

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, August 5, 2003 at 4:00 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, IL 61701.

Members Present: Chairman Sorensen, Members Berglund, Moss, Kinzinger and Selzer

Members Absent: Member Nuckolls

Staff Present: Mr. John Zeunik, Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wherry, Human Resources Assistant; Ms. Christine Northcutt, County Administrator's Assistant

Elected Officials/
Department Heads: Mr. Don Lee, Director, Nursing Home; Mr. Bob Keller, Director, Health Department; Ms. Becky McNeil, County Treasurer; Mr. Derick Love and Mr. Jamie Kessinger, Sheriff's Department; Ms. Jennifer Ho, Risk Management; Ms. Tara Soldan and Ms. Amanda Thorson, County Administrator's Interns

Others Present: None

Chairman Sorensen called the meeting to order at 4:07 p.m.

With the Committee's concurrence, the minutes of the July 1, 2003 Finance Committee meeting were accepted and placed on file as presented.

Chairman Sorensen stated the first item on the agenda is the Treasurer's Reports. Ms. Becky McNeil, County Treasurer, stated that the Committee has received the standard monthly reports. The General Pooled Investment Report shows how interest rates are fluctuating and how rates are still very low. There were four CD's that came due in July. Ms. McNeil stated that she cashed two and she rolled two over because they were low dollar amounts. She reminded the Committee that the Treasurer's Office tries to invest County funds with all of the banks which collect property taxes for the County. That is a tremendous expense which they take on and it is appreciated. Currently, State Farm Bank's money market rate is the highest at 1.65%. The County has a significant amount of money in that account but, investments have to be spread around to various banking facilities.

The next report is the General Fund Balance Sheet Summary. The fund balance is around \$4.1 million. It is slightly higher than last year. The first installment of property taxes was higher than last year. The Cash and Investments balance is \$2.6 million. There is \$2.5 million in receivables. Ms. McNeil stated that as a side note, the State of Illinois is current on all receivables, except for the State's Attorney's Office Title IV-D

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program. Ms. McNeil stated that she understands that there has been some turnover in that area and they are working right now to bring that current. The State owes for February through June which is around \$120,000.00. Those receivables do not go General Fund. But, the receivables are still outstanding. Chairman Sorensen asked if the Nursing Home's reimbursement is now current. Mr. Don Lee stated that the State of Illinois has paid the Nursing Home through the month of April. The next report is the Summary of the Retailer's Occupational Tax (ROT), State Income and Personal Property Replacement Tax (PPRT). Ms. McNeil stated that the County is right on target for the year. The PPRT number is skewed because the County has received five of nine payments thus far this year. The next report is the General Fund Summary of Revenue, Expenditures and Fund Balance. Currently, revenues are at 54.95%. Expenses are at 53.54%. Expenses are down by almost a million dollars as compared to last year. Ms. McNeil stated that she would check as to why that is and report next month.

Motion by Berglund/Kinzinger to accept and place on file the County Treasurer's Statement of Revenue, Expenditure and Fund Balance Report, as of July 31, 2003 and the Treasurer's Investment Report.
Motion carried.

Ms. McNeil stated that she has distributed to the Committee the Investment Policy of McLean County. The Treasurer's Office has always had an Investment Policy, but since being appointed, Ms. McNeil felt that she needed to review it and approve it under her name. The scope of the policy insures that County invested funds are safe, liquid and that the County is receiving the highest possible return on those funds without jeopardizing the liquidity or the safety of those funds. Chairman Sorensen asked Ms. McNeil if she had made any substantial changes to the policy. Ms. McNeil replied that she did not. She stated that she changed the collateralization to 110% to insure that the base that the County has invested plus all of its interest earnings will be collateralized. The Committee had no further questions for Ms. McNeil at this time.

Mr. Bob Keller, Director, Health Department, stated that he has two Budget Amendments and an FTE Amendment. Both are associated with grants. The first is a grant from the Illinois Department of Public Health (IDPH) for directly observed therapy. As indicated in the narrative, McLean County has had an upsurge in the number of individuals on directly observed therapy. Directly observed therapy is for individuals that are not necessarily compliant with their treatment. The objective from a public health standpoint is to insure that they are not infectious and do not infect others. This grant is to provide the Health Department with some resources, not only in the form of staff, but also testing resources to follow these clients more aggressively. If they do not

complete their conventional therapy, they may become Multi-Drug Resistant (MDR). Treatment for these individuals is much less effective. This is a \$10,000.00 grant. The other grant is a \$13,305.00 for West Nile. This is a result of a \$0.50 fee placed on the sale of tires. The majority of these grant funds will be used to work with municipalities to apply larval insecticide for mosquitoes. The Health Department will also provide the municipalities with sub-grants to help with their expenses with mosquito control. Mr. Keller stated that both of these grants terminate on December 31, 2003. Chairman Sorensen stated that the first two items pertaining to communicable disease could be approved together and the West Nile Virus item should be approved separately.

Motion by Kinzinger/Berglund to recommend approval of Resolution amending FY 2003 Full Time Equivalent Position Resolution associated with an Ordinance to amend the FY 2003 McLean County Appropriation and Budget Ordinance for Fund 0107 and of an Ordinance Amending the 2003 Combined Appropriation and Budget Ordinance for Fund 0107 – AIDS/Communicable Disease Prevention. Motion carried.

Motion by Berglund/Kinzinger to recommend approval of an Ordinance Amending the 2003 Combined Appropriation and Budget Ordinance for Fund 0107 – West Nile Virus. Motion carried.

Mr. Don Lee, Director, Nursing Home, stated that the month of June ended with a positive balance. During that period, the census was holding steady around 140-141. It looks like that will be the case for July. The Medicare census has dropped almost in half of what the June total was. That will have an affect on the July report. There were no questions for Mr. Lee.

Ms. Jennifer Ho, Director, Risk Management, presented the second quarter report. Ms. Ho explained that the claims experience for this year is at the lowest level in the past five years.

The claims that have been paid for the fire damage through July 31st amounts to \$550,732.54 for structural damage. There has been \$136,030.51 paid out for contents and business interruption claims. There were no questions for Ms. Ho.

Chairman Sorensen stated that Mr. Paul Kinsella, Director of the Veteran's Assistance Commission has provided a fund data sheet for 2003. Mr. Kinsella was not present at the meeting. Chairman Sorensen stated that he was glad to see a flow of information
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regarding balances and dollars spent.

Mr. John Zeunik, County Administrator, stated that the Committee has received the responses in regards to the Outside Auditor's Management Letter. The first response is from Circuit Judge Dozier regarding the McLean County Law Library. Mr. Zeunik stated that Judge Dozier was unable to be present this afternoon. There is a written response to the issue concerning the law library fees. The Law Library is not a budgeted fund. It is a separate fund that is not a part of the annual budget that the County Board approves. There is a fee assessed, as Judge Dozier notes in his memo. Currently, the fee is \$6.00. That fee can be increased and he would like to discuss that with the Committee. He will be here for the September Finance Committee Meeting to discuss this issue. When a separate fund does not live within its means, the Treasurer's Office has to draw down resources from the County's General Fund to make up that difference. It is then recorded as money that is due to the General Fund from the Law Library Fund. Judge Dozier points out that even increasing the fee, it would take a number of years to pay back the present deficit because the Law Library is so much in the red. Mr. Selzer asked how this fund could have gotten so far in the red.

Mr. Zeunik stated that the County Auditor pays the bills, when presented with a claim from the Court. The difference here is that most funds have adopted and approved budgets. Those budgets become a part of the financial system. The Auditor has that information when paying bills. The Law Library Fund is not a budgeted fund. It doesn't come before the County Board or the Finance Committee. What happened was the Court would present bills to pay, those bills were routinely being paid, without looking at the revenue available. Mr. Selzer asked how many funds are there like this one.

Mr. Zeunik directed the Committee to page 144 of the Outside Audit where there is a list of Trust and Agency Funds. These are the funds which are not a part of the County's Adopted Budget. We receive these funds and hold them in trust and handle the related expenses. Ms. Berglund asked if there is no money in one of these funds, the money will come out of our General Fund. Mr. Zeunik replied that is correct. Mr. Zeunik stated that the Law Library Fund is the only fund that has run a deficit as shown on pages 126-129 of the Outside Audit. Ms. Berglund asked how this fund can be brought back in the black. Mr. Zeunik stated that as Judge Dozier suggested, the only way is to increase the fees. At this time, the Law Library is operating within the revenues that come in. The increased revenue that would result from the increase in fees, would be applied to the deficit. Chairman Sorensen stated that the Finance Committee should invite Judge Dozier and Mr. William Scanlon, Court Administrator to the September Meeting so further options can be discussed at that time.

Mr. Zeunik stated that the next response comes from the Treasurer's Office concerning Special Revenue Funds and the new Governmental Accounting Standards Board (GASB 34). Ms. McNeil stated that in the Outside Audit, it was noted that there were

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four Special Revenue Funds with no activity during the course of 2002. Ms. McNeil informed the Committee that she has discussed this topic with the Administrator's Office

and Clifton Gunderson. Action is pending with some of these funds. She stated her intentions are to have the accounts cleaned up by the end of this year so that they will not need to be reported next year. Ms. McNeil stated that 2003 is the first year that the County has to comply with the GASB 34 Accounting System. In her response, Ms. McNeil noted that 38 hours in the month of July were spent in training of the two software systems that the County will be using to compile these reports with the external auditor. Chairman Sorensen asked when the Finance Committee will be seeing any of the GASB 34 reports. Ms. McNeil stated that it will be in the 2003 Audit. In 2004, all financial reports will be presented in this format.

Mr. Zeunik stated that the next response concerns the Accounts Receivable from the Public Building Commission (PBC). This is really a classification issue. Mr. Zeunik informed the Committee that he has suggested to the Outside Auditor that she reclassify these accounts in a different manner. It is not that these accounts are uncollectable. The PBC is willing to pay the amount that is listed. The years that this happened were 1991, 1992 and 1993. Those were the first three years that all County Offices were moved to the expanded Law and Justice Center. There were some unusual expenses that we did not anticipate when we moved into the Law and Justice Center. The only restriction that we have on the County receiving this money is the Board's policy on the tax levy. Mr. Zeunik stated that if the Finance Committee and the County Board instructed him to include this full amount in the tax levy that the Board will adopt in November, we could include it and it would be paid 100% next year. The other option is that the Law and Justice Center bonds will be paid off in 2007. Any money that the PBC will have as a result of investment earnings over the life cycle of the financing of the building could be returned to the County. There is really no issue of this being uncollectable. The real issue is the County wanting to hold the tax levy and the tax rate constant and the PBC looking at what resources they have to continue to meet their capital obligations. Chairman Sorensen stated that he thought it would make more sense to reclassify this with the Outside Auditor. Mr. Selzer asked if this required any Committee action. Mr. Zeunik replied that it did not. He will just instruct the Outside Auditor to reclassify it.

Mr. Zeunik stated that the next response is from the Sheriff's Office. Mr. Derick Love, Chief Deputy and Mr. Jamie Kessinger, Jail Operations Operator, were present.

Chief Deputy Love stated that the Sheriff's Office has a Commissary Program which includes a money management portion. They are able to reconcile the funds in the account with the bank statement. They are also able to account for the receipts and disbursements in the Keefe Commissary Software. Chief Deputy Love stated that at the end of the month, the balance in the Keefe program does not match the amount in the Minutes of the Finance Committee Meeting

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checkbook. They have contacted Keefe to see if they can alter their software. In addition, the Sheriff's Department is working with Information Services because there is a portion in the IJIS software that does have commissary capabilities.

Chairman Sorensen stated that it sounds like they are looking to remedy the problem.

Chairman Sorensen asked that the Sheriff's Department keep the Finance Committee apprised of their actions regarding this matter. The main concern being that they would not want to see this matter end up in the management letter again next year.

The next response is from Ms. Ruth Weber, Recorder. Mr. Zeunik stated that Ms. Weber had called this afternoon to inform him that she was not going to be able to be in attendance at today's meeting. She has provided a written response which can be found on pages 27-34 of your agenda packets. Mr. Zeunik stated that Ms. Weber should be invited to the September Finance Committee meeting to discuss her response with the Committee. Mr. Selzer commented that this written response was unacceptable. Mr. Kinzinger and Ms. Berglund echoed that sentiment.

The next response is from Mr. Keller, Health Department. Mr. Keller stated that the information found in the agenda packet is a copy of e-mail correspondence between he and Mr. Zeunik. The e-mail explains that he has been working with Ms. Helen Barrick, Managing Partner, Clifton Gunderson. The Health Department has several grants which have a fiscal closure date of June 30, 2003. On December 31 of each year, the Health Department prepares its accruals on interim statements. Adjustments are made to payroll and payables in February. When those adjustments are made, it changes the amount that is set up for December of that year. Those figures then don't agree. Mr. Keller stated that there is a proposal for the Health Department to continue to make their interim statements, but then to work with the Treasurer's and Auditor's Office's. When they make adjustments, the Health Department will make adjusting entries to the revenue accruals and then go over them with the Auditor. Chairman Sorensen asked Mr. Keller if Ms. Barrick is comfortable with this process. Mr. Keller replied that it was the suggestion of Clifton Gunderson to handle the situation in this manner. There were no further questions for Mr. Keller.

Mr. Selzer asked Chairman Sorensen if he could make a motion to accept all of the responses except for Ms. Weber's.

Motion by Selzer/Berglund to accept and place on file the responses to the Management Letter from the Circuit Court, the Treasurer's Office, the County Administrator, the Sheriff's Office, and the

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Health Department. Motion carried.

Motion by Kinzinger/Selzer to reject the Recorder's response to the Management Letter. Motion carried.

Chairman Sorensen asked that the Administrator's Office contact Ms. Weber and let her

know that her presence is requested at the September Finance Committee Meeting.

Motion by Selzer/Kinzinger to enter into Executive Session at 5:21 p.m. to discuss Collective Bargaining and Personnel Matters. The following administrative Staff are included in the Executive Session: Chief Deputy Derick Love, Mr. Terry Lindberg, Mr. John Zeunik, Ms. Lucretia Wherry, and Ms. Christine Northcutt. Motion carried.

Motion by Kinzinger/Selzer to return to Open-Session at 6:37 p.m. Motion carried.

Mr. Selzer stated that he would like to refer back to item F1(a)(5), which is the Recorder's response to the Management Letter.

Motion by Selzer/Kinzinger to a request an opinion from the State's Attorney's Office regarding the possibility of nonfeasance of duties in that office.

Mr. Selzer stated that over the past 10 years, two audit firms and the County's internal auditor have found that the Recorder is not reconciling her accounts to the General Ledger. There has been misappropriation of funds in the office which resulted in the prosecution and conviction of a former employee. There are unsatisfactory reports coming from the Office as pointed out by the Outside Auditors. All of these factors leaves the Office at the risk for future misappropriations. The Committee has no other choice because the highest priority is to protect the County's funds. The Committee agreed.

Mr. Selzer added that he felt that the Administrator's Office should communicate to the State's Attorney that this issue may be best served by forwarding it to the State of Illinois, so as not to create a conflict of interest for the McLean County State's Attorney.

Mr. Selzer stated that he thought that it would be best if Chairman Sorensen contact Ms. Weber to let her know that this matter is being referred to the State's Attorney. The Committee agreed.

Motion carried unanimously through a voice vote.

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Chairman Sorensen asked if there was any other business to come before the Finance Committee.

Mr. Selzer stated that he would like to receive a report from the Administrator's Office regarding the Law Library Fund. The County is owed reimbursement from the Airport Authority for a section of Towanda-Barnes Road. Mr. Selzer stated that he would like for

the Administrator to look into this.

Chairman Sorensen stated that the policy on Trust and Agency Funds may need to be addressed. He asked if the Administrator's Office look into whether the Committee could make an addition to the County's fiscal policy so that this situation does not repeat itself. Second, the Committee can request that the Administrator's Office check with the Airport Authority to seek an update on the Road Funds.

Chairman Sorensen presented the bills from the Nursing Home. The fund total and prepaid total are the same at \$450,966.13. The Finance Committee fund total is \$1,086,436.70 with the prepaid total being the same.

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Motion by Kinzinger/Berglund to recommend approval of the Bills as presented to the Finance Committee by the County Auditor. Motion carried.

There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 6:45 p.m.

Respectfully submitted,

Ms. Christine Northcutt
Recording Secretary

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