

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, June 3, 2009 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members Butler, Rackauskas, Moss, Caisley and O'Connor

Members Absent: None

Other Members Present: Member Nuckolls

Staff Present: Mr. Terry Lindberg, County Administrator; Mr. Bill Wasson, Assistant County Administrator; and Ms. Judith LaCasse, Recording Secretary, County Administrator's Office

Department Heads/
Elected Officials

Present: Mr. Walt Howe, Administrator, Health Department; Ms. Jackie Dozier, County Auditor; Mr. Robert Kahman, Supervisor of Assessments; Mr. Lee Newcom, County Recorder; Ms. Becky McNeil, County Treasurer; Mr. Matt Riehle, Director, McLean County Nursing Home; and Ms. Peggy Ann Milton, County Clerk

Others Present: Ms. Michelle Anderson, Financial Reporting Specialist, County Auditor's Office; Ms. Heidi Hobkirk, Senior Manager, McGladrey & Pullen

Chairman Owens called the meeting to order at 4:00 p.m.

Chairman Owens presented the minutes from the May 6, 2009 Finance Committee Meeting to the Committee for approval.

Motion by Caisley/Butler to approve the Minutes of the May 6, 2009 Committee Meeting.
Motion carried.

Mr. Walt Howe, Administrator, Health Department, presented a request for approval of an FTE Amendment associated with title changes and re-alignment of duties for three positions of the Health Department impacted by vacancies created under the Early Retirement Initiative ("ERI"). Mr. Howe explained that this amendment is being proposed in order to fill top level management positions vacated by senior managers opting to take advantage of ERI. Mr. Howe announced that no additional positions are being requested nor will there be any increases in pay grades.

Mr. Howe advised that, with the retirements, about 103 years of experience was lost.

Mr. Howe indicated that, in conjunction with filling the vacated positions, some title changes and restructuring of duties and responsibilities are being incorporated as part of the amendment to take advantage of existing staff expertise and limit the fiscal impact on the organization and County. He reiterated that there is no FTE impact on these changes.

Mr. Howe pointed out the following title changes:

- Director, Personal health Services would become Assistant Administrator/ Director of Community Health Services Division Program Director;
- Assistant Administrator, Chief Financial Officer would become Director, Maternal-Child Health and Preventive Health Services Division;
- Maternal-Child Health Services Supervisor would become Health Department Fiscal Manager

Mr. Howe stated that, as Director of the Health Department, he will maintain the policy section and will administrate the financial section of the department.

Chairman Owens asked how much will the Health Department save in dollars due to the retirements. Mr. Howe replied that the Health Department will save, from now to December 31st, about \$66,670.00.

Ms. Rackauskas asked who oversees Animal Control. Mr. Howe replied that the Animal Control is overseen by the Assistant Administrator, Director of Community Health Services Program.

Motion by Moss/Rackauskas to recommend Approval of an FTE Amendment Associated with Title Changes and Re-alignment of duties for three positions of the Health Department impacted by vacancies created under the Early Retirement Initiative (ERI).

Motion carried.

Chairman Owens asked if there were any other questions or comments. Hearing none, he thanked Mr. Howe.

Ms. Jackie Dozier, County Auditor, presented a request for approval of a Corporate Resolution adding Mr. Walter F. Lindberg to the Commerce Bank Credit Card Account. She explained that this is simply replacing Mr. Zeunik's name on the card with Mr. Lindberg.

Motion by O'Connor/Rackauskas to recommend Approval of a Corporate Resolution adding Mr. Walter F. Lindberg to the Commerce Bank Credit Card Account.
Motion carried.

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

Mr. Lee Newcom, County Recorder, presented his General Report. He noted that there is nothing specific to point out.

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

Mr. Lindberg indicated that Ms. Becky McNeil, County Treasurer, will try to attend the meeting with a brief report, but she is currently expecting a large wire tax payment coming in that she is trying to get posted and distributed.

Mr. Lindberg announced that he appointed Mr. Matt Riehle as the permanent Administrator of the Nursing Home, effective immediately. He indicated that Mr. Riehle has been with the County for a little over ten years and has 12 years experience in the long-term care field. Mr. Lindberg stated that Mr. Riehle has worked both as Assistant Director of Nursing and as Director of Nursing.

Mr. Lindberg advised that well before Mr. Lee retired, a thorough search began for the best qualified candidate to replace him. Mr. Lindberg noted that advertisements were placed in a number of local newspapers as well as websites. He indicated that applications have been received from the local area, from the metro area, and from out of state. Mr. Lindberg stated that candidates were screened and interviewed. He announced that the in-house applicant was the person best equipped to be our next Nursing Home Administrator. He welcomed Mr. Matt Riehle as the new County Home Administrator.

The Committee members expressed their congratulations to Mr. Riehle.

Mr. Matt Riehle, Administrator of the McLean County Nursing Home, noted that Mr. Lee advised that he follow Mr. Lee's practice of brevity. Therefore, he indicated that there was nothing significant to point out in his Monthly Report.

Mr. Nuckolls stated that, as a member of the Bloomington Rotary Club, he appreciated the opportunity to serve ice cream at the Nursing Home last Saturday. He thanked Mr. Riehle for allowing the Rotary Club members to treat the residents.

Mr. Riehle expressed his appreciation to the County Administrator's Office and the Department Heads for their support.

Chairman Owens asked if other community groups visit the Nursing Home and entertain the residents. Mr. Riehle replied that the Activity Director at the Nursing Home promotes community support.

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

Ms. Peggy Ann Milton, County Clerk, presented her Monthly Activity Report for the period ending April 31, 2009. She pointed out a correction on the report. Under the section "Take Notices," the 2008 YTD should be 658 and not 243.

Mr. Caisley commented on the increase in Marriage License Applications. Ms. Milton noted that there were 30 more applications this month than last year at this time.

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

Ms. Becky McNeil, County Treasurer, distributed a Summary of Tax Receipts through May 31, 2009 and a 2009 Balance Sheet Summary.

Chairman Owens asked Ms. McNeil if taxes are being posted all right. Ms. McNeil replied that things are going very well. She added that she had a file come in today for \$18 million for 11,000 parcels. Ms. McNeil stated that she did not prepare the regular monthly reports due to the commitment necessary to processing tax payments.

Ms. McNeil reviewed the Summary of Tax Receipts Report through May 2009. She indicated that the Treasurer's Office has been watching the tax revenue from the State of Illinois, Sales Tax, Income Tax, Local Use Tax and Personal Property Replacement Tax. Ms. McNeil pointed out the monthly comparison on the May 2009 revenue. The total between all of those categories is \$940,919.00. Ms. McNeil stated that the difference between the May 31, 2008 revenue of \$1,046,516.76 and the May 31, 2009 revenue of \$940,918.19 is \$105,598.57. The total budget for these revenue sources into the County General Fund is \$9,545,150.00, or \$795,429.16 per month. Ms. McNeil indicated that the budgeted revenue through May 31, 2009 is \$3,977,145.83 (this figure represents the monthly amount of \$795,249.16 x 5 months), which is where we would like to be right now. As of May 31, 2009 the actual number is \$3,888,614.02. Ms. McNeil noted that, when the receipts are compared to budget, we are under budget by 2%, or \$88,531.81. She added that, considering the current economic situation in 2009, this is not too bad.

Ms. McNeil reported that she was able to get a Property Tax Revenue distribution made before the end of May. She noted that this distribution prevented the necessity of using the interfund borrowing authority to borrow funds from the Nursing Home. Ms. McNeil pointed out that the County is very lucky to have the Nursing Home with its healthy balance.

Ms. McNeil indicated that three weeks into the tax collection cycle, only a little over 4% of the first installment was in. She noted that she distributed to the General Fund alone \$373,970.19. Overall the County received \$1,363,859.20 of its total levy of \$30,725,125.63. Ms. McNeil pointed out how quickly things are turning around for the processing in the Treasurer's Office. She indicated that they have gone from having only 4% of first installment a week ago to between 30% and 40% now. Ms. McNeil added that there will be a big push next week. She added that she was able to get a distribution out to the County and all of the other taxing bodies of the County. The total distribution was around \$11 million, and Unit 5 received about \$4.5 million of that amount.

Ms. McNeil reviewed the Balance Sheet Summary on the General Fund. As of the end of May, the Fund Balance was \$5,494,706.66. Ms. McNeil pointed out that last year at this time the Fund Balance was \$8,178,004.34. She stated that this is General Fund only. Ms. McNeil noted the following figures as of May 31, 2009:

- Cash & Investments: \$2,771,553.34;
- Receivables and Liabilities: \$11,776,011.27

Ms. McNeil advised that the Receivables and Liabilities are inflated because the Property Tax Receivable is included in this figure, as well as the Deferred Revenue. She noted that if the number is in the Receivable and in the Liability these amounts would wash out to even out that number. The General Fund alone is budgeting \$8,423,000.00 for the Property Tax money.

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

Mr. Robert Kahman, Supervisor of Assessments, thanked Ms. McNeil for getting the distributions out. He added that he received a note from some of the school superintendents congratulating him for his part in the tax distribution, but he noted that the accolades go to the Treasurer and Auditor offices.

Mr. Kahman reviewed the statistics for EAV by County. He noted that the statewide statistics for EAV by county, parcel count and EAV per parcel have been sorted based on the 2007 total EAV for all counties in the state. Mr. Kahman stated that these statistics help you see which counties are comparable to McLean County.

Mr. Kahman indicated that Cook, DuPage, Lake, Will, and McHenry counties are big counties with lots of value and lots of parcels. He noted that Hardin County has a 50% poverty level. Mr. Kahman stated that the Legislature is very concerned with transparency in assessing. He added that the Legislature wants equitable taxation, but, the reality is, Hardin County is worth about 1/3rd of what McLean County adds in any given year in new construction. Mr. Kahman pointed out that there is no "one size fits all" legislation that works in Illinois, because the counties are so different.

Mr. Kahman reported that McLean County ranks 12th in total EAV, 13th in number of parcels and 11th in EAV per parcel. He stated that McLean County has more EAV and total parcels than 88% of the county's in Illinois. Mr. Kahman noted that Champaign County is our best comparison county.

Mr. Kahman pointed out the following comparisons with McLean County:

- McLean County ranks 11, 13 and 12 in EAV/parcel, number of parcels and total EAV, respectively;
- Champaign County ranks 13, 12 and 11 in the same categories;
- Peoria County ranks 17, 11 and 13.

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

Mr. Terry Lindberg, County Administrator, advised that he brings two items for action to the Committee. The first item is a request for approval of the Fiscal Year 2008 Audit and Comprehensive Annual Financial Report.

Mr. Lindberg introduced Ms. Heidi Hobkirk, Senior Manager, McGladrey and Pullen, LLC. He acknowledged the work done by McGladrey and Pullen, but added that they could not do it without the assistance of Ms. McNeil, County Treasurer and Ms. Jackie Dozier, County Auditor. Mr. Lindberg specifically recognized Ms. Michelle Anderson, Financial Reporting Specialist, County Auditor's Office who has, for the last two years, prepared the Comprehensive Annual Financial Report (CAFR).

Ms. Hobkirk advised that McGladrey & Pullen audited the financial statements of McLean County for the year ended December 31, 2008 and issued their report dated May 15, 2009.

Ms. Hobkirk stated that she prepared a graphical presentation for review of the 2008 Comprehensive Annual Financial Report (CAFR). She noted that the first thing on the Agenda is "Auditor Communication," which she will discuss, as well as the December 31, 2008 financial performance, and the Audit letters and compliance report.

Ms. Hobkirk indicated that the letter covers the auditor's responsibilities under Professional Standards. She explained that this is where McGladrey and Pullen is communicating that they performed the audit in accordance to general accepted accounting principals generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; and the OMB Circular A-133, which is the guidance for the federal awards that McLean County receives throughout the year.

Ms. Hobkirk indicated that, under "Accounting Practices," the County implemented three new GASB standards, including:

- GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The adoption of this Statement to the County was to record a liability of approximately \$588,430.00 for the annual required contribution.
- GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The adoption of this Statement had no effect on the County.
- GASB 50, *Pension Disclosures, an amendment of GASB Nos. 25 and 27*. GASB streamlined the pension disclosures that all governments were using. The County had some minor modifications to their pension disclosures on the report, nothing significant and no additional liabilities.

Ms. Hobkirk referred to the "Management's Judgments and Significant Accounting Estimates" section. She noted that this is a required part of any financial statement. Ms. Hobkirk indicated that this area describes the significant accounting estimates reflected in the County's December 31, 2008 basic financial statements. The following comments were made by McGladrey Pullen, as follows:

- Area: Incurred But not Reported (IBNR) Liability for Worker's Compensation Self-Insurance. Comment: "We believe the estimates and processes used by the County are reasonable.
- Area: Depreciable Life and Salvage Value of Property and Equipment. Comment: "We believe the estimates and processes used by the County are reasonable.
- Area: Other Postemployment Benefits Assumptions. Comment: "We tested the information provided to the actuary. We believe the estimates and processes used by the County are reasonable."

Ms. Hobkirk reviewed the "Audit Adjustments," which are included under Appendix A. There are two types of Audit Adjustments, namely:

- Adjustments provided to the Outside Auditors by County employees, which are considered PBC's (Prepared by County entries);
- Adjustment entries that McGladrey & Pullen found through the audit process.

Ms. Hobkirk noted that there were five adjustment entries in the current year. One was a report reclassification because the County writes their own reports so that they can write the financial statements. Ms. Hobkirk indicated that the entries mainly relate to grant receivables and some deferred revenues due to the timing of the receipt of the monies.

Ms. Hobkirk stated that the last four items on the presentation include: Disagreement with management, Consultation with other accountants, Significant issues and Difficulties encountered in performing the audit. She advised that there were none in the current year.

Ms. Hobkirk reviewed the Revenues for all Governmental Funds, which does not include the Nursing Home Fund. She pointed out that the section "Other Taxes" increased due to a reclassification of the replacement tax monies that were put into this section compared to last year. In the prior year they were included in the "Intergovernmental" grouping, which will now show a decrease in that grouping. The "Licenses, Permits, Fees and Fines" decreased due to the wind turbine permits that were issued in 2007, along with a variety of other revenues that decreased in the current year. Ms. Hobkirk noted that the "Intergovernmental" section decrease is a result of the reclassification of the tax monies that were added to the "Other Taxes" section and about a \$575,000.00 decrease in the Illinois Department of Transportation monies received compared to the last year. She added that the County Motor Fuel Tax was also down about \$250,000.00 compared to the prior year.

Ms. Rackauskas asked why the Nursing Home audit is separate from the rest of the County audit. Ms. Hobkirk replied that the Nursing Home is separate because it is considered a proprietary fund, which is a fund that is there to pay for itself. The governmental funds must rely on taxes to help sustain them and pay for their expenditures. Ms. Hobkirk noted that the Nursing Home is considered a for-profit entity. Ms. Rackauskas asked if the Nursing Home is the only fund of this type in the County. Ms. Hobkirk replied that the Nursing Home is the only such fund.

Ms. Hobkirk reviewed the "Expenditures by Fund All Government Funds" page. She indicated that the "General Government" section increased by about \$2 million, noting that \$500,000.00 of this was related to the SHOW BUS expenditures in which the County received additional grant monies to offset those additional expenditures. It is a pass-through grant. In addition, there were larger general election expenditures due to the 2008 national election, increased premiums in health insurance, and the increased cost of inmates insurance.

Ms. Hobkirk noted that "Public Safety" increased about 8%, in part, due to salaries increasing 3% to 5%, and an increase in the amount of expenditures related to housing inmates out-of-county.

Ms. Hobkirk stated that the "Debt Service," which is the principle and interest payments made on the debt or lease, decreased this year due to the normal decrease of principle and interest payments. Also, the Series 1991 Bonds were paid off and a first time payment was made to the Series 2006 Bonds. The difference in those payments caused a decrease.

Ms. Hobkirk reviewed the "General Fund Balance, Unreserved, Undesignated (In Days)" page of the report. She stated that this is for the General Fund only. This is the money that the County has available to spend on anything as their reserve in their Fund Balance. Ms. Hobkirk explained that this is looked at by number of days. She pointed out that the number of days decreased from 128 days to 75 days. These days reflect the number of days that the County can meet General Fund expenditures without receiving any more revenues as of December 31, 2008. Ms. Hobkirk acknowledged that the Auditor's Office and Administrator's Office are aware of this decrease. She noted that the Fund Balance changes based on the revenues and expenditures being received every year.

Chairman Owens asked Mr. Lindberg if there is a set amount of days that the County needs to have in reserve. Mr. Lindberg replied that there are two forms of guidance in terms of where the unrestricted, undesignated fund balance should be. One guideline is that the amount ought to be at least 10% of the overall budget, which would be about \$8 million. The other guideline is that the County should have approximately 90 days worth

of spending in the General Fund. Mr. Lindberg advised that he will review the General Fund balance at the conclusion of Ms. Hobkirk's presentation. Ms. Hobkirk pointed out that the difference noted on the report is just one day in time. The figure in this report reflects where the County was on December 31, 2008. Today, the number of days could be different, as it fluctuates as additional revenues and expenditures occur.

Ms. Hobkirk reviewed the "McLean County Nursing Home – Balance Sheet." She noted that there was some fluctuation. Ms. Hobkirk indicated that the Cash and Investments at the Nursing Home are a very nice balance, and they increased by \$600,000.00 from December 31, 2007 to December 31, 2008. There was also an additional receivable from the General Fund due to the timing of monies that were put into a County account that needed to be transferred to the Nursing Home and, because of the time of the receipt, the transfer did not happen before year end.

Ms. Hobkirk reported that Nursing Home liabilities also increased. She explained that, due to the implementation of GASB 45, there was a \$60,000.00 "Other Postemployment Benefit Liability" posted to the Nursing Home, which was part of the increase. Also, there was an overpayment from the State of about \$300,000.00 that the County was required to pay back.

Ms. Hobkirk reviewed the "Nursing Home Operations." She indicated that this page shows the Revenues, Expenditures, the Non-operating revenues, Transfers and overall Net Income. For Fiscal Year 2008, the operating revenues decreased, mainly due to patient days being down. Ms. Hobkirk indicated that she looks at three areas for the audit, namely Public Aid, Private Pay and Medicare. On a per patient basis, there was not much fluctuation in the revenue, so the decrease was attributed to patient days being down compared to the prior year.

Ms. Hobkirk reported that the expenditures were up, due to salaries and insurance costs of the employees.

Ms. Hobkirk noted that the Non-operating revenues were mainly interest earnings of the Nursing Home.

Ms. Hobkirk reviewed the final page on the Report, which is the "Audit Letters and Compliance." She indicated that the first letter is the Control Deficiency Letter. A Control Deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not

always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Ms. Hobkirk stated that there were three Control Deficiencies, which were related to federal awards. She noted that these were what are considered the lowest level of deficiency, and observations and recommendations were made to the County.

Ms. Hobkirk reviewed the "Compliance Report," which was a separate bound report. This report includes the County's schedule of federal awards. This is the part of the report where the outside auditor uses the *OMB Circular Audit A-133*. Ms. Hobkirk stated that, included in this report, are the findings over the Financial Report and the Single Audit Report.

Ms. Hobkirk advised that there was one Significant Deficiency in Internal Control over Financial Reporting in the County Clerk's Office. Ms. Hobkirk reported that a temporary vacancy in the Chief Deputy County Clerk position during the two weeks prior to year end resulted in inadequate segregation of duties between the County Clerk, Chief Deputy County Clerk and Program Administrator positions.

Ms. Hobkirk indicated that there were two compliance findings over the Domestic Violence Grant. During the testing of expenditures for the Section 5311 Operating Assistance Grant, the outside auditor's noted that one employee's timecard did not contain the employee's signature as is required by OMB A-87. It was recommended that the grant coordinator review the employee's timecards for proper signatures. The second finding was regarding the backup documentation for a report submitted to the granting agency. Although the sub-recipient was aware of the award information, there was no documentation of this communication in writing. Ms. Hobkirk stated that they recommend that the County include the required information above in the agreements with the sub-recipients.

Ms. Hobkirk advised that these findings have been discussed with the departments and they were allowed to provide a response, which is also included in the findings.

Mr. Caisley noted that this is the second year in a row we have had the OMB problem, noting that last year it was in the State's Attorneys Office and this year it was in the Sheriff's Department. He noted that the federal government does not seem too concerned about cost accounting for an employee's time. Mr. Lindberg replied that we are aware of the problem, responded and have taken steps to correct the situation.

Mr. Caisley expressed concern regarding the segregation of duties in the County Clerk's Office. He stated that this is the third consecutive year that we have had such a report. Ms. Hobkirk responded that the County Clerk's Office corrected the finding from last year. However, when they segregated the duties there were three people involved and one of the individuals left the County and the position was not filled as of year end. Ms. Hobkirk noted that other individuals had to pick up that person's responsibilities. When they fill that position, the segregation will be in place again. Mr. Lindberg added that the situation occurred for only a very short time. He added that the County Clerk has developed a procedure whereby if she is in that position again, staffing wise, she knows what to do to make sure there is not even a short term exposure.

Mr. Caisley indicated that this is the same type of thing that caused \$45,000.00 in losses in the Court Services Department due to an employee embezzling funds five or six years ago. He stated that it is very important that these duties be segregated.

Mr. Lindberg reviewed the additional detail on the change in Fund Balance. He reminded the Committee of the graphic prepared by Ms. Hobkirk that shows that the County went from 128 days down to 75 days of funds available in the General Fund. Mr. Lindberg stated that the General Fund undesignated, unreserved fund balance as of December 31, 2007 was \$12,732,766.00, which provided 128 days of operating capability. He noted that 128 days was considered the high end of what was needed, and a decision was made to spend some of that money down so that it did not appear that the County was stockpiling money. Therefore, the Old Courthouse was identified as a project that could be done on a one-time basis. Mr. Lindberg reminded the Committee that the policy is to not spend the fund balance on on-going expenditures. He indicated that the project, approved by the Board, was \$1.75 million of that fund balance.

Mr. Lindberg noted that the Old Courthouse project was the "planned part" of spending down of excess funds. He stated that the unplanned part was that the County exceeded its budget by \$700,000.00 for out-of-county prisoner housing. Mr. Lindberg stated that, due to building code changes that were not reimbursed by insurance from the explosion at the Law and Justice Center, the County sustained an additional expense of \$578,000.00. He advised that approximately \$300,000.00 of that expense will be recovered from the Public Building Commission in 2009.

Mr. Lindberg indicated that the County has a number of State reimbursements that were expected and accrued for, and, because of the delay in receiving the State payments, it was necessary to use monies from the Fund Balance for that expense, which accounted for another \$600,000.00.

Mr. Lindberg stated that, going from the \$12.7 million to the \$8.4 million, the only portion of that amount that could be ascribed to General Budget variances was about \$700,000.00. He noted that we will not have a Courthouse project in future years. Mr. Lindberg added that, currently, out-of-county prisoner housing is down significantly. With the \$300,000.00 coming back on unreimbursed explosion costs and the savings on out-of-county prisoner housing, the Fund Balance will increase. The deferred revenue continues to be a difficult issue and no changes are expected. Mr. Lindberg advised that steps have been taken to reduce expenses within the County, steps have been taken to increase the revenue, and steps have been taken regarding encumbrances for major capital projects. Mr. Lindberg concluded that the Administrator's Office is addressing the Fund Balance issue, and working to bring the Fund Balance back up to the \$9-\$10 million range.

Ms. McNeil indicated that the Deferred Revenue from the State for the Probation Officers' salaries, Sheriff's training expense and the MDV Grant was deferred as of the end of the year because the receipts had not been received within 90 days. These funds are due to the County from the State of Illinois, and Ms. McNeil indicated that there is no reason to believe that the County will not receive these funds. Ms. McNeil noted that, currently, there are outstanding refunds due from the State for November and December 2008. She added that the \$600,000.00 is going to be restored to Fund Balance in 2009.

Mr. Lindberg advised that McLean County is probably in much better shape than many other Counties. However, the situation with the General Fund is being taken very seriously and steps are being taken to alleviate the problem.

Ms. Hobkirk thanked everyone for their help with this year's audit, particularly the Auditor and Treasurer offices.

Mr. Lindberg indicated that the paperwork has been submitted for the GFOA Certificate of Achievement Award. He noted that this will be the 24th year in a row the County will have received the award.

Chairman Owens asked if there were any additional questions or comments. Hearing none, he thanked Ms. Hobkirk.

Motion by O'Connor/Rackauskas to accept and place on file the Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2008 and the Single Audit Report for the Fiscal year Ended December 31, 2008.
Motion carried.

Mr. Lindberg presented a request for approval of an Ordinance for Prevailing Rate of Public Works Wages for McLean County. He noted that each year, typically in June, McLean County is required to adopt the prevailing rate of public works wages that governs any construction capital projects with which the County may be involved. Mr. Lindberg added that contractors that the County employs are required to pay the prevailing wage as set by the Illinois Department of Labor.

Motion by Moss/Butler to Recommend Approval of an Ordinance for Prevailing Rate of Public Works Wages for McLean County.
Motion carried.

Ms. Milton responded to the concerns regarding the segregation of duties in the County Clerk's Office. She indicated that she followed the policies and procedures put in place by the previous outside auditor. Ms. Milton stated that the new outside auditor was not satisfied with those policies. Therefore, new policies were put in place and were followed by the County Clerk's Office. Ms. Milton noted that, this year, there was a two-week vacancy when her Chief Deputy County Clerk resigned. She pointed out that this individual previously was an internal auditor in the Auditor's Office. Ms. Milton indicated that this individual advised her that there were exceptions to the rule, and, when an employee was out ill or on vacation, other employees can step in to do the work. She stated that the Auditor's Office volunteered to step in if there was a long-term absence, but, with a short-term (couple week) vacancy, the work could be done by other employees. The work would be checked by the absent employee upon their return.

Ms. Milton pointed out that she was not in violation three years in a row. Rather, the previous auditor recommended a policy, which was followed. The new auditor created a new policy, which was also followed. Ms. Milton concluded that the County Clerk's office was not in violation of anything other than the outside auditors changing their minds.

Chairman Owens pointed out that it is a standard procedure to change outside auditors every few years.

Ms. Milton noted that the County Auditor offered to balance the checkbook for the County Clerk's Office when they have long-term absences. She added that there are no inconsistencies in the County Clerk's Office and every penny is accounted for.

Chairman Owens presented the May 31, 2009 Finance Committee bills for review. The Finance Committee bills include a Pending Total of \$539,967.66 and Prepaid Total of \$617,913.73 for a Fund Total of \$1,157,881.39.

Motion by Caisley/Rackauskas to recommend approval of the Finance Committee bills as of May 31, 2009 as recommended by the County Auditor.
Motion carried.

The Nursing Home bills include a Prepaid Total of \$434,146.74 and a Fund Total that is the same.

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Motion by Butler/Moss to recommend approval of the Nursing Home bills as of May 31, 2009 as recommended by the County Auditor.
Motion carried.

Ms. O'Connor asked Mr. Lindberg what the County can expect from future salary negotiations in light of the tight budget. Mr. Lindberg replied that the Administrator's Office is currently in salary negotiations with one bargaining unit, which is in Mediation. He indicated that an update on the negotiations can be discussed at a future Executive Session.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the meeting at 5:08 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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