

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, September 3, 2008 at 7:30 a.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Vice Chairman Owens; Members Moss, Butler and Rackauskas

Members Absent: Member Clark

Other Members Present: None

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

Department Heads/
Elected Officials

Present: Mr. Lee Newcom, County Recorder; Mr. Phil Dick, Director, Building and Zoning; Mr. Don Lee, Director, Nursing Home; Ms. Jackie Dozier, County Auditor; Ms. Jennifer Ho, Risk Management

Others Present: Ms. Laura Dick, Executive Director, SHOWBUS; Ms. Carol Ash, Chief Deputy County Clerk

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

Vice Chairman Owens presented the minutes from the August 6, 2008 Finance Committee Meeting and the July 22, 2008 Stand-up Committee Meeting to the Committee for approval.

Motion by Butler/Rackauskas to approve the Minutes of the August 6, 2008 Committee Meeting and the July 22, 2008 Stand-up Committee Meeting.
Motion carried.

Mr. Lee Newcom, County Recorder, presented a request for approval of a Contract between McLean County and Cott Systems for Indexing of Documents and Redaction of Social Security Numbers.

Finance Committee
September 3, 2008
Page Two

Mr. Newcom reminded the Committee that this was discussed last month. He noted that the contract has been reviewed and approved by the State's Attorneys Office.

Motion by Rackauskas/Moss to Recommend approval of a Contract between McLean County and Cott Systems for Indexing of Documents and Redaction of Social Security Numbers.
Motion carried.

Mr. Newcom presented a request for approval of an Emergency Appropriation Ordinance Amending the Fiscal Year 2008 Combined Annual Appropriation and Budget Ordinance – Recorder's Document Storage Fund 0137, Recorder's Office.

Motion by Rackauskas/Butler to Recommend approval of an Emergency Appropriation Ordinance Amending the Fiscal Year 2008 Combined Annual Appropriation and Budget Ordinance – Recorder's Document Storage Fund 0137, Recorder's Office.
Motion carried.

Mr. Newcom commented that the Document Storage Fund was designed specifically for this type of expenditure. He expressed concern that this fund, over time, has been used, not for the purpose that it was legislatively designed, but as a payroll account to transfer monies to the General Ledger. Mr. Newcom stated that currently there are grave needs in the Recorder's Office for these funds.

Mr. Newcom expressed his belief that the Recorder's Office is a significant Department in the County. He stated that, because several past Recorders did not transmit to the Board the importance of the Office, the office languished and many projects remained undone. Mr. Newcom avowed that the records in the Recorder's Office must be brought up to the standards that should have been maintained over many decades.

Mr. Newcom advised that the project that was just approved is to index 75,000 documents that are not in the records. He added that there are an additional 20,000 documents that need to be indexed. Mr. Newcom reported that next year, based on the projected fund balance in the Document Storage Fund, those documents will not be able to be indexed. He also noted that there is microfilm in the office that is deteriorating due to a condition called vinegar syndrome.

Mr. Newcom indicated that the office must be converted to a digital system before all the film is lost.

Mr. Newcom stated that he has made tremendous strides in the Recorder's Office. He noted that all of the records from 1971 to current have been put on line so that searchers no longer have to look at microfilm. The goal for next year is to put everything on line from 1831 to 1971. Mr. Newcom advised that, as of now, that goal will not be met.

Mr. Newcom declared that there needs to be a discussion on the use of these special funds for purposes for which they were not intended. He noted that he sat on the Finance Committee when he was a member of the County Board when the decision was made to use the Document Storage Fund to pay salaries. At that time, there was a balance of close to a million dollars. Mr. Newcom pointed out that the funds were not being used. He advised that it is now time to use the funds for what they were specifically intended. Mr. Newcom stated that the Fund should have been weaned off its use as payroll last year and the year before and gradually taken down so that it would not have a major impact to the General Fund. Because that was not done, the Recorder's Office is taking a big hit this year.

Mr. Newcom expressed his hope that next year the Document Storage Fund can be used for what it was intended, including replacing the microfilm and rehabilitating the original deed books. He pointed out that these projects are going to be expensive. Mr. Newcom added that the \$3.00 per document fee is intended to protect the documents.

Ms. Rackauskas asked how much of the Document Storage Fund is being used for payroll. Mr. Newcom replied that this year it is three FTE's and next year it will be two FTE's.

Mr. Zeunik indicated that approximately \$100,000.00 has been taken out of the Document Storage Fund for payroll. He advised that the payroll expense is a small portion of the budget and adjustments have been made in the FY'2009 Recommended Budget to pull personnel expenses out of that Fund. Mr. Zeunik stated that the payroll expense is not the cause of the decreased Fund balance. He indicated that the large projects have taken the Fund balance down. Mr. Zeunik pointed out that the housing market has slowed down significantly. He noted that, as activity decreases, the amount of money coming into the Fund decreases. Mr. Zeunik stated that a large amount of money is being spent on necessary services, but we are spending at a rate greater than the revenue can replenish the Fund.

Mr. Zeunik indicated that it is important to recognize that it took many years for the fund balance to get to the level it was. At the rate it is being spent, it is not possible to replenish a \$600,000.00 fund balance by simply pulling personnel expenses out of the Fund.

Mr. Newcom disagreed with Mr. Zeunik's assessment of the situation. He stated that the Fund has been drawn down by major projects, but over \$100,000.00 was spent on payroll, which is a lot of money that is legislatively earmarked for the specific purpose of the projects in the Recorder's Office. Mr. Newcom indicated that these are major projects that are incredibly expensive. He noted that the projects are expensive because they have been neglected for many decades. Mr. Newcom stated that the Recorder's statute dictates that the County Board will pay for the operations of each of our County Offices. When that money is taken out of a fund like this one and used for a General Fund purpose, such as payroll, it is spending money out of the account. Mr. Newcom agreed that it will take many years to replenish the fund if it is used for payroll. He indicated that if the monies are left alone for the purposes for which they were intended, it will not take years to build it back up. Every couple of years it is possible to accomplish the major purposes for which the Fund is intended.

Mr. Newcom pointed out that there will come a point, in several years, when this expense will diminish once the projects are completed. He reiterated that the needs of the Office are competing with payroll in this fund. Mr. Newcom noted that payroll funds are being drawn down next year because the money will not be in the Document Storage Fund to fund payroll.

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

Mr. Phil Dick, Director, Building and Zoning, presented a request for approval of a County Board Resolution authorizing acceptance of 2009 Downstate Operating Assistance Grant No. OP-09-33-IL, Contract Number 3823 with the State of Illinois. He explained that this specifically authorizes this particular contract number with the Illinois Department of Transportation. He noted that the contract that is attached does not require approval by the County Board because the Resolution authorizes the approval of the contract. Mr. Dick advised that this is an interim contract and could conceivably be changed as the Governor's Office has not clarified exactly how much money each of the Counties would receive.

Ms. Rackauskas asked what is the difference between this Resolution and what was approved a couple of months ago. Ms. Laura Dick, Executive Director, SHOWBUS, replied that two months ago the Board approved an application that included the Downstate Operating Assistance Fund. She noted that once the application is approved for the Federal money, it is not necessary to come back again. With the State money, the application must first be approved and then the actual acceptance of the contract needs to be approved.

Motion by Moss/Rackauskas to Recommend approval of a County Board Resolution Authorizing acceptance of 2009 Downstate Operating Assistance Grant No. OP-09-33-IL, Contract Number 3823 with the State of Illinois.

Motion carried.

Mr. Dick presented a request for approval of the Downstate Public Transportation Operating Assistance Grant Agreement between the State of Illinois Department of Transportation Division of Public and Intermodal Transportation and McLean County.

Motion by Butler/Rackauskas to Recommend approval the Downstate Public Transportation Operating Assistance Grant Agreement between the State of Illinois Department of Transportation Division of Public and Intermodal Transportation and McLean County.

Motion carried.

Vice Chairman Owens asked if there were any additional questions. Hearing none, he thanked Mr. Dick.

Mr. Don Lee, Director, Nursing Home, presented his Monthly Report, noting that the census has come up a little bit. He stated that the Financial Report looks good for the month of July.

Mr. Lee advised that the roof replacement at the Nursing Home has begun and is expected to be completed by October.

Mr. Lee stated that he will be bringing an item to the Property Committee next month for the initial phase of replacing the nurse call system in the facility. He pointed out that the current call system is the original system and it is becoming

difficult to get parts for the system. Mr. Lee advised that the replacement will be done in two phases, with the first phase this year. He noted that, once a contractor is selected, this will dictate the firm for the second phase of the project. Mr. Lee explained that it was necessary to do the project in phases so that the system can be evaluated.

Ms. Rackauskas asked if the Nursing Home experienced any falls that resulted in deaths in the last year. Mr. Lee replied that there are deaths in the Nursing Home and many of the residents fall, but none of the residents have died as a result of a fall.

Vice Chairman Owens asked if there were any additional questions. Hearing none, he thanked Mr. Lee.

Ms. Jackie Dozier, County Auditor, County Auditor's Office, presented an internal audit report on the Recorder's Office. She noted that the Internal Controls established by the Recorder's Office state that the day's activity for fees collected are to be deposited the next business day to the Treasurer's Office. Ms. Dozier stated that the audit showed that the deposits were not being made daily. She noted that the County Recorder has continued to fail to make the daily deposits despite his acknowledgement of and agreement with the audit. Ms. Dozier stated that, when the audit was completed, there was approximately five days worth of checks and cash that had not been deposited. Ms. Dozier advised that additional audits will be made.

Ms. Rackauskas asked if Mr. Newcom has addressed this issue. Mr. Zeunik noted that Mr. Newcom provided a response to the audit, which is on page 41 of the Packet. He indicated that Ms. Dozier plans to deal with the issue by auditing that office more often. Mr. Zeunik stated that it is not only an issue of internal control, but it is also the fact that the money does not earn interest while it is sitting on his desk and the cash could potentially be stolen.

Vice Chairman Owens pointed out that the Finance Committee will be apprised when an internal audit is conducted. He noted that if the situation continues, the Finance Committee will consider further action.

Mr. Butler suggested that the Finance Committee discuss this situation with Mr. Newcom next month. Vice Chairman Owens recommended that another audit be conducted next month. Ms. Dozier indicated that she can provide a report to the Committee next month on whether or not the deposits have been made daily.

Ms. Rackauskas expressed concern that this is a simple standard procedure that is not being followed.

Mr. Zeunik noted that the Treasurer's Office keeps track of what offices turn in deposits on a daily basis.

Vice Chairman Owens asked if the delayed deposits occur with the Office as a whole or only when Mr. Newcom makes the deposit. Ms. Dozier replied that when Mr. Newcom's assistant makes the deposits, they are done daily. The deposits are only late when Mr. Newcom is responsible for the deposits.

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

Ms. Carol Ash, Chief Deputy County Clerk, reviewed a revised Monthly Activity Report for June 2008. She noted that the numbers presented last month for 2007 were year to date and not through the six-month period.

Vice Chairman Owens asked if there were any questions. Hearing none, he thanked Ms. Ash.

Vice Chairman Owens presented the Assessment Status Report as provided by Mr. Robert Kahman, Supervisor of Assessments. He asked if there were any questions. There were none.

Ms. Jennifer Ho, Risk Management, recommended that MAXIMUS, Inc., with CBIZ as an alternate option, be the selected firms to perform a physical appraisal of County properties. This would be subject to the finalization of a contract, which will be presented to the Committee for approval at its stand-up meeting at the September 16th County Board meeting.

Ms. Ho reported that the County sought proposals to perform a physical appraisal of its structures and contents since its last physical appraisal was 15 years ago. She noted that, during that interim, the County acquired additional buildings and added new buildings, such as the purchase of the Government Center, the Hundman Building and MetCom. The RFP also provided the opportunity to collect all relevant property and contents information in a format for underwriting purposes in order to determine the County's insurable values. Ms. Ho indicated that a total of six proposals were received. She stated that the evaluation of proposals was based on overall project and 5-year costs, reference checks and completeness of the appraisal reports.

Ms. Ho advised that, since negotiations on terms has not been completed, a finalized contract with both firms is not available at this time.

Ms. Ho reported that the contract will be for five years to perform and trend the County's property appraisals. She noted that proposals from both firms are competitive and comparable, with MAXIMUS having a slight edge in terms of overall five-year costs, references, report format and ease of providing annual data for updates in MS Excel format, which is compliant with our current system. Appraisers will be onsite to walk through and perform a physical appraisal of structures and contents and then use a proprietary modeling program for trending and finalizing the insurable values.

Ms. Ho referred to the matrix provided on page 45 of the packet. She noted that the matrix includes information on the six proposals, including project costs and references.

Ms. Rackauskas asked when will the appraisal begin. Ms. Ho replied that the appraisal will begin a week following approval by the County Board and will be completed December 15th. She stated that the physical on-site appraisal time is only a couple of months; the rest of the five-year period is devoted to "desktop trending," which is a software system that generates values and market values.

Vice Chairman Owens asked if there were any additional questions. Hearing none, he thanked Ms. Ho.

Mr. John Zeunik, County Administrator, reviewed the report on the Assist First-Time Home Buyer Down Payment program. He noted that the report shows the list of properties that have been purchased through the program, including the average loan amount. Mr. Zeunik advised that the Board voted to participate in the next program. He stated that, at this time, we are still waiting for the Governor's Office of Management and Budget to release the allocation so that the lead underwriters can put together the State-wide bond issue to generate the funds that are used to make these loans.

Mr. Zeunik pointed out that the program continues to draw interest in McLean County and purchasers continue to take advantage of the program working through local financial institutions in the County.

Ms. Rackauskas asked how do first-time home buyers learn of this program. Mr. Zeunik replied that home buyers can learn of this program through local financial institutions and through the County Administrator's Office. He noted that National City is the lead bank for the program in the State.

Mr. Zeunik advised that the requirements to obtain a loan under this program include the purchase price of a new home or the purchase price of an existing home and the fact that you must be a first-time home buyer. Vice Chairman Owens added that local realtors are aware of this program. He noted that his realtor recommended that he take advantage of the program when he purchased his first home.

Ms. Rackauskas asked if the program can be used with other incentives. Mr. Zeunik replied that this program is strictly a fixed rate mortgage interest program. He indicated that he does not believe it restricts the borrower from using other incentives.

Mr. Butler asked how many years are represented on the list of 249 first-time home buyers. Mr. Zeunik replied that these loans all originated in 2008.

Vice Chairman Owens advised that if you sell the house in a certain number of years, a portion of the down payment must be returned to the State. He noted that his home has a ten year penalty clause.

Mr. Zeunik stated that there are a number of different incentives that can be made available to the borrower depending upon their needs, including a lower interest rate, which is based on the sale of tax exempt bonds. He noted that there are also funds available to waive the application cost, waive the closing cost, and provide monies to assist with up-front costs a borrower might incur.

Vice Chairman Owens asked if there were any additional questions. Hearing none, he thanked Mr. Zeunik.

Vice Chairman Owens advised that the Treasurer's Report will be provided at a Stand-up meeting preceding the County Board meeting on September 16th.

Mr. Moss asked if there was a reason Mr. Kahman did not attend the meetings. Mr. Zeunik replied that he will let Mr. Kahman know that his presence would be appreciated.

Vice Chairman Owens reminded the Committee that the next couple of months will be very busy with budget responsibilities.

Vice Chairman Owens presented the August 31, 2008 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Fund Total of \$812,938.15 and a Prepaid Total that is the same.

Motion by Moss/Butler to recommend approval of the Finance Committee bills and the transfer as of August 31, 2008 as recommended by the County Auditor.
Motion carried.

The Nursing Home bills include a Fund Total of \$417,123.06 with a Prepaid Total the same.

Finance Committee
September 3, 2008
Page Eleven

Motion by Rackauskas/Moss to recommend approval of the Nursing Home bills as of August 31, 2008 as recommended by the County Auditor.
Motion carried.

There being nothing further to come before the Committee at this time, Vice Chairman Owens adjourned the meeting at 8:22 a.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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