

## **Minutes of the Finance Committee**

The Finance Committee of the McLean County Board met on Wednesday, February 6, 2008 at 7:30 a.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

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

Members Absent: Member Owens

Other Members Present: None

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

Department Heads/  
Elected Officials

Present: Mr. Don Lee, Director, Nursing Home; Ms. Jackie Dozier, County Auditor; Ms. Becky McNeil, County Treasurer

Others Present: Ms. Carol Ash, Internal Auditor, County Auditor's Office; Ms. Michelle Anderson, Financial Reporting Specialist, County Auditor's Office

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

Chairman Selzer presented the minutes from the January 2, 2008 Finance Committee Meeting to the Committee for approval. Hearing no corrections to those minutes, Chairman Selzer advised that the minutes would stand approved as presented.

Mr. Don Lee, Director, Nursing Home, presented his Monthly Report, noting that there is nothing significant on the report. He stated that the Financial Report for December is not the final report, as adjustments will be made to reflect year-end changes.

Chairman Selzer asked what is the financial status of the Nursing Home at 2007 year-end. Mr. Lee replied that there is a positive balance of \$1,323,651.00. Chairman Selzer asked what is the total balance of the Nursing Home, since it is an Enterprise Fund. Mr. Lee replied that he does not know that figure. Chairman Selzer indicated that he was curious because he wondered if there would be enough funds to assist should there be a potential need for a

long-term building plan. Mr. Zeunik replied that it would depend on the extent of a building plan.

Mr. Butler noted if the Nursing Home earns approximately 5% interest on its funds, then that would mean that there is about \$6 million in the Nursing Home's fund balance.

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

Chairman Selzer presented the County Recorder's Monthly General Report as submitted by Mr. Lee Newcom, County Recorder. He asked if there were any question. There were none.

Ms. Jackie Dozier, County Auditor, presented a request for approval of an Ordinance of the McLean County Board amending the 2008 Combined Annual Budget and Appropriation Ordinance to Re-appropriate the Unliquidated Encumbrances of the Prior Fiscal Year 2007 Budget in the amount of \$3,215,868.94. Ms. Dozier advised that this is an annual presentation for the purchase order carryovers. Chairman Selzer added that these are all of the purchase orders from last year that were not paid in 2007 and will be carried forward in 2008.

Motion by Rackauskas/Clark to Recommend Approval  
of an Ordinance of the McLean County Board  
amending the 2008 Combined Annual Budget and  
Appropriation Ordinance to Reappropriate the  
Unliquidated Encumbrances of the Prior Year.  
Motion carried.

Ms. Carol Ash, Internal Auditor, County Auditor's Office, presented, as requested by the Committee, an audit of the Sheriff's Donation Fund. She advised that a line item audit was conducted on January 4, 2008 on the Sheriff's Donation Fund. The audit was conducted to ensure that the fund is being used appropriately and to find out the history of the fund.

Ms. Ash reported that the fund was established in January 2002. She noted that the fund was not being used appropriately, noting that numerous deposits were made to the fund that should not have been classified as donations. Ms. Ash recommended that a general grant revenue line item be created for any miscellaneous grants that may be obtained in the future. She proposed that

copies of all donation checks and associated expenses be kept by the Sheriff's Accounting Specialist, with a copy also kept in the Auditor's Office.

Ms. Dozier advised that grant income should be recognized as grant income revenue in a different line than donations.

Mr. Moss pointed out that there should not have been as much money going into the Sheriff's Donation Fund as there has been. Ms. Ash concurred, noting that Sheriff Emery is aware of this issue.

Ms. Ash reviewed a Summary Report on the financial status of the McLean County Law Library. She indicated that the Law Library now has a positive balance of \$14,000.00. Chairman Selzer asked if the Bar Association is current in its payment. Ms. Ash replied that they are current with their \$1,800.00 fee payment.

Chairman Selzer asked if there were any other questions, Hearing none he thanked Ms. Dozier and Ms. Ash.

Chairman Selzer presented a request for approval of an extension of the Agreement for brokerage services with Wells Fargo Insurance Services/Acordia as submitted by Ms. Jennifer Ho, Risk Management.

Mr. Zeunik explained that each year the County's Self Insurance Risk Management Program is received and proposals are considered by the Risk Manager. He indicated that the County's insurance coverage is a March 1 to February 28 year rather than a calendar year, which is why the requests come in February. Mr. Zeunik advised that the first one is the Brokerage Agreement with Wells Fargo Insurance Services, formerly Acordia. He noted that the individuals and brokers that we have worked with in the past remain the same. Mr. Zeunik stated that the Agreement is unchanged for the next year.

Mr. Zeunik advised that the second item is the insurance coverage lines for next year. He pointed out that there is a summary memo on Page 22 of the packet that outlines the recommended coverages and the pricing. Mr. Zeunik indicated that there is no change in the carriers. He stated that the actual cost for the lines of insurance will come in below what was estimated when the Fiscal Year 2008 budget was prepared. Mr. Zeunik noted that we had estimated a cost of \$485,895.00 and the actual cost is \$461,505.00. He indicated that there is no decrease in the lines of coverage. In fact, there is actually more value being covered under the Property Insurance Policy, which remains with the Chubb Insurance Company.

Mr. Zeunik stated that there is no change in legal services. Costigan and Wollrab, P.C. is the outside counsel that handles most of the civil liability and civil rights cases. Heyl, Royster, Voelker & Allen is the law firm that handles worker's compensation cases. Mr. Zeunik advised that the proposed fees remain the same going into this year.

Ms. Rackauskas asked for clarification on Ms. Ho's memorandum on Page 14 of the Agenda Packet, second paragraph, third line, namely "...coverage is netted out of the \$30,000 fees for 2007, resulting in a net payable of \$24,896 from \$25,393 for 2006." Mr. Zeunik replied that insurance for the Nursing Home is the most difficult insurance to obtain. The carrier that underwrites the County's General Liability Policy is not currently writing nursing home coverage. He explained that the policy referred to, where it states "... due to the fact that the Healthcap insurance program is based on commission only..." is specific to the Nursing Home. Mr. Zeunik indicated that the \$30,000.00 in fees includes the commission to the broker on the Healthcap policy.

Ms. Rackauskas asked if the \$30,000.00 is the broker's commission. Mr. Zeunik replied that the broker's commission is the difference between the \$24,896.00 and the \$30,000.00, which is approximately \$5,000.00. Ms. Rackauskas asked what does "\$24,896 from \$25,393" mean. Mr. Zeunik replied that this means that we are paying less in brokerage fees this year than last year. He explained that the commission to be paid on all of the other lines of insurance is \$24,896.00 and last year it was \$25,393.00. Ms. Rackauskas pointed out that the wording in the memorandum was confusing.

Motion by Moss/Rackauskas to Recommend Approval  
of an Extension of Agreement for Brokerage Services  
with Wells Fargo Insurance Services/Acordia.  
Motion carried.

Chairman Selzer asked for a motion to recommend approval of the Insurance Program.

Motion by Clark/Butler to Recommend Approval of the  
proposed Insurance Program for Fiscal Year 2008.  
Motion carried.

Chairman Selzer presented the Fourth Quarter Risk Management Fund Report as submitted by Ms. Ho. He asked if there were any question. There were none.

Mr. John Zeunik, County Administrator, advised that the first four action items, namely F.1)a) b) c) and d) are routine items that are brought to the Finance Committee each February. He pointed out that there are several County funds that are dependent upon Property Tax Revenues, revenues which are not received until late May or early June. As a result, it is necessary to transfer money to these County Funds from other County Funds so that these Funds can continue to operate from January 1 through the end of May. Mr. Zeunik indicated that there are three Ordinances and one Resolution which authorizes the County Treasurer to move money between funds, as follows:

- Request for approval of an Ordinance transferring monies from the County General Fund 0001 to the F.I.C.A./Social Security Fund 0130 and the I.M.R.F. Fund 0131 for Fiscal Year 2008.
- Request for approval of a Resolution transferring monies from the Working Cash Fund 0002 to the Children's Advocacy Center Fund 0129 and the Tort Judgment Fund 0134, Fiscal Year 2008.

Mr. Zeunik explained that the Working Cash Fund was established in the mid-1980's. Under Illinois Law, Counties can levy a tax for four consecutive years to establish a Working Cash Fund. Once the County has levied for the Working Cash Fund for four consecutive years, the County is not able to levy again. Mr. Zeunik stated that the Working Cash Fund is then fixed at whatever that amount is. The Working Cash Fund can only be used to loan money to other funds and those funds must be paid back to the Working Cash Fund.

- Request for approval of an Ordinance transferring monies from the Health Department Fund 0112 to the Persons with Developmental Disabilities Fund 0110, Fiscal Year 2008.

Mr. Zeunik indicated that within the Health Department, there is only one fund that is projected to run a deficit during the first five months of the year, namely the Persons with Developmental Disabilities Fund. He noted that the Health Department Fund will have sufficient dollars to cover that deficit. Mr. Zeunik advised that the Health Department Fund is one of the few Funds in County Government where a large proportion of their revenue comes from fees provided for services, so they are not as dependent upon Property Tax Revenue as other funds.

- Request for approval of an Ordinance transferring monies from the Bridge Matching Fund 0121 to the County Matching Fund 0122, Fiscal Year 2008.

Mr. Zeunik explained that, among the three Highway Funds that are Property Tax supported, the projection is that the County Matching Fund will incur a deficit during the first five months and the Bridge Matching Fund will have sufficient dollars to cover the deficit.

Mr. Zeunik referred to the Excel Spread Sheet on Page 28 of the packet, which shows the cash balances in the various funds as of December 31, 2007 and the actual revenue that was received last year through May 31, 2007. He advised that we take a very conservative approach to estimate revenue. Generally, the revenue to be received is under-estimated. Mr. Zeunik stated that the total revenue is the cash balance plus the estimated revenue. He indicated that the actual expenses through May 31, 2007 are projected to increase. The Health Department and the Highway Department provide estimates for those funds and the Administrator's Office provides an estimate for the other funds. Mr. Zeunik noted that we tend to be more liberal on the expense side to develop a "worst case" scenario and then show the balances that are expected on May 31, 2008, which are then available to be loaned to the other funds to cover the County cash flow through May 31, 2008.

Mr. Zeunik pointed out that the Working Cash Balance is at the lower left hand corner of the Excel Spread Sheet, which is \$742,423.00. He noted that this amount is the same from year to year.

Chairman Selzer asked for a motion to recommend approval of 3.F.1)a), b), c) and d), namely:

Motion by Butler/Rackauskas to Recommend Approval of an Ordinance Transferring Monies from the County General Fund 0001 to the F.I.C.A./Social Security Fund 0130 and the I.M.R.F. Fund 0131, Fiscal Year 2008;  
Recommend Approval of a Resolution Transferring Monies from the Working Cash Fund 0002 to the Children's Advocacy Center Fund 0129 and the Tort Judgment Fund 0135, Fiscal Year 2008;  
Recommend Approval of an Ordinance Transferring Monies from the Health Department Fund 0112 to the Persons with Developmental Disabilities Fund 0110, Fiscal Year 2008; and  
Recommend Approval of an Ordinance Transferring Monies from the Bridge Matching Fund 0121 to the County Matching Fund 0122, Fiscal Year 2008.

Ms. Rackauskas asked how the figure was reached for the Working Cash Fund. Mr. Zeunik explained that, in the mid-1980's, the County levied to create a Working Cash Fund. Under Illinois Law there is a maximum rate that can be levied for Working Cash. Mr. Zeunik noted that the levy can be done for four consecutive years. He stated that, between 1983-1987, the County levied for Working Cash at the maximum rate. The total of the amount collected, over that four year period, is what is in the fund. Chairman Selzer asked what happens with the interest on this money. Mr. Zeunik replied that it goes to the General Fund and does not accrue to the Working Cash Fund. He advised that schools are allowed to continue to levy for Working Cash each year. Mr. Zeunik stated that if the County were able to levy for Working Cash today, the amount in the Fund would be much higher as the County's Equalized Assessed Value is much greater today than in the 1980's.

Chairman Selzer asked for a vote on the Motion.

Motion carried.

Ms. Becky McNeil, County Treasurer, reviewed her Financial Reports for the period ending January 31, 2008, as distributed. She noted that it is difficult to do much comparing this early in the year.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending January 31, 2008, as follows:

- Retailers Occupation Tax Revenue Year to Date is \$488,765.09, which is 9.09% above last year and 8.28% of budget.
- State Income Tax Revenue is \$151,564.00, which is 11.29% above last year and 8.19% of budget.
- Personal Property Replacement Tax Revenue is \$238,161.33, which is 21.90% above last year and 14.09% of budget.

Ms. McNeil reviewed the Treasurer's Investment Report, noting that the new rates are coming in at the 3% range as compared to 4% in December and November. She advised that she did get one rate of 4.25% on \$90,000.00 CD in January. Ms. McNeil pointed out that the County is fortunate to have most of the CD's invested at rates just above or below 5%.

Ms. McNeil reviewed the Cash and Investment by Fund Report. She advised that, as of January 31, 2008, this report balances back to the Treasurer's Investment Report of \$31,801,520.07.

Ms. McNeil pointed out that she has included November 2007 and January 2008 Fund balances so that you see how the cash balances are dropping. These figures demonstrate why interfund borrowing is necessary.

Ms. McNeil recapped the Statement of Revenues, Expenditures and Fund Balance for the General Fund as of December 31, 2007, as follows:

- The total Revenue as of December 31, 2007 was \$31,319,303.82, which is 104.08% of budget;
- Expenditures are \$30,191,631.33, which was 100.33% of budget;
- The Fund Balance as of December 31, 2007 was \$11,952,204.81.

Chairman Selzer commended the Department Heads for keeping expenses at 100.33% and for estimating the revenue so well.

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

Motion by Moss/Clark to Recommend the Finance Committee go into Executive Session at 8:00 a.m. to discuss Collective Bargaining with the Committee Members and the Administrator's Office Staff.  
Motion carried.

Motion by Butler/Clark to recommend the Finance Committee return to Open Session at 8:22 a.m.  
Motion carried.

Chairman Selzer presented a request for approval of a Collective Bargaining Agreement by and between the McLean County Board and the McLean County Sheriff and the Illinois Fraternal Order of Police Labor Council representing FOP Lodge No. 176, for the period 2007-2009.

Motion by Moss/Rackauskas to recommend Approval of a Collective Bargaining Agreement by and between the McLean County Board and the McLean County Sheriff and the Illinois Fraternal Order of Police Labor Council Representing FOP Lodge No. 176, for the period 2007-2009.  
Motion carried.



Mr. Zeunik announced that, once again, the McLean County Comprehensive Annual Financial Report for FY'2006 qualifies for a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the 22nd consecutive year. Mr. Zeunik advised that it gets more and more difficult to meet the requirements for the Certificate because every year the Governmental Accounting Standards Board (GASB) adds more and more requirements. He noted that the GASB 34 requirements were implemented five years ago. The County is preparing to implement the GASB 45 and GASB 44 requirements. Mr. Zeunik stated that this last report implemented all of the GASB changes in terms of the statistical sections. He indicated that this increases the burden and the responsibility on the Treasurer's Office and the Auditor's Office to meet all of the requirements in order to meet the level for the certification.

Mr. Zeunik stated that Ms. Becky McNeil, County Treasurer and Ms. Jackie Dozier, County Auditor, deserve credit and commendation for their hard work.

Mr. Moss asked if it would be appropriate to do some kind of formal recognition to congratulate Ms. McNeil and Ms. Dozier. Chairman Selzer stated that a presentation will be made at the Board Meeting.

Chairman Selzer presented the final December 31, 2007 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$265,341.65 and a Fund Total that is the same. The Nursing Home Fund Total is \$292,313.43 with the Prepaid Total the same.

Chairman Selzer also presented the January 31, 2008 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Fund Total of \$722,253.09 with a Prepaid Total the same and the Nursing Home Fund Total is \$459,407.43 with a Prepaid Total the same.

Finance Committee  
February 6, 2008  
Page Ten

Finance Committee  
February 6, 2008  
Page Eleven

Motion by Rackauskas Butler to recommend approval of the Finance Committee bills as of December 31, 2007 and the bills as of January 31, 2008 as recommended by the County Auditor.  
Motion carried.

There being nothing further to come before the Committee at this time, Chairman Selzer adjourned the meeting at 8:25 a.m.

Respectfully Submitted,

Judith A. LaCasse  
Recording Secretary

E:\Ann\Minutes\Finance\Fin\_February.08