

## **Minutes of the Finance Committee Meeting**

The Finance Committee of the McLean County Board met on Tuesday, November 6, 2001 at 5:30 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Arnold, Rodman, Renner and Kinzinger

Members Absent: Member Berglund

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia A. Wood, County Administrator's Office

Elected Officials/

Department Heads: Ms. Jackie Dozier, County Auditor; Mr. Walter Hunt, Internal Auditor, County Auditor's Office; Ms. Ruth Weber, County Recorder; Mr. James Boylan, Treasurer; Ms. Cathy Dreyer, Staff Accountant, County Treasurer's Office; Mr. Don Lee, Director, McLean County Nursing Home; Ms. Peggy Ann Milton, County Clerk, Ms. Maria Loughrige-Pascua, Chief Deputy County Clerk; Ms. Sandy Parker, Circuit Clerk, Ms. Jennifer Ho, Risk Manager

Chairman Sorensen called the meeting to order at 5:30 p.m.

Chairman Sorensen stated that if there were no objections, the minutes of the October 2, 2001 meeting would be approved and placed on file as presented.

Ms. Ruth Weber, County Recorder, presented the General Report for the County Recorder's Office. The Recorder's Office is continuing to experience an increase in documents needing to be processed. Year to date, the office has processed 37,078 documents. Mr. Arnold asked why the IRS makes payments to the Recorder's Office. Ms. Weber explained that the IRS files Federal Liens. The IRS must pay to the record these liens. Mr. Arnold asked if a remittance sheet was sent to the Recorder's Office from the IRS. Ms. Weber replied that the IRS makes an electronic payment. The Office has requested that the IRS not make automatic payment without notification, however, the IRS continues to make the payment. Mr. Arnold asked how the Recorder's Office reconciles the amount paid with the amount actually owed. Ms. Weber explained that the Office sends the IRS a bill each month, at that time the IRS makes the electronic payment. Mr. Arnold asked why the Recorder does not ask the IRS to remit payment to the County Treasurer's Office would be acceptable. Ms. Weber replied that payment made to the Treasurer's Office.

Chairman Sorensen asked if the Revenue Stamp Meter has been reconciled with the General Ledger. Ms. Weber replied that the Office is still working on discrepancies. There have been no problems in the past six weeks. The discrepancies are those prior to the time that payments were made directly to the Treasurer's Office.

Ms. Sandy Parker, Circuit Clerk, presented a request for approval of a Resolution authorizing the Circuit Clerk to seek banking services with any federally chartered financial institution. The County Board is required to designate bank facilities for the Circuit Clerk to utilize. The Circuit Clerk and Administrator recall that several years ago, the Finance Committee authorized the Circuit Clerk's Office to use any federally chartered bank for accounts. This resolution can not be located. In the last month, a new bank has account has been opened. The bank requests that the Circuit Clerk file a "Resolution Designating a Public Depository." In the interest of securing the best interest rates and for ease of operations, the banks have stated that a general authorization will suffice instead of the specific form. The reason for doing this is so that a good interest rate is not lost due to the length of the Board cycle.

Mr. Arnold asked why it is necessary to have another bank account. Ms. Parker explained that investment accounts are opened for bond money and court ordered settlements. The Circuit Clerk's Office shops for the highest interest rates. Mr. Arnold asked if the money could be co-mingled. Ms. Parker replied that, in certain cases, the money can not be co-mingled as ordered by the court, based on the length of time the money is to be held. The Circuit Clerk is required to keep \$40,000.00 available at all times for bond monies that are released. Mr. Rodman asked why the accounts are separate from those that the County Treasurer's Office is responsible for. Ms. Parker replied that she is responsible to report the money to the State every six months. This money is not County's funds, except for the interest. Mr. Zeunik explained that State law makes explicit provision for the Circuit Clerk to have accounts established for purposes of carrying forth her duties. There are new financial institutions coming into this market. These institutions are extremely aggressive in requesting County business. This resolution would give the Circuit Clerk the ability to obtain the most attractive rates offered. These institutions were not in place a number of years ago when the original Resolution was adopted. Mr. Arnold asked if allowing the Circuit Clerk to establish accounts weakens the County's internal control. Mr. Zeunik replied that the Elected Officials are given internal control over their Offices. In many respects, County Government continues to operate in the manner in which it operated in the 19<sup>th</sup> century.

Mr. Arnold stated that he does not like the idea of having a generic authorization. Ms. Parker stated that the authorization that she has had since 1995 has a list of 8 banks. Ms. Parker stated that the Committee could be require her to ask for authorization every time. Mr. Kinzinger stated that the authorization gives the Circuit Clerk an advantage in

finding the best interest rates. Ms. Parker stated that the Circuit Clerk's Office has \$100,000.00 to invest. State Farm Bank offered the best rate. The Office was able to lock this rate in. In the process of opening the account, the bank presented the Office with the designation form. The bank agreed to lock the rate before the designation was complete. Mr. Arnold asked if the account has been opened without authorization. Ms. Parker replied that the account has already been opened, because it is her understanding that she had permission from the Finance Committee to open the account. The past Committee had given the authorization, however, a copy of the resolution can not be found.

Mr. Kinzinger stated that he does not have a problem giving the Circuit Clerk generic authorization. It is in the public interest that the Circuit Clerk be granted that leverage. Ms. Parker stated that the Circuit Clerk's Office is subject to the County's Outside Audit and the Internal Auditor oversight. Mr. Arnold asked what was the difference in the interest rates. Ms. Parker replied that State Farm Bank offered 3.8% interest, other offers were around 2.9%.

Motion by Kinzinger/Rodman to recommend approval of a request for a Resolution authorizing the Circuit Clerk to seek Banking Services from any federally chartered bank.

Mr. Arnold voted "no". Motion carried.

Mr. James Boylan, County Treasurer and Ms. Cathy Dreyer, Staff Accountant, County Treasurer's office, presented the County Treasurer's Monthly Report, the County Treasurer's Investment Report and the County Treasurer's Employee Benefit Fund Report as of October 31<sup>th</sup>. Ms. Rebecca McNeil is absent due to the birth of her daughter, Brianna Kylie on October 17, 2001.

Mr. Rodman noted that State Farm bank is only giving the Treasurer's Office an interest rate of 2.78%. Mr. Boylan explained that because of the amount invested, the Bank is required to pledge collateral. This pledge cost the County 47 basic points. The beginning interest rate was 3.19%.

Motion by Rodman/Arnold to accept and place a file the County Treasurer's Report, County Treasurer's Investment Report and the County Treasurer's Employee Benefit Fund Report as of October 31, 2001. Motion carried.

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Ms. Peggy Ann Milton presented a request to enter into a contract agreement with Maximus, Inc. for a fee study for the County Clerk's Office. Mr. Eric Ruud, Chief Civil Assistant State's Attorney, has approved the contract. The County Clerk's Office has never had a fee study performed. Many of the fees charged in the Office are not comparable to the costs to provide the services. For example, the redemption fee is currently \$3.00, but the costs to the Office is much greater. An increase in fees would not effect all citizens of McLean County, only those actually using the services.

The Sheriff's Department used Maximus's services previously. As with the Sheriff's Department Fee Study, the Board can make changes to the recommendations made by Maximus.

Mr. Rodman asked if the statute listed in the contract defines the fees that will be studied. Ms. Milton indicated that the statute does define the fees. Mr. Rodman asked how many fees are to be studied. Ms. Milton replied that Maximus would study the Fireworks permit, Marriage License fees, Vital Record copies, Tax Sale Redemption fees, and temporary Liquor Licenses. Maximus would also study the cost of making copies in the Office. Mr. Rodman asked if the cost of making copies is included as well. Ms. Milton stated that it is not listed. Mr. Rodman noted that the contract includes 16 hours of work after the delivery of the recommendations. Ms. Milton indicated that the study would take six weeks.

Mr. Kinzinger asked if the funds were available out of the Fiscal Year 2001 Adopted Budget for the study. Ms. Milton replied that funds are available in the County Clerk's budget.

Mr. Arnold asked how much money is currently collected from the fees to be studied. Ms. Milton replied that, year-to-date, \$2,900.00 has been collected from Tax Sale Redemption Fees, \$16,500.00 has been collected for Marriage License fees. If the Redemption fees were increased to the average of \$32.00, that would generate an additional \$28,000.00. If Marriage License fees were increased to \$25.00, the increase would generate \$11,000.00. Chairman Sorensen stated that the fees for the Office could be found in the greenbar report from the Treasurer's Office.

Mr. Kinzinger asked what is the cost of the Temporary Liquor License. Ms. Milton replied that the cost is \$5.00 in McLean County. The average for other counties is \$55.00.

Mr. Arnold noted that the Treasurer's Report list more fees than Ms. Milton indicated are to be studied. Ms. Milton explained that there are fees, which are set by Statute and can

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not be changed. Mr. Arnold noted that the costs of the study could be paid back in less than a year. Ms. Milton stated that if the study was completed and approved by the Board by January 1, 2002, the Take Notice for the Tax Sale Redemption would indicate the new fees.

Mr. Arnold asked how the increase in fees would be announced. Ms. Milton replied that the Tax Buyers will receive a Take Notice, the Website will be updated and a press release for the newspaper will be prepared.

Mr. Rodman asked that the cost of making copies be included in the contract if the cost is not part of the Statute. Chairman Sorensen asked if all fees in the Office were included in the statute. Ms. Maria Loughrige-Pascua, Chief Deputy Clerk, advised that she would check the Statute and get back with the answer before the end of the meeting.

Ms. Milton stated that she has a listing of the fees charged by other counties if the Committee would like to review them. The Chairman stated that the Committee may review them, however, any changes must be based on the Fee Study.

Motion by Rodman/Arnold to recommend approval of a Contract Agreement with Maximus, Inc for a Fee Study for the County Clerk's Office, contingent on the costs of making copies be included in the contract. Motion carried.

Ms. Milton stated that she will not be at the November 20, 2001 County Board Meeting. She is unable to attend because she will be at the Illinois Association of County Officials meeting in Chicago. Ms. Milton stated that she appreciates all the work done by the Committee regarding the Study and the budget for her Office. A representative from the Office will be present at the meeting.

Mr. Don Lee, Administrator, Nursing Home, presented the Financial and Census Monthly Report for September. Mr. Lee advised that the month of September finished "in the black". The census averaged 138 residents. Currently, there are 136 residents.

Mr. Rodman asked what is the projected revenue for the end of the year. Mr. Lee noted that, under the column label Projected Expense, the projection is \$129,569.00. At the beginning of the year, the census was higher.

Mr. Rodman asked if the new private pay rates have started. Mr. Lee replied that the rates started in August.

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Mr. Arnold stated that a friend of his visited the Nursing Home. This friend told Mr. Arnold that the McLean County Nursing Home was nice and that the staff was helpful.

Chairman Sorensen stated that the Supervisor of Assessments is not present. However, Mr. Kahman's has included a status report in the Finance Packet.

Ms. Jennifer Ho, Risk Manager, presented the Third Quarter Risk Management Fund Report. The Third Quarter ended September 30, 2001. The Loss Experience is in line with the decrease in the number of claims the County has experienced.

Ms. Ho introduced Mr. George Redell. Ms. Ho provided the Committee with copies of Mr. Redell's resume. Mr. Redell is a graduate student at Illinois State University in the Safety Program and has a Bachelor's Degrees in Occupational Health and Safety. Mr. Redell has experience working in different industries. For McLean County, his primary duties will be safety training and OSHA compliance. The addition of this position 0.50 FTE should impact the Worker's Compensation claims in terms of accident prevention. The Committee welcomed Mr. Redell.

Chairman Sorensen advised that the statute stated in the Maximus Contract does include the cost of making copies.

Mr. Zeunik presented a request for approval for Outside Auditing services. The present three-year contract with Clifton Gunderson, has ended. The Administrator's Office worked with the Treasurer's Office and The Auditor's Office to develop a Request for Proposal.

Mr. Lindberg noted that there is typo on the fee table on page 20 of the packet. The fee totals for BKD ought to be \$64,500.00 in the first year, \$66,435.00 in the second year and \$68,428.00 in the third year.

Mr. Rodman asked how long has the County worked with Clifton Gunderson. Mr. Lindberg replied that Clifton Gunderson has done the Audit prior to this last three-year contract. The contract that ended with the Fiscal Year 2000 Audit was for three years. The County followed the Governmental Finance Officers Association's recommendation for the proposal process. There was no dissatisfaction of services with Clifton Gunderson. Clifton Gunderson presented a good bid proposal. Their proposed staffing hours are significantly higher than the other firms, which is realistic. The recommendation is to contract with Clifton Gunderson for the audit of the General Purpose Financial Statements and continue with Guthoff and Company for the Circuit

Clerk's Office. Mr. Arnold asked if it is possible to have a two-year contract instead of a three-year contract. Mr. Lindberg replied that it is possible, however he cautioned that there will still be additional costs in year three because of GASB 34. Another firm in the process indicated that for GASB34 alone, the price would be thirty to forty thousand dollars. Mr. Arnold noted that Clifton Gunderson is proposing more hours than the other firms.

Mr. Arnold asked what is GASB 34. Mr. Lindberg replied that GASB 34 is a requirement to make the County's Financial Statement look more like the financial statements of a private firm. Mr. Arnold ask if GASB 34 would be applied universally to all public entities. Mr. Lindberg replied that there is one version for general governments and another for universities. The GASB 34 rule is fifteen years in the making. GASB 34 will provide better disclosure for holders of long term debt.

Motion by Arnold/Rodman to recommend approval of the recommendation to retain Clifton Gunderson for Outside Auditing Services and to retain Guthoff and Company for the Circuit Clerk's Audit.

Chairman Sorensen noted that at the end of this contract, Clifton Gunderson will have been the County's outside auditor for 6 years. Mr. Lindberg replied that after six years, it is generally expected that a new auditor will be retained.

Motion carried.

Mr. Zeunik presented a request for approval of a Resolution assigning responsibility to the County Administrator for the design and implementation of a Reporting Plan for the use of County Owned Vehicles by County Employees. In 1988, the County Board made a decision to purchase vehicles for County Offices and Departments other than the Sheriff's Department and the Highway Department. The County Board adopted a policy in 1988, governing how the vehicles are to be used. The policy does not have any language dealing with the tax benefits that accrue to an employee, who is assigned a County car and can drive that car to and from work. The County Highway Engineer has a car assigned to him. He is allowed to commute to and from work in this County car. The same is true for the ETBS Director and the MetCom Director. The County needs to have a policy in place. If the Committee agrees to the designation and implementation of the Reporting Plan, the reporting would then be uniform for all departments.

If an employee were assigned a vehicle, the Department Head would have to sign off on the usage of the vehicle for business purposes. The report would indicate if the employee were allowed to drive the vehicle to and from work. Mr. Rodman asked if the Resolution would cover an employee on call in the Coroner's Office. Mr. Zeunik replied that the Coroner's Office vehicles are considered to be Law Enforcement Vehicles and are considered exempt by the Internal Revenue Service.

Mr. Rodman asked if the income of the employees would be affected because of additional taxes. Mr. Zeunik replied that is correct. Mr. Rodman asked if the County can start with the present or if past usage has to be considered. Mr. Zeunik replied that most of the vehicles assigned are used for commuting purposes. The IRS allows for a commuting charge, which is \$1.50 one way or \$3.00 a day. Assuming that there is approximately 250 workdays in a year, the additional income is about \$750.00.

Mr. Rodman asked if there were a mileage charge. Mr. Zeunik replied that two of the vehicles assigned to employee may be charged for mileage.

Chairman Sorensen asked if this Resolution will affect the salaries set by Resolutions. Mr. Zeunik replied that the Coroner and the Sheriff are the only elected official with County assigned vehicles. Chairman Sorensen stated that the County Engineer's salary is set by resolution. Mr. Zeunik replied that the County Engineer's salary is set during the budget process. Once the Budget is approved, the County is required to adopt a Motor Fuel Tax (MFT) Resolution. The Resolution has to be filed with the State stating the salary to be paid and the funds for schooling, travel and conference. Chairman Sorensen stated that this is an adjustment to compensation line items.

Mr. Rodman asked if this is a significant addition to someone's income or will this reduce take home pay. Chairman Sorensen replied that having the County vehicle is a fringe benefit. Having a County owned vehicle may create a situation where an employee's family doesn't have to have a second car. Mr. Rodman stated that the vehicle is a benefit, but it is a benefit that the employee has had. Now, the employee will have to pay taxes. If the amount is significant, the Committee should look at the impact on the employee. Ms. Jackie Dozier, County Auditor, stated that if the Resolution is not passed, the employee will be taxed on the full lease value of the vehicle per IRS laws.

Ms. Dozier stated that there are two cars provided to employees that are not required to be taken home for their jobs. These vehicles would be valued on the basis of the lease value plus personal use. Mr. Rodman stated that those employees have made a decision to take the vehicles home.



Mr. Zeunik stated that after the Board meeting on November 20, 2001, all employees assigned County vehicles will be contacted.

Motion by Kinzinger/Arnold to recommend approval of a request for a Resolutions assigning responsibility to the County Administrator for the design and implementation of a Reporting Plan for the use of County owned vehicles by County employees.  
Motion carried.

Mr. Zeunik presented a request for approval to amend the County Policy of Military Training and Leave. Mr. Lindberg stated that the current Military Policy covers the two weeks per year Military Training Leave. The policy is set up to pay the difference between the military training pay and the employee's base salary. The current policy is difficult to comply with and is not in compliance with both Federal and State Law.

The Federal Law includes the Uniform Services Employment and Re-Employment Rights Act. The County is required to give employees the right to continue certain fringe benefits and the right to have their position back for a period of up to five years. The State Law requires the County to pay the difference between the base military pay and their regular pay for the duration of any active duty ordered by Presidential Call Up. The County would be exempt only if more than 20 percent of the County's employees were called up or if the employee volunteers.

The proposed policy provides for the continuation of benefits, the restoration of their old job and payment of the difference between the base military pay and the employee's salary. The policy can be found on pages 65 and 66 of the Finance Committee Agenda packet. Mr. Rodman asked if the State Law requires an open-ended payment of the salary difference. Mr. Lindberg replied that provision is not widely known. When the Administrator's Office began to review the policy, research showed that other counties might be paying the difference for 30, 60 or 90 days. A Law Bulletin pointed out that in the Statute, there is no time limit. Mr. Kinzinger asked if State law covers the Draft. Mr. Lindberg replied that the Draft would be covered. Mr. Rodman asked if the employee has to make the request to be paid. Mr. Lindberg replied that the employee has to make the request.

Mr. Rodman stated that the County does not have a choice in making the changes. Mr. Lindberg stated that the County does not have a choice, the pay back is for the duration of the Military Leave. Mr. Rodman asked if the County should include that the County is exempt if more than 20 percent of the employee base is called up. Mr. Lindberg replied that the exemption is included in the Local Government Employee

Benefits Continuation act. Mr. Lindberg stated that the line should be added to the policy.

Mr. Arnold asked if the wording in the second to last paragraph of the policy is worded correctly. Mr. Lindberg agreed to add "to the employee" to the end of the paragraph.

Mr. Arnold asked if the policy addresses seniority rights. Chairman Sorensen replied that seniority rights are covered in the statute. Mr. Lindberg stated that the policy should include language for seniority rights as well.

Chairman Sorensen asked how a vacancy as a result of military duty is handled. The policy should include language stating that these are not vacancies to be filled by the Department Head without Oversight Committee involvement. Mr. Arnold stated that he hoped that the employees would close ranks and help cover the vacancies if possible. Chairman Sorensen stated that it might not be possible in all departments. Mr. Lindberg stated that he would work further on the policy. If the vacancies are filled, there could be issues regarding unemployment compensation. Mr. Arnold suggested that Temporary Employees be hired.

Mr. Lindberg stated that he would make the recommended changes and return to the Committee in December.

Mr. Rodman asked if there is currently anyone gone more than two weeks already. Mr. Lindberg replied that no one has been gone that long yet, but if the situation arises, the County will follow the State and Federal Laws.

Mr. Lindberg presented a request to approve the Position Classification and Pay Range Schedule for Fiscal Year 2002. The positions on page 68-71 that are listed in bold are positions that are new this year or have been upgraded. The positions with strikes throughs have either been eliminated or upgraded. The pay range reflects a 2.5 percent across the board increase. On page 73, the change in the Chief Deputy County Clerk position is listed and page 75, the changes to the Program Administrator are listed. The request is to recommend approval of the Position Classification and Pay Range Schedule.

Motion by Rodman/Kinzinger to recommend approval of the position classification and pay range tables for Fiscal Year 2002.  
Motion carried.

Mr. Zeunik presented a hand out regarding the CDAP Revolving Loan program. After the Packet was passed out, Mr. Michael Brisson, president of the Ramanda Hotel, requested that the pending CDAP loan be application be withdrawn.

Mr. Zeunik presented the results of the bids in the \$4 million Public Building Commission Bond issue for the 115 E. Washington Building and the expansion of the Parking deck. There are two series of bonds. There is \$1,000,000.00 in taxable bonds because National City Bank occupies the third floor of the building. Under the IRS code, National City will indirectly benefit from any improvements made to the building.

In order to mitigate the impact of the taxable bonds, financing was structured to put the taxable bonds in the early years. The County and City received very attractive rates on the bonds. The taxable bonds have been awarded to Griffen, Kubik, Stevens and Thompson at an interest rate of 4.0615%.

The bid summaries are included along with the tax-exempt bonds. There were six firms bidding. The bids were very close. The award went to the Harris Bank and Trust at a net interest cost of 4.4273%.

The proposed debt service schedule is included in the packet as well. Because the rates were attractive, the debt schedule is lower than expected. The costs have been separated to show the costs of the 115 E. Washington Building and the parking deck. The City of Bloomington is responsible for 100% of the of the debt service payment on the parking deck. The 115 E. Washington Street building will be divided between the Count and the City of Bloomington.

The last page shows a tentative timetable. The PBC has adopted the bond ordinance, and recommended approval of the award to the successful underwriters. The City of Bloomington Council will meet on November 12, 2001. The Bond issue should be closed on November 27, 2001.

Mr. Arnold stated that he has been asked how the price went from a \$3 million purchase price to \$11 million dollars. Mr. Zeunik replied that \$4.2 million is for the parking deck. Because the building was purchased in April, both the City and the County will receive interest on the funds used to make the purchase. There is the cost of issuance fees and the costs of renovation. The cost of the renovations is \$3.2 million.

Mr. Arnold asked what the ADA requirements are beyond having accessible elevators and ramps, and if there are secure rescue areas. Mr. Zeunik replied that

Mr. Gene Asberry is the Architect retained by the Public Building Commission. There are ADA requirements that will have to be put in place since this is a public building.

Mr. Rodman noted that on the next to the last page, there is a zero missing on the \$11 million PBC revenue bonds. Mr. Rodman asked if the City were not involved, would the County have been able to sale the tax-exempt bonds. Mr. Zeunik replied that the County could sale the tax-exempt bonds. The need to sale taxable bonds is driven by the amount of square feet the private entity occupies against the total gross square feet of the building against the uses reserved for the government entities. The public areas are not reserved exclusively for the public entities and have to be subtracted from the equation.

Chairmen Sorensen asked how long the National City lease is. Mr. Zeunik replied that the current lease runs though 2005 with an option to extend.

Mr. Rodman asked what is the impact on the property tax levy. Mr. Zeunik replied that there will be a difference, but not a noticeable one. Chairman Sorensen asked what the overall impact is. Mr. Zeunik replied that when the budget was prepared, \$1.7 cents was added as result of the new debt service and annual operation and maintenance. It will actually be slightly less than that.

Chairman Sorensen presented the bills and transfers, which have been reviewed and recommended for transmittal to the Finance Committee by the County Auditor.

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Motion by Arnold/Renner to recommend payment of the  
bills and transfers as presented by the County Auditor.  
Motion carried.

There being nothing further to come before the Committee at this time, Chairman  
Sorensen adjourned the meeting at 7:11 p.m.

Respectfully submitted,

Lucretia A. Wood  
Recording Secretary  
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