

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Tuesday, February 7, 2006 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

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

Members Absent: Member Nuckolls

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

Department Heads/
Elected Officials

Present: Mr. Lee Newcom, County Recorder; Ms. Becky McNeil, County Treasurer; Ms. Peggy Ann Milton, County Clerk; Ms. Jennifer Ho, Risk Manager; Ms. Jackie Dozier, County Auditor; Mr. Derick Love, Chief Deputy Sheriff, Sheriff's Department; Mr. Don Lee, Director, Nursing Home

Others Present: Ms. Katie Flynn, Tax Extension Administrator, County Clerk's Office; Ms. Julie Osborn, Chief Deputy Auditor; Ms. Chris Colaw, Accounting Specialist

Chairman Sorensen called the meeting to order at 4:02 p.m.

Chairman Sorensen presented the minutes from the January 3, 2006 Finance Committee Meeting and the December 20, 2005 Stand-up Meeting for approval. Hearing no corrections to those minutes, Chairman Sorensen advised that the minutes would stand approved as presented.

Mr. Lee Newcom, County Recorder, presented a request for approval to apply for a County-owned Credit Card to be used by the Recorder's Office. He stated that the credit card will be used for making on-line purchases and travel arrangements.

Mr. Owens asked what is the credit line. Mr. Newcom replied that it will be \$3,000.00. Mr. Selzer asked if that amount was adequate. Mr. Newcom indicated that it would be adequate. Mr. Owens advised that a credit card was approved for the County Coroner at the Justice Committee Meeting with a \$2,500.00 maximum.

Motion by Selzer/Owens to recommend approval of the request received from the Recorder's Office to Apply for a County-owned Credit Card.
Motion carried.

Chairman Sorensen asked if there were any questions or comments on the Recorder's Monthly Report. Hearing none, he thanked Mr. Newcom.

Ms. Becky McNeil, County Treasurer, announced that she would like to pull the action item on the Agenda, namely a request for approval of a Professional Services Agreement with Joseph E. Meyer for administration of a Delinquent Tax Liquidation Program. She stated that this was an amendment to a current Program with Joseph E. Meyer. Ms. McNeil indicated that she is going back to Joseph Meyer and Associates to discuss the Agreement as she does not agree with the large increase in fees.

Ms. McNeil presented the County Treasurer's Monthly Financial Reports for the period ending January 31, 2006. She pointed out that there is not a lot of activity on the reports because it is January.

Ms. McNeil presented the Treasurer's General Pooled Investment Account. She indicated that no CD's matured in January. Ms. McNeil stated that the interest rates increased again in January, with many of them as high as 4% or more.

Ms. McNeil reported that the Money Market rates are up slightly. She noted that the Illinois Funds are coming in at 4.1% and 4.2%, which is where the majority of County money is located. She stated that the Illinois Funds are doing quite well.

Ms. McNeil advised that the total of all funds is \$27,765,856.96.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month of January, noting the following:

- Retailers Occupation Tax Revenue is at \$506,955.07, which is 21.51% over last year and 9.42% of budget.
- State Income Tax Revenue is at \$135,255.88, which is 10.00% over last year and 10.20% of budget.
- Personal Property Replacement Tax Revenue is at \$202,082.12, which is 15.85% over last year and 16.44% of budget.

Ms. McNeil reviewed the Statement of Revenue, Expenditures and Fund Balance. She pointed out that Revenue as of January 31, 2006 is at \$995,069.65, which is 3.49% of budget and Expenditures are at \$2,263,056.12, which is 7.93% of budget. Ms. McNeil cautioned that, for the next few months, the expenses will be significantly higher than the revenue.

Ms. McNeil reported that the fund balance as of December 31, 2005 stood at \$7,309,471.79; last year the fund balance was \$4,866,411.04. Ms. McNeil reported that the Fund Balance grew significantly in 2005. She advised that the County's financial position is much better this January than last January.

Ms. McNeil compared Balance Sheet Summaries, one comparing 2006 to 2005 and one comparing 2005 to 2004. The January Fund Balance in 2006 was \$7,309,471.79 and the January Fund Balance in 2005 was \$4,866,411.04. The breakdown in the January 2006 Fund Balance compared to the 2005 Fund Balance is as follows:

<u>2006</u>	<u>2005</u>
\$.8 million in cash	\$2.6 million in cash
\$9.4 million in receivables	\$10 million+ in receivables
\$7.9 million in liabilities	\$7 million in liabilities

Ms. McNeil noted that the reason the receivables and liabilities are so high is due to property taxes. She advised that receipt of the property tax money will begin in May and June.

Ms. McNeil referred to a report on the Statement of Revenue and Expenditures for 2005, noting that a lot of entries were made in December, 2005 by the Treasurer's Office and Auditor's Office. She stated that the numbers are still subject to change. Ms. McNeil reported that Revenue for the year was \$29,395,000.00, which is 109% of budget and Expenses were \$26,771,000.00, which were 100.08% of budget. The difference between Revenue and Expenses is \$2,624,000.00 and the Fund Balance ended at \$8,577,000.00. In 2004, the Fund Balance was \$5,953,000.00.

Motion by Owens/Berglund to accept and place on file the month-end financial reports from the County Treasurer's Office for the month ending January 31, 2006, as submitted.
Motion carried.

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

Ms. Peggy Ann Milton, County Clerk, asked Ms. Katie Flynn, Tax Extension Administrator to review the Monthly Activity Report for the Fourth Quarter of 2005.

Ms. Flynn reported that a column was added for the percent of budget. She stated that the overall percentage of the budget was 103.46%. Ms. Flynn advised that next year a column will be added for the prior year to make it possible to compare years.

Ms. Flynn informed the Committee that the County Clerk's Office received a grant to purchase Voting Machines from the State Board of Elections in January, which will be included on the next report.

Ms. Milton presented a report on the Death Record requests. She stated that copies of Death Certificates can be purchased by coming into the office, via the Internet or with mail-in requests.

Ms. Milton indicated that the County Clerk's Office must go through the records and cross out certain reasons for death, such as HIV or AIDS, before they can issue a copy of a Death Certificate. She noted that they must also send \$2.00 to the State for a Coroner's Fund with each Death Certificate issued.

Mr. Selzer asked for clarification on the Report of Death List enclosed in the Packet. Ms. Milton replied that the Report of Death list is a list of individuals who have passed away as provided by the Health Department. She stated that when they know of a death in the County, they must go through the Birth Records and mark them "deceased" to avoid fraudulent Birth Record requests. Ms. Milton advised that she gets a list from the Health Department and they also go through daily obituaries.

Chairman Sorensen commented that the documents she has provided for the Finance Committee are good background materials on the workings of the County Clerk's Office. He asked if the documents can be easily accessed for future Board members and for staff training in the office. Ms. Milton replied that she has created a Procedure's Book from which material can be pulled when necessary.

Mr. Selzer asked if the Clerk's Office can take a credit card as payment for a record. Ms. Milton replied that credit cards can only be used on the Customer Service Access Terminal. Mr. Selzer asked if any of the County offices can take credit cards. Ms. Milton replied that, at this time, she did not believe any County offices could accept credit cards over the counter. Chairman Sorensen added that the County Clerk is not allowed to add to the fees over the counter to deal with Merchant Account rates, but the vendor terminals can charge fees. Ms. Milton advised that this issue is being discussed in Springfield.

Ms. Milton reported on early voting, noting that the County Clerk's Office will be open from February 27 through March 16th for "no excuse, early voting, and absentee voting." Early voting will also be available in the Town of Normal, with Monday through Friday hours and Illinois State University (ISU), which will have early voting a couple days a week for four hours a day.

Ms. Milton indicated that the Town of Normal will have immediate, real-time access to absentee modules so that anyone in the County's jurisdiction will be able to vote. ISU will be limited to ISU, Normal 17, which will be just the students. There will be extra judges there who will call the Clerk's Office to let them know when a person has voted so that they cannot vote twice, as they will not have live access to the data base.

Mr. Selzer asked why it is being done at ISU and not State Farm. Ms. Milton responded that ISU desired to be an early voting site to provide easy access for the college students. She advised that more locations will be considered in the future.

Ms. Milton reported that she is in the process of choosing a vendor to scan marriage licenses. She noted that the cost will be very reasonable and she will come back to the Committee with further information and an action item in the near future. Ms. Milton reminded the Committee that none of the marriage applications or licenses are currently scanned. She noted that Births and Deaths will be scanned by the State and will be available to her office.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Ms. Milton and Ms. Flynn.

Ms. Jennifer Ho, Risk Manager, distributed a National five-year Average Analysis graph to assist in her review of the Fourth Quarter Risk Management Fund Report. She noted that the Graphs show the cumulative experience of the County and where it stands in terms of losses since 1992, reported claims experiences from 2000-2005, and the incurred losses for claims from 2000-2005.

Ms. Ho reported that the County experienced a spike in its overall claims experience as compared to its claims experience for the 5-year period from Fiscal Year 2001 to Fiscal Year 2005. Auto physical damage claims and workers compensation claims stand out in terms of incurred dollars, while auto liability and general liability claims remain stable.

Ms. Ho stated that the increase in incurred losses for auto physical damage claims are, in part, due to increased costs of repairs and the loss of three squad cars. She noted that the County is currently in the process of salvaging the totaled vehicles, which will reduce the incurred loss.

Ms. Ho noted that, for Worker's Compensation claims, there are six indemnity cases that accounted for 81% of incurred dollars. She indicated that a significant trend in workers compensation claims is the reduction for indemnity cases from 17 indemnity claims in 2001 to six indemnity claims in 2005.

Ms. Ho informed the Committee that, when viewed from a historical perspective since 1992, the cost of risks for the County (COR) as a percentage of operating budget, with COR as measured by the sum of incurred loss dollars, premiums, and administrative fees, the County's average COR is 1.52% of operating budget. Historically, for every COR dollar, \$0.57 was spent on claims, \$0.40 was spent on premiums, and \$0.03 was spent on administrative fees for claims administration and brokerage services. Ms. Ho stated that the County's operating budget has approximately tripled from \$27.82 million in Fiscal Year 1992 to \$64.17 million in Fiscal Year 2005.

Ms. Ho stated that another benchmark is based on a 2004 study by Marsh, the largest insurance broker. According to the study, *Casualty Cost of Risk 2004*, government entities spent \$8.25 per \$1,000.00 of revenue on workers compensation claims and \$2.31 per \$1,000.00 of revenue on general liability claims for a total of \$10.56 per \$1,000.00 of revenue.

Ms. Ho cautioned that, while the County's losses may appear to be within acceptable limits due to growth, she continues to remain diligent in managing the County's risks.

Chairman Sorensen asked if there were any questions on Ms. Ho's report. Hearing none, he summed up Ms. Ho's request for approval of the proposed Insurance Program for Fiscal Year 2006, noting that it is the same coverage, same vendors and almost \$5,000.00 less expensive.

Mr. Selzer asked if the \$299,703.00 figure on page 66 of the packet represents what the County paid out or what the insurance company paid out. Ms. Ho replied that it is the amount the County paid for expenses and reserves. She explained that, as a self-insured entity, the County pays the first \$350,000.00 of a claim. Mr. Selzer asked if the insurance company paid anything in 2005. Ms. Ho replied that they did not.

Motion by Selzer/Berglund to Recommend Approval of
the Proposed Risk Management Insurance Program for
Fiscal Year 2006.
Motion carried.

Ms. Ho presented a request for approval of the Insurance Service Fee Agreement with the Broker.

Motion by Selzer/Owens to Recommend Approval of an
Insurance Service Fee Agreement.
Motion carried.

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

Ms. Julie Osborn, Chief Deputy Auditor, presented a request for approval of an Ordinance of the McLean County Board Amending the 2006 Combined Annual Budget and Appropriation Ordinance.

Chairman Sorensen explained that this Ordinance deals with money that was appropriated in 2005 and not spent, which is then carried over into 2006.

Chairman Sorensen asked if the amount of \$238,233.29 is less than previous years. Ms. Osborn stated that it is the lowest figure for many years.

Motion by Owens/Moss to Recommend Approval of an
Ordinance of the McLean County Board Amending the
2006 Combined Annual Budget and Appropriation
Ordinance.
Motion carried.

Mr. Selzer asked Ms. Dozier if there is a form outlining rules of use for Department Heads to sign before they are assigned a credit card. Ms. Dozier replied that she would design a form for Department Heads to sign before they receive a credit card.

Chairman Sorensen presented the General Report as provided by Mr. Robert Kahman, Supervisor of Assessments. He asked if anyone had any questions. There were none.

Mr. Don Lee, Director, Nursing Home, presented a request for Approval of a Transfer Agreement between Lutheran Senior Living of Illinois, Inc. and McLean County Nursing Home. He explained that he was approached by the Lutheran Senior Living Group of Illinois who is proposing to build an assisted living complex near Trinity Lutheran Church. Mr. Lee stated that they want to make an arrangement to market the complex and would like to list the McLean County Nursing Home as a facility they can recommend when a resident becomes incapacitated and needs such a facility. He indicated that he explained the residency requirements for the McLean County Nursing Home to the Senior Living Group and they did not believe the requirement would be a problem for their residents.

Mr. Lee advised that the Agreement is a standard Transfer Agreement similar to Agreements with both hospitals in town for a smooth transfer of information for residents coming to and from the Nursing Home. He stated that the Civil Assistant State's Attorneys reviewed the Agreement.

Chairman Sorensen asked if the Agreement requires the Nursing Home to maintain a certain number of open beds should residents of the Senior Living Group need them. Mr. Lee responded that their residents will follow the same criteria as any other person applying for residency in the Nursing Home.

Motion by Berglund/Owens to Recommend Approval of
a Transfer Agreement between Lutheran Senior Living
of Illinois, Inc. and McLean County Nursing Home.
Motion carried.

Mr. Lee reviewed the Nursing Home report for the end of Fiscal Year 2005, which reflects that there is a positive balance. He stated that the month of December experienced a nice source of revenue due to Ms. McNeil's investment of funds for the Nursing Home which earned approximately \$39,000.00 in interest income. Mr. Lee acknowledged the efforts of Ms. McNeil on behalf of the Nursing Home.

Mr. Lee noted that the census for the month of December was up and there are currently 144 residents.

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

Mr. John Zeunik, County Administrator, referred to the Projected Cash Flow for Fiscal Year 2006 Report, which is the last page of the Agenda Packet. He explained that each February the Administrator's Office brings to the Finance Committee the projected cash flow analysis for Fiscal Year 2006. Mr. Zeunik pointed out that the Cash Balance numbers as of December 31, 2005 are provided by the Treasurer's Office, which is actual cash on hand as of that date. The actual revenue is the revenue that was received last year in the various funds through May 31, 2005.

Mr. Zeunik stated that the estimated revenue is always estimated on a conservative basis. He noted that the Health Department provides the revenue estimate for their three funds and the Highway Department provides the revenue estimate for their three funds. Mr. Zeunik reported that a 2% increase in revenue is projected in order to have the most conservative estimate of revenue. The revenue available through May 31, 2006 is the sum total of the estimated revenue plus the cash balance available on December 31, 2005.

Mr. Zeunik reviewed the expense side, noting that the sheet shows actual expenses through May 31, 2005 for the various funds. He noted, again, that the Health Department and the Highway Department provide the estimated expenses to be incurred in their respective funds. For the balance of the funds, the estimated expenses are generally increased by 4%, which then projects what balance will be on hand as of May 31 and that identifies the funds that will need to borrow money during the year. Mr. Zeunik stated that, under generally accepted accounting practices for Governmental funds, these are distinct special revenue funds and the only way money can be transferred among the funds is by County Board authorization. This permits the Treasurer the flexibility during the first five months of the year to transfer money among the various special revenue funds.

Mr. Zeunik presented a request for approval of a Resolution transferring monies from the Working Cash Fund 0002 to the Persons with Developmental Disabilities Fund 0110, Children's Advocacy Center 0129, F.I.C.A./Social Security Fund 0130 and to the I.M.R.F. Fund 0131 for Fiscal Year 2006. He noted that Working Cash has a balance available of \$742,423.00 and it is necessary to transfer \$582,184.00 from the Working Cash to those four Funds.

Motion by Selzer/Owens to Recommend Approval of a Resolution Transferring Monies from the Working Cash Fund 0002 to the Persons with Developmental Disabilities Fund 0110, Children's Advocacy Center 0129, F.I.C.A./Social Security Fund 0130 and to the I.M.R.F. Fund 0131, Fiscal Year 2006.
Motion carried.

Mr. Zeunik presented a request for approval of an Ordinance transferring monies from the County General Fund 0001 to the Tort Judgment Fund 0135, Fiscal Year 2006. He pointed out that there are two typographical errors in the Ordinance which will be corrected for the Board Packet. The first error is in the "Be it Ordained" sentence, which should indicate the number is \$1,349,107.00. The second error is in the "TO:" section which should indicate that the \$1,349,107.00 is going into the Tort Judgment Fund 0135 and not FICA.

Motion by Selzer/Owens to Recommend Approval of an Ordinance Transferring Monies from the County General Fund 0001 to the Tort Judgment Fund 0135, Fiscal Year 2006, as corrected.

Mr. Zeunik reported that the Cash Balance this year is significantly higher. He noted that changing the Property Tax system to one final bill that is sent out in May provides two major benefits, namely:

1. The distribution's first installment is 50% as opposed to 40%, so all of the County funds and other taxing bodies in McLean County are getting 10% additional funds to invest and to use.
2. Some individuals pay the full amount in May, which also helps in terms of earlier distributions and ability to earn money.

Motion carried.

Mr. Zeunik announced that there are two matters to be discussed in Executive Session. The State's Attorney has a matter to present to the Committee under Personnel and there is an update on Collective Bargaining.

Chairman Sorensen presented the final December 31, 2005 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a prepaid total of \$309,261.80 and a Fund Total that is the same. The Nursing Home Fund is \$95,600.00 with the prepaid total the same.

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Motion by Selzer/Owens to recommend approval of the Finance Committee bills as of December 31, 2005.

Motion carried.

Chairman Sorensen presented the January 31, 2006 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a prepaid total of \$1,554,828.91 and a Fund Total that is the same. The Nursing Home Fund is \$813,140.62 with the prepaid total the same.

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Motion by Owens/Berglund to recommend approval of the Finance Committee bills as of January 31, 2006.
Motion carried.

Chairman Sorensen announced that it would be appropriate to take a motion to go into Executive Session inviting Chief Deputy Love, the Administrator's Office and Mr. Bill Yoder.

Motion by Owens/Selzer to recommend the Finance Committee go into Executive Session at 5:02 p.m. to discuss a personnel issue and to have an update on Collective Bargaining with the Committee members, Chief Deputy Love, the Administrator's Office staff, and Mr. Bill Yoder, State's Attorney.
Motion carried.

Motion by Selzer/Owens to recommend the Finance Committee return to Open Session at 5:24 p.m.
Motion carried.

Mr. Owens advised that he and Ms. Berglund would not be available for the March Finance Committee meeting as they will be attending the NACo Legislative Conference in Washington, D.C. After a brief discussion, it was determined that the Finance Committee will meet at its regularly scheduled time as there should be a quorum.

There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 5:26 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary