lee Newcom, County Recorder; Mr. Bob Keller, Administrator, Health Department; Ms. Jennifer Ho, Risk Management

Others Present: Ms. Jan Morris, Health Department

Chairman Sorensen called the meeting to order at 4:05 p.m.

Chairman Sorensen presented the minutes from the January 4, 2005 Finance Committee Meeting for approval. Hearing no corrections to those minutes, Chairman Sorensen advised that the minutes would stand approved as presented.

Chairman Sorensen presented the Assessment Status Report as submitted by Mr. Robert Kahman, Supervisor of Assessments. He informed the Committee that the Assessment Office is running far ahead in the tax billing cycle and commended them for this accomplishment.

Mr. Lee Newcom, County Recorder, presented one item for action, namely a request for approval of a Resolution of the McLean County Board Amending the Resolution Establishing the Recorder's Revolving Revenue Stamp Fund. He explained that the Revenue Stamp Fund is limited to \$50,000 and he is asking that it be raised to \$85,000 to minimize the number of trips to Springfield to get the machine replenished.

Motion by Berglund/Selzer to recommend Approval of a Resolution of the McLean County Board Amending the Resolution Establishing the Recorder's Revolving Revenue Stamp Fund.

Mr. Selzer requested that the issue of needing to drive to Springfield to replenish the machine be forwarded to the Legislative Committee and ask them to request that the Revolving Revenue Stamp machine be replenished via a telephone request. Mr. Newcom replied that he attended a State Recorder and Clerk's meeting in Springfield where this issue was discussed. He noted that a representative from the Department of Revenue indicated that they were not ready to address the issue this year but may be willing to discuss it next year. Chairman Sorensen agreed to take the concern to the Legislative Committee.

Motion carried.

Mr. Newcom gave a brief update on the Recorder's Office. He noted that there may be some long-term problems due to the history of the recording, which may take ten years to make the corrections. Mr. Newcom reported that he is investigating a method of protecting and preserving the historical documents in the Office. He also noted that he is concerned about the vagueness of the Recorder's Statutes and he would like to get involved in Legislative changes to simplify the Statutes.

Mr. Newcom gave an overview of the improvements being done in the Recorder's Office, including the work flow and method of recording the documents in the order they are received.

Chairman Sorensen asked if there were any questions for Mr. Newcom. Hearing none, he thanked him.

Ms. Becky McNeil, County Treasurer, presented the Statement of Revenue, Expenditures and Fund Balance report as of December 31, 2004. She indicated that entries are still being made. Ms. McNeil reported that Revenue is at \$26,382,634.26, which is 99.82% of budget and Expenditures are at \$25,861,058.77, which is 97.8% of budget. She pointed out that the revenue for the year exceeds expenditures by approximately \$521,000. Ms. McNeil reiterated that there are still entries to be made, interfund transfers and expenditures that will be coming into this fund. She reported that, with the precautionary measures taken with the preparation of the FY'2004 budget, she expects to end the year with a positive balance. Ms. McNeil noted that interest rates have gone up between December and January. She indicated that she

expects adjustments will be finished at the end of this month and will be ready for the outside auditors.

Mr. Selzer asked if the Recorder's Office revenue budget was decreased in 2005. Ms. McNeil replied that the budget for 2005 is \$1,005,000 and the 2004 budget was \$1,168,775. The 2004 year-to-date was \$1,117,000 and they had budgeted \$1,168,000.

Ms. McNeil reviewed the Treasurer's General Pooled Investment Account, noting that it reflects interest rate increases, the largest being State Farm, which was 1.65% last month and this month increased to 2.23%. She noted that CD rates are also up, and she took out a new six-month CD at 2.2%. Last year rates were barely above 1% for six months. Mr. Nuckolls asked if the Illini Bank-Bloomington CD would be moved since it was only 1.4%. Ms. McNeil explained that she would not move it as the Illini Bank collects taxes for the County at no charge.

Mr. Selzer asked if it would possible to get a list of people making payments at remote banks due to the new methods of paying such as credit and debit cards. Ms. McNeil replied that she has not seen a major reduction as the credit card and debit cards only represent about 2% of the overall amount collected.

Ms. McNeil presented the Summary of Retailers Occupation Tax-Sales Tax, State Income Tax, and Personal Property Replacement Tax Report. She indicated that it is early in the year to look at the number. However, at 8% of budget, the Retail Occupation and State Income Tax are coming in at budget for the month of January. Further, she noted that this is higher than a year ago. On the Retailers Occupation Tax, the revenue sales and local use are 1% above last year, the State Income Tax is 8% above last year, and the Personal Property Replacement taxes are 6% above last year.

Ms. McNeil reported that the summary for the month of January's Statement of Revenue, Expenditures and Fund Balance, has very little to report. She indicated that Revenue is 3.09% and expenses are at 5.74%.

Ms. McNeil presented a report on the salary reimbursements due from the State of Illinois. She reported that the County is carrying a large receivable due from the State of Illinois, which is largely due to contract and budget decisions made in Springfield that were late and delayed the payments. Ms. McNeil pointed out that the revenue for probation officers in Court Services is accrued through December

2004 and receivables are due for July through December in the amount of \$1,004,432.62. These were vouchered on January 11-13 and will take six weeks before McLean County receives the money. Revenue for the Supervisor of Assessments was accrued through January 2005. The receivable is due for December and January in the amount of \$5,150.28, which is typically one to two months behind. However, the Probation area was delayed as a result of the budget being late and the AOIC computer conversion. Revenue for the State's Attorney accrued through December 2004 is current. Ms. McNeil noted that this all has an impact on the cash flow. The receivable line in the General Fund for the State of Illinois Salaries has a January 31, 2005 balance due to the County of \$1,009,582.90 compared to \$319,719.71 as of January 31, 2004. She noted that the other fund the County receives money from the State of Illinois is the Title IV-D Fund, which includes three programs, the Circuit Court, Circuit Clerk and State's Attorney. This is part of the Child Support Program. The largest revenue due is for the State's Attorney where the receivable due is \$144,676.50. Ms. McNeil explained that the contract for this was finalized earlier in January and the County is now waiting for the Department of Public Aid to review and release the money.

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

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked her.

Mr. Don Lee, Director, Nursing Home, presented the Monthly Financial and Statistical Reports for the Nursing Home. He noted that he expects to end the year \$92,000 to the positive. Mr. Lee indicated that there will be some adjustments expected due to the amount of depreciation, as well as inventory and insurance premium allocations. However, this will not affect the positive end of year expectations.

Mr. Lee reported that the census for the month of December averaged a little over 141. In January, for a period of 12 hours, there were 150, but the average is 144. The number of Medicare residents is up, with 11 residents.

Chairman Sorensen asked if there were any questions for Mr. Lee. Hearing none, he thanked him for attending.

Mr. Bob Keller, Administrator, Health Department presented two items for Action. The first was a request for approval of the Review of the 2004 Employee Health Screening and Wellness Program and a request to continue the Program for 2005. He indicated that the recommended plan would include the annual Employee Wellness Fair, cardiovascular and cancer screening, and a variety of wellness activities addressing cancer and cardiovascular risks. Mr. Keller explained that an on-going employee wellness program will increase health awareness, increase productivity, improve the overall health of the work force, and demonstrate the County's commitment to employee well-being. He reported that, in 2004, 231 employees participated as compared to 204 in 2003.

Mr. Keller introduced Ms. Jan Morris, Health Promotion Program Manager who oversees the program. Ms. Morris highlighted their 7<sup>th</sup> year, noting that in 1998 there were 95 employees participating and in 2004 there were 231, a 143% increase. She noted that there was a collaboration between Carle Clinic, the program's medical provider, Health Alliance and the County. Per the Report, Ms. Morris noted that recommended intervention strategies for the entire workplace population included coronary and cancer risk reduction, management of cholesterol levels, weight management, fitness, and better nutrition. She noted that 231 employees completed the wellness profile survey. Following the survey, their blood results were compiled in the back of the profile and sent to Well Source who determined risk factors for each employee. Ms. Morris reported that of the 231 employees, 116 had one or more high risk factors and 62 exhibited two or more risk factors. Many of these employees then went to their physicians. Ms. Morris compared the top ten risk factors over the past two years, including weight, smoking and cholesterol, noting that there was significant improvement from 2003 to 2004. She noted that she believes employees are increasingly taking advantage of the programs being offered.

Ms. Morris asked the Committee to approve a request for \$20,000 to address the screenings and wellness activities. Mr. Keller explained that the \$20,000 comes from the Employee Benefit Fund Balance and not the General Fund Budget.

Mr. Keller reported that data suggests it takes about seven years and 50% participation to begin showing meaningful progress. He indicated he feels the County is well on its way to meeting those goals.

Motion by Selzer/Owens to recommend approval of Review of 2004 Employee Health Screening and Wellness Program and approval of Request to continue the Program for 2005.

Chairman Sorensen asked if there were any questions, comments or discussion.

Mr. Selzer expressed his strong support of the program. Chairman Sorensen explained that the Pooled Investment Report, as submitted by the Treasurer, reflects the Employee Benefit Plan Fund 0512 which accrues those dollars used for the program.

Mr. Moss noted that he has participated in the program and offered his support as well.

Motion carried.

Mr. Keller presented the second action item, namely a request for approval for additional compensation for certain exempt positions. He noted that this is for employees who are required to provide services on demand for medical emergencies, communicable disease investigations and other emergency medical situations, which routinely involves work obligations on nights and weekends. He indicated that there would be a maximum of 200 hours per year in this category and much is paid for out of the Bio-Terrorism Fund.

Motion by Selzer/Berglund to recommend approval for  
Additional Compensation for Certain Exempt  
Positions.

Chairman Sorensen asked for clarification on the overtime payment for these exempt positions and the unpredictability of the scenarios. Mr. Keller indicated that these employees would be carrying cell phones and must be available at a moment's notice to attend to emergency situations. This restricts their personal activities on evenings and weekends. There are very specific restrictions on what they can do and where they can be. Mr. Selzer asked if this was similar to Call-pay. Mr. Keller replied that it is basically the same thing. Mr. Lindberg commented that it would still come before the Committee as it is still additional compensation above the annual salary for an exempt position.

Mr. Selzer asked if there are any other exempt employees who receive extra payments. Chairman Sorensen replied that, with the new fiscal year 2005 budget policy, all exempt employees who receive additional compensation have been accounted for. Mr. Lindberg indicated that, when this request is approved, there will be no other exempt positions receiving additional compensation.

Motion carried.

Mr. Keller distributed nomination forms for the Board of Health Public Health Awards.

Chairman Sorensen asked if there were any further questions or comments. Hearing none, he thanked them for the report.

Ms. Jennifer Ho, Risk Management, presented two items for action. The first was a request for approval of the Risk Management Insurance Program for 2005. She reported that the proposed program is \$31,794 less than budgeted as a beneficiary of coverage changes in the property insurance coverage and in the workers compensation insurance coverage. Respectively, the changes have resulted in a savings of 24% for property insurance premiums and 33% in workers' compensation insurance.

Ms. Ho indicated that, as part of the renewal process, the agent was directed to seek proposals from different carriers for each line of coverage. It is proposed that the Excess Workers' Compensation Insurance be switched to Safety National Casualty Corp. because of competitive rates, a lower self-insured retention of \$350,000 vis-à-vis \$400,000 from the incumbent, and dropping the aggregate stop-loss, while retaining statutory limits per occurrence, resulting in a saving of 33% from FY'2004.

Ms. Ho proposed that the property insurance coverage be changed to the Chubb Insurance Company, which offers broader coverage at a lower cost, resulting in a savings of 24% over FY'2004. Ms. Ho reported that the States Self-insured RRG Program for the excess liability insurance program remains competitive at a 25% increase in premiums when compared to alternate quotes provided by an AIG company. The Chubb property insurance offers a conversion from a claims-made form to an occurrence form. This conversion provides coverage for all claims outside of the time-reporting restriction of the claims-made form and eliminates a future need to secure tail-coverage. Ms. Ho indicated that she presented her recommendation to the Public Building Commission and they were in favor of the coverage.

Ms. Ho reported that the Nursing Home liability insurance remains relatively flat at an 11% rate increase. She noted that there are no other carriers who can offer the Nursing Home Liability Insurance program. Ms. Ho indicated that the Theft/Bond Insurance remains unchanged.

Ms. Ho reported that the County will continue the arrangement with the brokerage services of IRM/Accordia. Their fees are \$28,471 for 2005. She noted that the Claims Administration remains with Cannon-Cochran, as the County is in a multi-year policy with them. Ms. Ho reported that outside counsel remains with Costigan & Wollrab and Heyl, Royster, Voelker & Allen.

The Committee had an in-depth discussion regarding the insurance program and brokerage fees. Ms. Ho reported that the broker selects quotes in the market and maintains the insurance program. She explained that the County cannot access the insurance market directly, but must go through a broker.

Mr. Owens asked if the Committee could receive a report on the different bids that were received for the insurance programs. Ms. Ho agreed to provide further information.

Chairman Sorensen summed up the discussion by indicating that the Finance Committee is interested in another layer of detail in the process of choosing insurance carriers. Further, he noted that the Committee is interested in learning more about the services provided by the broker and how the broker's fees are established. Ms. Ho pointed out that the second action item is a request for approval of a renewal of the service agreement for brokerage service for FY'2005. The Agreement, as submitted in the Agenda, provides a list of services provided by the broker.

Following further questions regarding the broker's fee, Chairman Sorensen stated that insurance agents that are commissioned-based have less incentive to shop for the best price for the customer. If the County's brokerage agreement is percentage-based on premium pay, the broker would also have less incentive to find the best price. Ms. Ho responded that they ask the broker for the disclosure in order to know exactly what they are receiving. She stated that the broker agreed to a fee arrangement in order to receive the account.

Motion by Selzer/Nuckolls to recommend approval of Risk Management Insurance Program for FY'2005 and recommend Approval of Renewal of Service Agreement for Brokerage Service for FY'2005.  
Motion carried.



Ms. Ho presented the 4<sup>th</sup> Quarter Risk Management Report, noting that the report represents the type of information underwriters look at to determine what kind of risk the County might be. She reviewed the report, noting that both of the carriers for the FY'2005 renewal have agreed to offer \$2,000,000 of coverage in excess for the County. It is, therefore, safe to eliminate the aggregate stop-loss coverage.

Ms. Ho reported that the total amount of losses for the year ending December 2005 was \$90,252.00. She noted that the average cost of claims is less than in previous years.

Mr. Selzer inquired about the deductible amount on Worker's Compensation. Ms. Ho explained that the deductible is \$300,000 on Worker's Compensation. Chairman Sorensen indicated that the money is pooled in the Tort Judgment Fund. Ms. Ho explained that if the County were not self-insured, it would be paying more in premiums.

Mr. Selzer expressed concern regarding the \$300,000 deductible per incident. Chairman Sorensen responded that there have been two incidents in 1993 that the insurance company is continuing to pay and, over the years, it has paid over \$2.8 million so far. Mr. Zeunik further explained that two deputies were injured in an automobile accident; one will need supported assistance the rest of his life. All other costs beyond the deductible are paid by the insurance company for the rest of his life.

Chairman Sorensen asked if there were any further questions or comments. Hearing none, he thanked her for the report.

Mr. John Zeunik, County Administrator, presented four items to the Committee, which can be acted upon together. He noted that the requests are brought to the Committee each February. Mr. Zeunik explained that the first five months of the fiscal year are the most difficult for the County in terms of cash flow until the first Property Tax payment is received in June. The Property Tax Funds report provides an analysis that predicts what the cash balance should be on 12/31/04, actual revenues as of 5/31/04 and estimated revenues as of 5/31/05. The same is true for the expense side. There are a number of funds which do not generate sufficient other revenues to pay all of their expenses through May 31, 2005. Therefore, the Board is required to authorize the Treasurer to borrow money between certain funds to cover operating expenses. There are four separate items that need approval. Mr. Zeunik noted that the fund with the largest deficit is the Tort Judgment Fund, which is because of the receivable due from the fire claim in 2003. They are as follows:

- (1) Request Approval of a Resolution Transferring Monies from the Working Cash Fund 0002 to the Tort Judgment Fund 0135
- (2) Request Approval of an Ordinance Transferring monies from the County General Fund 0001 to the FICA/Social Security Fund 0130, the I.M.R.F. Fund 0131, and the Tort Judgment Fund 0135
- (3) Request Approval of an Ordinance Transferring monies from the Health Department Fund 0112 to the Persons With Developmental Disabilities Fund 0110
- (4) Request Approval of an Ordinance Transferring monies from the Bridge Matching Fund 0121 to the Tort Judgment Fund 0135

Motion by Selzer/Nuckolls to recommend approval of the following requests:

- Approval of a Resolution Transferring Monies from the Working Cash Fund 0002 to the Tort Judgment Fund 0135
- Approval of an Ordinance Transferring Monies from the County General Fund 0001 to the FICA/Social Security Fund 0130, the I.M.R.F. Fund 0131, and the Tort Judgment Fund 0135
- Approval of an Ordinance Transferring monies from the Health Department Fund 0112 to the Persons with Developmental Disabilities Fund 0110
- Approval of an Ordinance Transferring Monies from the Bridge Matching Fund 0121 to the Tort Judgment Fun 0135

Motion carried.

Chairman Sorensen asked for a motion to go into Executive Session to discuss collective bargaining issues.

Motion by Selzer/Owens to recommend the Finance Committee go into Executive Session at 5:46 p.m. to discuss Collective Bargaining with the Committee members and Administrator's Office staff.

Motion carried

Finance Committee  
February 1, 2005  
Page Eleven

Motion by Owens/Nuckolls to recommend the Finance Committee return to Open Session at 5:47 p.m.  
Motion carried.

Chairman Sorensen presented the final December 31, 2004 Finance Committee bills for review and approval as transmitted by the County Auditor. The Nursing Home Fund is \$100,437.31 with the prepaid total the same. The Finance Committee Fund total is \$334,780.22 with the prepaid total the same.

Finance Committee  
February 1, 2005  
Page Twelve

Motion by Berglund/Owens to recommend approval of the December 31, 2004 Finance Committee bills as presented to the Committee by the County Auditor.  
Motion carried

Chairman Sorensen presented the January 31, 2005 Finance Committee bills for review and approval as transmitted by the County Auditor. The Nursing Home Fund is \$280,745.65 with the prepaid total the same. The Finance Committee Fund total is \$408,878.86 with the prepaid total the same.

Finance Committee  
February 1, 2005  
Page Thirteen

Motion by Selzer/Owens to recommend approval of the  
January 31, 2005 Finance Committee bills as  
presented to the Committee by the County Auditor.  
Motion carried

There being nothing further to come before the Committee at this time, Chairman  
Sorensen adjourned the meeting at 5:49 p.m.

Respectfully Submitted,

Judith A. LaCasse  
Recording Secretary

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