

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, September 5, 2007 at 7:30 a.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Selzer, Members Owens, Moss, Butler and Clark

Members Absent: Member Rackauskas

Other Members Present: None

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Jude LaCasse, Recording Secretary, County Administrator's Office

Department Heads/
Elected Officials

Present: Mr. Robert Keller, Administrator, Health Department; Mr. Don Lee, Director, Nursing Home; Mr. Lee Newcom, County Recorder; Ms. Peggy Ann Milton, County Clerk; Ms. Becky McNeil, County Treasurer; Mr. Jack Mitchell, County Highway Engineer

Others Present: Mr. Walt Howe, Assistant Administrator and Chief Financial Officer, Health Department; Ms. Carol Ash, Internal Auditor, County Auditor's Office

Chairman Selzer called the meeting to order at 7:30 a.m.

Chairman Selzer presented the minutes from the August 8, 2007 Finance Committee Meeting and the Tuesday, July 24, 2007 Stand-up Committee Meeting for approval. Hearing no corrections to those minutes, Chairman Selzer advised that the minutes would stand approved as presented.

Mr. Bob Keller, Administrator, Health Department, reviewed the Single Audit Report on Finding 2006-04 and Finding 2006-05 in the Health Department. Mr. Keller referred to Finding 2006-05, noting that the audit found that one in twenty-five records did not contain a copy of a transfer card on file. He stated that, when an individual transfers from one state in the WIC program to another WIC program in another state, they need to provide a valid card. Mr. Keller stated that the recommendation of the Outside Auditor was to develop procedures. He advised that he told the Outside Auditor that procedures are in place, but were not followed in this one instance.

Mr. Keller assured the Outside Auditor that they would reemphasize with the employee the importance of compliance to make sure that all of the documents are copied and placed into the record.

Mr. Keller stated that Finding 2006-04 cited the Department for not maintaining records to substantiate employees' time working in the WIC program in accordance with OMB-87. He asked Mr. Walt Howe, Assistant Administrator and Chief Financial Officer, Health Department, to review the procedure.

Mr. Howe stated that when the Outside Auditor looked at the two federally funded grant programs, they cited the Health Department for not maintaining records to substantiate employee's time working in the WIC Program. He stated that the department does have documentation to support time, but it was not maintained in a single location in an easily auditable form.

Mr. Howe advised that the procedures have been revised and will be used by the Department to provide an easily auditable trail. Daily Activity Reports (the "DAR") will be used to capture time on a continuous time-study basis. Mr. Howe stated that the reports will be run on a monthly basis and compared to the FTE distribution tied to the payroll system. If DAR reports show a significant departure from the default distribution, general journal entries will be made to adjust time. He indicated that employee FTE's will serve as the cost-driver for most of the expenses incurred for federal grant programs. Items such as space (square footage utilization) and travel (actual miles driven as recorded on the DAR) will be directly apportioned. Mr. Howe stated that a manual that describes each of the cost-drivers and their allocation methodology will be available for review. He noted that a significant number of expenditures will be driven by direct invoice coding.

Mr. Keller summarized that all of the components were there, but they were not easily auditable in one location. With the changes and the manual, the records should be easily audited.

Chairman Selzer asked if there were any further questions or comments. Hearing none, he thanked Mr. Keller and Mr. Howe.

Mr. Don Lee, Director, Nursing Home, presented his Monthly Report. Mr. Lee noted that there was nothing unusual to note on this Report. He indicated that the census in the Nursing Home today is 144 residents. Mr. Lee noted that the vacancies are primarily in the Medicare section, which is more restricted in admissions. He stated that the month was positive and the year continues to be positive. Mr. Lee added that he does not anticipate any problems in the future.

Chairman Selzer asked if there were any questions or comments. Hearing none, he thanked Mr. Lee.

Mr. Lee Newcom, County Recorder, presented a request for approval of a Resolution amending the Funded Full-Time Equivalent Positions Resolution for 2007. He also presented a request for approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal Year 2007 Combined Annual Appropriation and Budget Ordinance, County Recorder's Document Storage Fund 0137, County Recorder's Office 0006.

Chairman Selzer explained that these items are a result of the recommendation from the MAXIMUS Report that was presented and discussed at last month's meeting. Mr. Newcom concurred that these are the Resolutions resulting from the discussion in the Finance Committee last month to add an additional 1.0 FTE position to the Recorder's Office. He stated that the funds will be taken from the Temporary Line and transferred into the Permanent Line.

Chairman Selzer noted that the FTE's do not change.

Motion by Owens/Butler to Recommend Approval of a Resolution Amending the Funded Full-Time Equivalent Positions Resolution for 2007 and to Recommend Approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal Year 2007 Combined Annual Appropriation and Budget Ordinance, County Recorder's Document Storage Fund 0137, County Recorder's Office 0006.
Motion carried.

Mr. Newcom distributed a Memorandum regarding Social Security numbers on the Recorder's website. He pointed out that, when he assumed the position of County Recorder, he began changing the procedures in the office and began redacting, that is electronically masking from view, any Social Security numbers appearing on documents. Mr. Newcom noted that this procedure is permanent.

Mr. Newcom advised that it has been noted by several national experts that no case of identity theft has ever been reported where the information came from the public land records of a Recorder's office. He stated that redaction of the Social Security numbers that is using software to optically find and cover Social Security numbers on the pre-existing images, was prohibitively expensive when he looked into this after taking office. However, public awareness of this issue

increases the need to take steps to prevent identity theft through the Recorder's records.

Mr. Newcom indicated that he has taken additional steps to protect Social Security numbers by closing down the Recorder's research database from open public internet access and limiting access to qualified and registered users by ID and Password. He reported that this closure to registered users is in its 9th day of closed operation. Individuals requesting access are required to come to the office to present a valid government issued ID card, like a driver's license, and to sign a user agreement.

Mr. Newcom thanked Lee Williams of Information Services and IS Director, Craig Nelson, who provided essential support for this change. He also acknowledged his software provider, COTT Systems and his staff for their assistance.

Mr. Newcom indicated that it will be necessary, in the future, to take on the project of redacting all Social Security numbers in the database for complete security. He noted that the cost for redacting the numbers is coming down and would be funded through the Document Storage Fund. The current cost estimates are less than \$100,000.00 for the entire data set. Mr. Newcom stated that this need will also be heightened by the addition of all document images from 1972 to current in the on-line database by the end of this month. This addition will give users of the McLean County Recorder's Office the ability to conduct a 35 year parcel search entirely from their office.

Mr. Newcom reported that, next month, he will present a complete report to the Finance Committee on this topic and bids for Social Security number redaction for all records in the Recorder's Office.

Mr. Newcom reviewed the Recorder's Office Internet User Application and Agreement as well as the McLean County Recorder Subscription User Agreement and Multi-User Account User ID and Password Request. Mr. Newcom stated that all employees of a commercial entity are required to have their own individual user ID and password, noting that there are no company-wide passwords.

Chairman Selzer asked if users, particularly out-of-state users, are required to pay a fee. Mr. Newcom replied that users do not pay a fee. Chairman Selzer suggested that a fee be considered for people who use the website. Mr. Newcom stated that the legal requirement is that the land records be completely open and accessible, and be free to the public. He indicated that, historically, access to the land records was free and open in the office. It

required employees to manage the data in books. As technology has advanced, the information has been entered onto computers. Mr. Newcom noted that, in making it accessible to the public by computer, it is the same as making it accessible in books previously.

Mr. Newcom advised that, in terms of a user fee, the McLean County Recorder's Office charges fees in excess of what it costs to operate the office and returns a profit to the County of approximately \$1 million per year. He indicated that he believes it is important to make these records as freely accessible to the business entities that need them as possible.

Chairman Selzer suggested charging a user-fee to the out-of-County businesses who take advantage of the easily accessible records. He stated that this would benefit the average tax-payer in the County.

Mr. Newcom stated that the expense of redacting the Social Security numbers has come down significantly over the last two years. He noted that the bids he has obtained are in the \$90,000.00 range. Mr. Newcom added that the cost should continue to decrease in the future.

Mr. Butler asked what is the County's liability should people discover someone's social Security numbers in the Recorder's records and use their identity. Mr. Newcom replied that he does not believe there is a liability to the County. However, he added that the State's Attorney's Office would be the authority on that matter.

Mr. Newcom reminded the Committee of a scam called "home flips" where someone goes to the Recorder's Office and files a Quit Claim Deed, usually on a paid-off property, then goes to a bank and mortgages the property without an appraisal and takes the money. The home-owners find out about this scam when their home is being foreclosed. Mr. Newcom indicated that it is possible for the owners to lose their homes. He noted that this scam has not happened in this area. Mr. Newcom indicated that cost for security cameras and other preventative measures will be included in the budget for next year.

Mr. Owens asked that the legal staff be consulted as to the County's liability should a Social Security number be accessed through the Recorder's Office records and used illegally.

Mr. Butler pointed out that access to the on-line searches is available to anyone, including residents of McLean County. Hence, McLean County residents do not have to drive downtown to access the material.

Chairman Selzer asked if there were any additional questions or comments. Hearing none, he thanked Mr. Newcom.

Ms. Peggy Ann Milton, County Clerk, presented a request for approval of Polling Place changes/additions resulting from recent Precinct changes. She explained they are doing a purge this summer-fall so that there will be a clean database prior to the February 5th Primary Election. In order to make that purge and have the voter registration cards accurate, it was important to make sure the polling places are approved and included on the cards.

Motion by Moss/Owens to Recommend Approval of
Polling Place Changes/Additions Resulting from
recent Precinct Changes.
Motion carried

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

Ms. Becky McNeil, County Treasurer, presented a request for approval of a Resolution to authorize the Chairman of the Board of McLean County to execute a Quit Claim Deed of Re-conveyance to Robert J. Watkins on Parcel #21-08-253-004. She explained that, in compliance with the Property Tax Code, the Delinquent Real Estate Tax Liquidation Program was developed to recover delinquent real estate taxes for the benefit of all taxing districts. Ms. McNeil noted that the goal is to return unproductive and abandoned parcels back to productive use and, subsequently, the tax rolls of the County.

Ms. McNeil advised that the property taxes on Parcel #21-08-253-004, owned by Robert J. Watkins, were not paid for tax year 2003 and were sold at the 2004 annual tax sale. She noted that the taxes were not paid for tax year 2004 and the owner failed to redeem these taxes in accordance with the Illinois Property Tax Code. Ms. McNeil stated that, as a result, the County of McLean acquired title in 2007 through the Delinquent Real Estate Tax Liquidation Program. The former owner, Mr. Watkins, has now paid \$902.78 to the County's delinquent tax agent to re-acquire title in his name. This amount represents the full amount due to redeem this delinquency if it had been timely paid.

Ms. McNeil indicated that this Resolution is being presented to the Committee and Board for approval to authorize the Chairman to execute a quit claim deed of re-conveyance to Mr. Robert J. Watkins. She informed the Committee that approval of this Resolution will eliminate the County's formal interest in this parcel and return it to the active tax rolls.

Motion by Butler/Clark to Recommend Approval of a Resolution to Authorize the Chairman of the Board of McLean County to execute a Quit Claim Deed of Re-conveyance to Robert J. Watkins on Parcel #21-08-253-004.

Motion carried

Ms. McNeil reviewed her Financial Reports for the period ending August 31, 2007 as distributed.

Ms. McNeil reviewed the Investment Report. She noted that there were a few CD renewals in the month of August. Ms. McNeil reported that she opened three new CD's. She pointed out that Prairieland Federal Credit Union's rate is 5.27%, Mid Illini Credit Union's rate is 5.25% and Alton Route Credit Union's rate is 5.15%. Ms. McNeil stated that the CD's are around \$90,000.00 or under the \$100,000.00 insured amount.

Chairman Selzer asked why Alton Route Credit Union was \$89,975.00 rather than \$90,000.00. Ms. McNeil replied that there was a \$25.00 "member" share account fee.

Ms. McNeil reported that the total Pooled Fund Investments is \$19,619,489.47. She advised that these are all of the pooled investments, including all of the funds that are not required or are not chosen to be segregated.

Ms. McNeil explained that the Court Restitution Account is the result of an incident that happened several years ago when a former employee misappropriated funds. This Account represents the funds that the employee is paying back in restitution. Ms. McNeil noted that the CD came due in August and was renewed at 5.11%.

Ms. McNeil reviewed the County Motor Fuel Fund, noting that the Commerce Bank Operating Account shows a negative balance of (\$326,590.07). She stated that this is a timing issue which has been corrected.

Ms. McNeil reported that the Nursing Home Fund has accumulated cash and investments of \$6,164,833.62. There was a CD that came due for \$750,000.00, which was renewed at 5.2% compared to the original rate of 4.5%.

Ms. McNeil reviewed the Township Motor Fuel Tax Fund, which had a Repo that matured and was renewed at 5.0%.

Ms. McNeil advised that she has not noticed any of the County's interest rates coming down. She indicated that some of the accounts were restructured. Ms. McNeil noted that she checked with the banks on what product might be a better fit for the County. She stated that three accounts were restructured, increasing the interest rate from 1.5% to 3.2%.

Ms. McNeil reported that the combined total of all funds is \$31,423,714.90.

Mr. Owens asked what is the Freestar Bank's "Repo" account and why does the interest stay at 5.0%. Ms. McNeil explained that the funds in the Repo Account with Freestar Bank are funds that she can pull out at any time with no penalty, despite the maturity date.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending August 31, 2007. She stated that these sources of revenue to the General Fund are the largest revenue sources with the exception of the Property Tax revenue. Ms. McNeil indicated that these revenues are subject to changes in the market. She pointed out the following highlights:

- Retailers Occupation Tax Revenue Year to Date is \$3,745,636.38, which is -4.00% down from last year and 62.32% of budget.
- State Income Tax Revenue is \$1,296,725.72, which is 9.79% over last year and 81.28% of budget.
- Personal Property Replacement Tax Revenue is \$1,356,618.86, which is 20.13% above last year and 97.25% of budget.
- General Fund Property Tax Revenue is at \$3,477,957.21 which is 49.38% of budget.

Ms. McNeil pointed out that distributions for Personal Property Replacement Tax Revenue are received in January, March, April, May, July, August, October and December. She noted that the distribution for August was \$129,321.32, which is 53% above last year.

Ms. McNeil reviewed the Statement of Revenues, Expenditures and Fund Balance for the General Fund as of August 31, 2007, noting the following:

- The total Revenue as of August 31, 2007 is \$17,976,721.38, which is 59.76% of budget;
- Expenditures are \$19,115,421.14, which is 63.52% of budget;
- The Fund Balance as of August 31, 2007 is \$9,685,832.56.

Motion by Moss/Owens to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending August 31, 2007, as submitted.
Motion carried.

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

Mr. John Zeunik, County Administrator, advised that the Outside Auditor presented the Comprehensive Annual Financial Report, Single Audit Report and Management Letter of Advisory Comments to the Finance Committee in July and the Committee requested that Department Heads prepare responses for consideration at the September meeting. He stated that the first response is from Ms. Becky McNeil, County Treasurer.

Ms. McNeil reported that the Management Letter of Advisory Comments from the Comprehensive Annual Audit for Fiscal Year 2006 included a suggested improvement to the current payroll process. She noted that a Senior Accountant enters a payroll change step number, which is tied to a predetermined rate. Further, the step has already been approved and signed off by the Department Head and reviewed by the County Administrator's Office. Ms. McNeil indicated that, because the Senior Accountant is tied to the payroll processing, the Outside Auditor brought the process to her attention and suggested that another party in the Treasurer's Office review and confirm that the step entered was the correct step number. She advised the Committee that this suggestion has been followed.

Chairman Selzer asked if there were any questions. There were none.

Mr. Zeunik asked Mr. Jack Mitchell, County Highway Engineer, to review the Management Letter of Advisory Comments for the County Highway Department.

Mr. Mitchell stated that the Outside Auditor commented on the Highway Department's capital asset additions, which are the road and bridge improvements over \$250,000.00 on County highways, as well as equipment over \$10,000.00. Mr. Mitchell stated that, since GASB 34, he has prepared a spread sheet showing what has been spent on the roads and bridges the previous year. He indicated that the Outside Auditor felt that this information should be tracked better.

Mr. Mitchell advised that he has met with the County Auditor's Office and the County Administrator's Office. He noted that Ms. Dozier said she would create several more line items in the budget, including a line item that would reflect the improvements over the \$250,000.00 amount and a line item for under \$250,000.00.

Mr. Mitchell stated that the Highway Department will make sure that maintenance work is kept separate from construction.

Chairman Selzer asked if there were any questions. Hearing none, he thanked Mr. Mitchell.

Mr. Zeunik reviewed the Plan of Action to the Single Audit Report – Finding 2006-02 and Finding 2006-03 for Court Services. He explained that this refers to the Domestic Violence Multi-Disciplinary Grant. Mr. Zeunik noted that this was the second year in a row that this grant was cited in the Single Audit Report. As a result, there were some changes that needed to be made. Mr. Zeunik indicated that the Court Services Department worked with Ms. Carol Ash in the County Auditor's Office to develop a plan of action. Ms. Ash advised that Ms. Castleman provided time sheets for the individuals who are funded by the grant. She stated that on September 1st the grant rolled over, noting that Court Services declined to participate in the grant. Mr. Zeunik indicated that the positions that were budgeted by this grant in Court Services have been incorporated into the Fiscal Year 2007 budget as of September 1, 2007.

Mr. Zeunik reported that the Sheriff's Department and the State's Attorneys Office are still participants in the grant and expect to participate one more year. After next year, it is questionable if the grant will continue.

Mr. Zeunik reviewed the Single Audit Report – Finding 2006-01 in the County Auditor's Office. He pointed out that the Committee is familiar with this one as it has already been before the Committee when the Auditor's Office requested an organizational change in the Department to create the position of Financial Reporting Specialist, which was approved by the Board. Mr. Zeunik noted that the Auditor's Office has advertised for that position, has completed interviews for that position and is close to making an offer to fill the position. He asked the Committee to consider a Stand-up Meeting prior to the County Board Meeting so that the Auditor can present that recommendation. Mr. Zeunik advised that it will be necessary to offer the individual a starting salary at Step 20 of the pay range, which requires the approval of the Finance Committee and the Board.

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Chairman Selzer asked if there were any questions. There were none.

Chairman Selzer presented the August 31, 2007 Finance Committee bills for review and approval as transmitted by the County Auditor. The Nursing Home Fund Total is \$450,993.77 with a Prepaid Total the same and the Finance Committee bills include a Pending Total of \$615.91 and a Prepaid Total of \$760,179.03 for a Fund Total of \$760,794.94.

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Motion by Owens/Butler to recommend approval of
the Finance Committee bills as of August 31, 2007.
Motion carried.

There being nothing further to come before the Committee at this time,
Chairman Selzer adjourned the meeting at 8:30 a.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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