

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, October 1, 2002 at 5:30 p.m. in Room 700 of the McLean County Law and Justice Center, 104 West Front Street, Bloomington, Illinois.

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

Members Absent: Members Berglund and Renner

Staff Present: Mr. John M. Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wherry, County Administrator's Office; Mrs. Carmen I. Zielinski, County Administrator's Office

Elected Officials/

Department Heads: Mr. James Boylan, County Treasurer; Ms. Becky McNeil, Assistant County Treasurer; Sheriff Dave Owens, McLean County Sheriff's Department; Ms. Peggy Ann Milton, County Clerk; Mr. Charles Reynard, State's Attorney; Ms. Jennifer Ho, Risk Manager; Mr. Bob Kahman, Supervisor of Assessment

Others Present: None

Chairman Sorensen called the meeting to order at 5:33 p.m.

The minutes of the September 3, 2002 and September 17, 2002 Finance Committee meetings were accepted and placed on file as presented.

Mr. Don Lee, Nursing Home Administrator, was not present to discuss the Monthly Report. Mr. Zeunik informed the Finance Committee that revenue did exceed expenses for the month of August by \$14,000.00. The Nursing Home projected census is around 131 residents for the month of September 2002. The monthly decrease of revenue from the state, due to budget cuts, amounted to \$11,000.00 and year-to-date \$22,200.00. The reduction in revenue due to the change in the transfer formula from the state was \$3,000.00. Mr. Zeunik noted that the intergovernmental transfer that was proposed is still on track. Funds from this transfer will not be received until the next fiscal year. At that time, a retroactive payment to October 2002 will be made to McLean County.

Mr. James Boylan, County Treasurer, presented the County Treasurer's Investment Report as of August 31, 2002, and the Statement of Revenue, Expenditures and Fund Balance as of September 30, 2002. Ms. McNeil referred to the Revenue, Expenditure and Fund Balance Report for the General Fund. Ms. McNeil stated that 75% into the year, 72.50% of the revenue has been received. Also noted in the report is the fact that only 72.04% expenses have been incurred.



Chairman Sorensen asked if the 72% budget figure shown in the report takes into account the budget amendments previously made. Ms. McNeil answered that the 72% figure represents the original adopted budget figure.

Mr. Rodman asked if the report presented show the current reserves. Ms. McNeil answered that the bottom number in the report shows the fund balance, which does not specify funds available in cash or what is tied up in receivables. Ms. McNeil referred to the fund balance. As of September 30, 2002, assets are \$4.7 million and liabilities are \$261,000 and the difference between these two funds is the fund balance of \$4,473,333.01. Of the \$4.7 million in assets, only \$2.3 million is cash with \$2.3 million in receivables. Ms. McNeil noted that the money is not sitting in the bank, the money is already earmarked for future expenditures.

Chairman Sorensen referred to a communication he had with Ms. McNeil. Chairman Sorensen distributed a copy of an email which stated that the Fund Equity for the General Fund was \$1,878,998.41 as of August 31, 2002. Ms. McNeil explained that the calculation providing the Fund Equity balance was based on assets minus liabilities equal the fund equity balance. So, total assets being \$2,382,574.89 minus a negative cash balance of \$372,256.70 and receivables of \$2,754,831.89 accounted for the Equity Fund Balance. Ms. McNeil acknowledged the County experienced a negative cash balance due to the third payroll in the month of August.

Mr. Rodman asked how the County made up the negative cash balance. Ms. McNeil explained that the County was never overdrawn during this period. There was a timing factor involved in this situation since payroll posted at the same time as a distribution payment was deposited into the bank.

Mr. Arnold noted that in order to run a negative fund balance in the General Fund, the County had to borrow from other County funds. Mr. Arnold asked if the Treasurer's Office was authorized to do this type of borrowing. Ms. McNeil answered that at the beginning of every fiscal year, the County Board approves Interfund Borrowing resolutions which authorize the Treasurer's Office to interfund borrow within the County funds throughout the year.

Chairman Sorensen stated that it was his intention that all the members of the Finance Committee receive a copy of this transmittal to illustrate that there is not just cash sitting in an account that can be used by an oversight committee for certain expenses. During the budget cycle discussions, there will be conversations regarding the transferring of funds from one line account to the other. This transmittal provides an example of how low the General Fund balance can get during the year.

Ms. McNeil referred to the Summary of the Retailers Operation Tax (ROT), State Income and the Personal Property Replacement Tax (PPRT) Revenue report that she provides the County Administrator on a monthly basis. This report provides the monthly figures of revenues collected by the County. To date, 73% of the ROT has been collected, 72.83% of the State Income Tax has been received and 59.22% of the PPRT has been received.

Motion by Arnold/Kinzinger to accept and place on file the County Treasurer's Report as of August 31, 2002, the Statement of Revenues, Expenditures and Fund Balance for the General Fund as of September 30, 2002, and the Employee Benefits Fund Report for the Third Quarter. Motion carried.

Sheriff Owens, Sheriff's Department, presented a request for approval to fill a vacant Correctional Officer position in the Adult Detention Center. Sheriff Owens explained that a Correctional Officer resigned to start work with the Bloomington Police Department, creating another vacancy.

Motion by Rodman/Arnold to recommend approval to fill the vacant Correctional Officer position in the Adult Detention Center. Motion carried.

Chairman Sorensen pointed out that presently the Sheriff's Department will continue to leave two positions open and will continue to do so for the future.

Ms. Peggy Ann Milton, County Clerk, discussed a request for approval to cease printed publication of the County Board Proceedings Book and begin exclusive publication of the Proceedings Book on the County's website. Ms. Milton explained that during the September 3rd Finance Committee meeting, she made the recommendation to place the County Board Proceedings on the County Website instead of presenting them in printed form in an effort to reduce expenditures from the County's General Fund. Ms. Milton noted that by using the County website for this publication the County can incur a savings of \$1,800.00 for the rest of 2002. Ms. Milton stated that due to the cooperation of Information Services, the August Proceedings are already available in the website.

Mr. Rodman asked if there were any legal requirements for retaining hard copies of the County Board minutes. Ms. Milton answered that the County Clerk's Office keeps the County Board minutes on file forever. This recommendation is being presented as a form of savings for the County with the availability of County Board minutes in the website.

Motion by Kinzinger/Rodman to recommend ceasing the printing of the County Board Proceedings and make them available for review through the County website. Motion carried.

Ms. Milton advised the Finance Committee on some of the creative ways her office has developed to save money. Ms. Milton noted that during the Deputy Registrar training, a one-page summary of the duties will be distributed instead of the multi-page booklet traditionally used. For the complete booklet, the Deputy Registrars will be directed to use the County website for their review and download if they wish. Another cost saving measure being used is the use of email addresses to election judges, vendors, etc. that should substantially save money in postage. Also, the County Clerk's Office changed suppliers for the voter's registration forms for a savings of \$0.13 per form, which for the 5,000 voter registrations just ordered, saved \$650.00 in the election supply expenses. Ms. Milton informed the Finance Committee that with the cooperation from the Chambers of Commerce, the County Clerk's Office is not purchasing manila envelopes for the marriage applicants' paperwork. The necessary County Clerk's Office documentation is now placed in the Chamber of Commerce packets. This will further reduce the County Clerk's office supplies expense line item account. Lastly, the County Clerk's Office will be working on using an overhead projector to update the press about the election results instead of the printed reports historically given out thus saving in copy costs.

Ms. Milton stated that this year was the easiest Outside Auditor's review thanks to the help provided by the County Auditor's Office.

Mr. Charles Reynard, State's Attorney, presented the recommended reduction in the Transworld Systems contract. Mr. Reynard stated that the balance in the Contract Services Line Item is \$11,200.00. The requested amount for the Fiscal Year 2003 is \$13,200.00. Mr. Reynard recommends purchasing a sufficient number of accounts to cover the balance of 2002 and the entirety of 2003. The current rate of usage is 150 accounts per month. The current contract should cover the State's Attorney's Office through October 2002. The new proposed contract would cover the purchase of 2,100 accounts, at the rate of \$8.75 per account for a total saving of \$18,375.00. Mr. Reynard is proposing to spend \$6,600.00 from the Fiscal Year 2002 balance to keep the requested Fiscal Year 2003 budget intact to cover the balance of \$11,775.00 and to provide for a cushion in the event of an increase in account usage. This scenario would enable the State's Attorney's Office to return \$4,600.00 to the Fiscal Year 2002 General Fund account.

Motion by Rodman/Kinzinger to recommend approval of a budget amendment reducing the Contract Services line item in the State's Attorney's Office. Motion carried.

Ms. Jennifer Ho, Risk Management, requested of the award of Bids for Public Officials Bonds – Election Year 2002. Chairman Sorensen asked that the minutes reflect that he and Mr. Rodman would be voting as present but NOT be engaging in discussion on the Public Officials Bonds issue being presented by Ms. Jennifer Ho because of the relationship of the request with State Farm Insurance.

Ms. Ho stated that the bids received regarding the Public Officials Bonds for the prospective Elected County Officials and the Superintendent of the Regional Office of Education of the 2002 election year were opened on September 25, 2002. Based on the bids received, Ms. Ho is recommending awarding the bid for the elective office of the County Sheriff, County Clerk, County Treasurer, County Tax Collector and the Superintendent of the Regional Office of Education to Michael Sprague, agent from State Farm Insurance Company.

Ms. Ho explained that Mr. Sprague submitted the only bid that met the bid specifications for the financial size and rating as defined by the AM Best Company of minimum financial size category IX (\$250 to \$500 Million of capital, surplus and conditional reserve funds in millions of U.S. dollars) and a rating of A (excellent) as indicative of the carrier's ability to meet its on-going policyholders' obligations. State Farm Insurance Companies carry a rating of A++ and is of financial size XII. Ms. Ho stated that the other bids received did not meet the financial size requirements or the rating requirements.

Mr. Zeunik informed the Finance Committee that Ms. Ho presented this information at a staff meeting last week. At that time, Mr. Eric Ruud, Chief Civil Assistant State's Attorney, was asked to review the bids submitted, along with the bids requirements and to determine if it would be possible to recommend that the bids be awarded to one of the firms that submitted a more competitive bid, but did not meet the requirements of the specifications. Mr. Ruud recommended that due to the specific language of the bid specifications, waiving the requirement was not advisable. Mr. Ruud suggested that the County recommend award to the firm that completely met the bid specifications or waive all the bids and re-bid with different bid requirements. Mr. Zeunik explained that the only issue with this option is that the bonds need to be in place and awarded by the time the elected officials are sworn in.

Chairman Sorensen noted that since two Committee members must abstain from voting on this issue, this request will be acted on at a Stand-Up before the County Board on October 15, 2002.

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Mr. Robert Kahman, Supervisor of Assessment, presented an Equalized Accessed Value (EAV) Change Report for 2002. Mr. Kahman informed the Finance Committee that the Assessor's Office has started publishing names in The Pantagraph.

Mr. Kahman referred to the second page of the report regarding the Assessment Status Report distributed. This is a report that tracks the township by township changes on a tentative basis. In order for the County to stay on track, the assessed value base has to at least achieve the numbers from the previous year. Last year, with the farmland decreasing 10% across the board and with the farmland decreasing 10% again this year, the picture being formed is the negative impact to the smaller districts, because in the past, almost every township saw their base increase 6% to 8%. Mr. Kahman noted that as a County, signs will show increased growth, but parts of the County are clearly going to suffer.

Mr. John Zeunik, County Administrator, discussed the scheduling of Committee Meetings for Review of Fiscal Year 2003 Recommended Budget. After some discussion, two Finance Committee meeting were set for October 17, 2002 at 5:00 p.m. and October 22, 2002 at 5:00 p.m.

Chairman Sorensen presented the bills for payment as submitted and reviewed by the County Auditor.

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Motion by Kinzinger/Rodman to recommend approval 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 6:37 p.m.

Respectfully submitted,

Mrs. Carmen I. Zielinski
Recording Secretary