

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, July 1, 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, Nuckolls, Moss, Kinzinger

Members Absent: Member Selzer

Staff Present: 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, Ms. Jackie Dozier, County Auditor

Others Present: Ms. Helen Barrick and Mr. Ron Helton, Clifton Gunderson, LLP

Chairman Sorensen called the meeting to order at 4:05 p.m.

Chairman Sorensen presented the minutes from the June 3, 2003 Finance Committee meeting.

Motion by Kinzinger/Berglund to accept and place on file the minutes of the June 3, 2003 Finance Committee Meeting.
Motion carried.

Chairman Sorensen stated the first item for action is from the Highway Department. Mr. Terry Lindberg, Assistant County Administrator, will be presenting that item for Mr. Jack Mitchell. Mr. Lindberg stated that the Highway Department has applied for and received a two-year grant from the Illinois Department of Transportation (IDOT) in the amount of \$80,000.00. A portion of the funds will be spent this year and the remainder of the funds will be spent in calendar year 2004 to fund a GIS Specialist position. To recognize this position in fiscal year 2003, a Resolution Amending the Full-Time Equivalent Positions Resolution is presented for action.

Motion by Berglund/Moss to Recommend Approval of the Resolution Amending the Fiscal Year 2003 Funded Full-Time Equivalent Positions Resolution – GIS Specialist, Highway Department. Motion carried.

Mr. Kinzinger asked if when the grant funds run out the position will cease. Mr. Lindberg stated that is correct and that the person hired for this position will be

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Notified of that information up-front.

Chairman Sorensen introduced Ms. Becky McNeil, County Treasurer. Ms. McNeil presented the Statement of Revenue, Expenditures, and General Fund Balance. She stated we are now 50% into the year. The expenses are lower as compared to last year at this time. The expenses are at 45% this year as compared to 50% last year. The revenue is higher than last year. The first installment of property tax distributions have been made in full. That is the reason that the revenue is so much higher. The next report is the General Pooled Investment Report. The Federal Reserve discount rate has been lowered by another quarter percent. Ms. McNeil informed the Committee that she was able to get some investments locked in before the rate dropped. Banks are currently offering interest rates between 2% - 0.6%. Rates are not expected to rise for the next six months to a year. The next report is the General Fund – Fund Balance Summary. The General Fund balance is \$5.3 million. Of that \$5.3 million, \$3.7 million is cash and investments, \$2.7 million is receivables. The next report is the Summary of Retailers Occupational Tax (ROT), State Income, and Personal Property Replacement Tax (PPRT). These three forms of revenue are tracking right on target. The ROT is at 49.62% of budget. The State Income Tax is at 51.59% and the PPRT is at 54.16%. They are actually all down as compared to last year. The largest deficit being in the PPRT. On a quarterly basis Ms. McNeil provides the summary of the Employee Benefit Fund. The fund balance is \$688,243.87. This report shows employee contributions and expenditures. The final report is the CDAP Revolving Loan report, which is also distributed quarterly. Ms. McNeil advised the Committee that there are only two outstanding loans, which are both current.

Motion by Kinzinger/Berglund to accept and place on file the County Treasurer's Statement of Revenue, Expenditure and Fund Balance Report, as of June 30, 2003, the Treasurer's Investment Report, the Employee Benefit Report and the CDAP Revolving Loan Report. Motion carried.

Ms. McNeil stated that she also has a request for approval of a Resolution for an Addendum to the Professional Service Contract between McLean County and Mr. Joseph E. Meyer. Mr. Meyer is the County's delinquent tax agent. After the property tax cycle, all of the property taxes that are forfeited are picked up by Mr. Meyer. He then tries to get the original property owners to redeem the taxes and if they do not, after three years, he has a tax sale on the County's behalf. The minimum bid was \$350.00 and he would like to increase that minimum bid to \$450.00 to offset various operational expenses.

Motion by Moss/Nuckolls to recommend approval of a Resolution for an Addendum to a Professional Service Contract between McLean County and Joseph E. Meyer. Motion carried.

Chairman Sorensen stated that this is basically an addendum to the existing contract from last year (which was the first year for the contract). Ms. McNeil stated that is correct.

Chairman Sorensen introduced Mr. Bob Keller, Director, Health Department. Mr. Keller stated that he has two items for action. One is a budget amendment and the other is an amendment to the FTE Positions Resolution, which are companion resolutions. The budget narrative which was handed out in the agenda packets explains this item in detail. Essentially, the Health Department is seeking to increase by .53 FTE (approximately 20 hours a week) a case manager in the Health Works program. This individual works to arrange medical care and, make sure medical records are in place for all DCFS wards that are taken into protective custody in McLean, Livingston and Dewitt Counties. It is being expanded through the use of federal financial participation funds. These funds are matched at \$.50 cents on the dollar to serve Medicaid clients. That money is refunded to the County and that is what is being used for this request. Mr. Keller informed the Committee that there is a typo in the agenda and this request is for the remainder of fiscal year 2003, not 2203.

Motion by Nuckolls/Berglund to recommend approval of an Ordinance Amending the 2003 Combined Appropriation and Budget Ordinance for Fund 0106 and to recommend approval of the Resolution Amending the FY 2003 McLean County Full-Time Position Resolution Associated with an Ordinance to Amend the FY 2003 McLean County Combined Appropriation and Budget Ordinance for Fund 0106. Motion carried.

Ms. Ruth Weber, McLean County Recorder, stated that she had distributed an activity report to the Committee at the beginning of the meeting. The report details the first six months of activity in the Recorder's Office. There have been 32,225 documents recorded, indexed, scanned and microfilmed this year. That is an increase of 9,225 over last year. This certainly has been a very busy time. It is due to the low interest rates. Many people are purchasing and refinancing homes. Of the total documents, 12,107 were mortgage releases, 11,390 were mortgages and 3,363 were deeds. Other recordings included assignments, plats, liens, extensions, ordinances, surveys, federal and state liens and lien releases, and corporate revocations and dissolutions. The Minutes of the Finance Committee Meeting
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employees deserve a word of thanks. The public is pleased that information is now

available on the County website. There are still many people who come into the office to perform searches. The heavy activity is expected for the remainder of the year. There were no questions for Ms. Weber.

Mr. Don Lee, Director, Nursing Home stated that the census in the Nursing Home is holding steady around 141. The Nursing Home ended the month of May with a positive balance. Mr. Lee stated that he anticipates the month of June to be similar to the month of May. There were no questions for Mr. Lee.

Mr. Terry Lindberg stated that Ms. Helen Barrick and Mr. Ron Helton from Clifton Gunderson, LLP were present to review the County's fiscal year 2002 audit, Management Letters of Advisory Comments, and Single Audit Report. Ms. Barrick informed the Committee that they should have received 4 documents in their packets. They are the spiral bound Financial Statements and Single Audit Reports. There are also two letters, one is the Auditor's Responsibility letter and the other is the Management letter. As in the past, the audit report is the same format. There are three sections, the Introductory section, Financial section, and the Statistical section. On page one of the Financial section is the Independent Auditor's Report. This is the only portion that is provided by Clifton Gunderson. The financial statements are the responsibility of the management and the County Board. The opinion this year is again unqualified. There are a couple of items that have changed slightly. The Public Building Commission (PBC) is audited by another external auditor. The PBC is now discreetly presented, or it is presented in a separate column. That was done as a result of the PBC handling debt for the City of Bloomington as well as McLean County. In the past, the elements of the PBC's funds were comingled with the various fund types and were not listed separately. That is explained in the Auditor's Responsibility Letter.

Page 49 of the Financial Report lists the Combining Balance Sheet of the General Fund by account. Page 50 is the Combined Schedule Revenues, Expenses, and Changes in Fund Balance by account. In the first column on page 50, the taxes collected in 2002 were \$12,225,256.00 which is an increase around \$132,000.00 over last year. There is a variety of reasons. Property taxes were up \$373,000.00 due to the increase in assessed valuation. Retailers Occupation Taxes were down \$169,000.00. State Income Taxes were also down \$71,000.00. The trend is clearly due to economic factors. The next category is Licenses, Permits, Fees and Fines which is \$4,219,965.00 as compared to \$3,961,144.00 last year. The largest increase in that category is mostly accounted for by the increased activity in the Recorder's Office which went up in excess of \$250,000.00. The next category is Intergovernmental is reflected at \$3,832,757.00 which is down from the previous year at \$3,917,862.00. The biggest decrease was in the Personal Property Replacement Tax which was down \$109,000.00. Charges for Services total

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\$1,299,391.00 up from \$1,059,000.00. There was a nice increase from the County Clerk's charges for services. Those fees increased \$86,000.00. Additionally, the County received rent on the Government Center in the amount of \$160,000.00, which they did not have in

the prior year. As a whole, interest rates are down and that contributes to some loss. The last category in revenues is Miscellaneous at \$246,123.00, as compared to last year at \$328,686.00. The big difference there is that in 2001 the County received a reimbursement on the Government Center purchase, which was an additional \$100,000.00 that was recorded in Miscellaneous. Overall revenues were up in the General Account area by \$202,000.00.

Expenditures for 2002 in the General Account overall were \$24,097,751.00. Comparatively, in 2001 they were \$24,209,000.00. They were actually down \$111,000.00. On page 51, the County Board Category has expenses of \$690,093.00 as compared to \$846,922.00 the previous year. There was a reduction in contractual services among a number of factors. In 2001, the County paid property taxes on the Government Center and those are now accounted for in Facilities Management. The County Administrator, the County Auditor, and the County Treasurer are all fairly stable. The County Clerk's expenditures went up slightly. That increase is due to the election in 2002. On page 52, the Recorder of Deeds is approximately the same. The department of Building and Zoning's expenses are up around \$49,000.00 in the contractual area. There is nothing individually significant. The Information Services department is down significantly from \$1,919,679.00 in 2001 to \$1,523,719.00 in 2002. This is primarily due to a number of one-time payments in 2001, for license agreements and anti-virus software. There was also less work done with the E-Justice System. Facilities Management's expenditures are up by over \$300,000.00. There are a number of reasons for this. There were costs for professional architectural and engineering services for the repair of the roof and dome of the Old County Courthouse. The property taxes were also moved into this category. There was also a big increase in natural gas service when a contract ended in 2001.

Moving on to page 53, Ms. Barrick advised the Committee that each of the categories listed were unremarkable and she had no comment. On page 54 the Circuit Court's expenditures were decreased from 2001, \$877,521.00 to 2002, \$767,315.00. The year 2001 was unusually high year for appointed guardians and the use of external attorneys. 2002 is much more in line with what 2000 and other years have been. The Public Defender's area is up \$236,000.00 over the prior year. This is an area that absorbed some other employees that were previously funded in another area as well as some cost related to a screening program. Court Services was down \$116,000.00 as compared to 2001. The contractual category varies based on needs of placement of the children. On page 55, all of the categories listed, County Sheriff, Coroner, Rescue Squad and ESDA are very similar to their previous years. The same is the case with Page 56 and the Department of Parks and Recreation. The capital outlay actually went down. It was

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\$681,126.00 as compared to \$812,412.00 in the prior year. The biggest decrease being in the Information Services Department.

Back on Page 50, overall the County General Fund ended the year with a fund balance of

\$4,658,663.00. That is 19% of the County's expenses. In 2001, the Fund Balance was 18% of expenses and, in 2000, it was 20%. That is staying very stable and is in a healthy range. On page 49 regarding the cash position, the General Account alone had \$1,153,691.00 in cash and deposits. That is a decrease from 2001 of about \$565,000.00. However, when receivables and payables were analyzed, the payables are lower and receivables are higher. Overall, there is really no need for concern. The Tort Judgement Account saw a reduction which left it with a fund balance of only \$34,000.00.

This category is for liability claims and is very hard to assess. It is something to continue to monitor, because the County would not want to enter into any year with a significant deficit if that can be avoided.

In regards to the other funds in the General Fund, Ms. Barrick stated that she did not have any specific comments. Several of the funds do have a deficit position. They have been discussed with management. There is a plan to eliminate the deficit so there is no need for concern.

The Nursing Home, which is an Enterprise Fund located on page 11, had a net loss of \$147,000.00. Last year, there was a net income of \$22,000.00. Ms. Barrick informed the Committee that she works with a number of counties with nursing homes, McLean County's Nursing Home is in very good condition compared to many.

With regard to the Auditor's Responsibility Letter, Ms. Barrick stated that she has no comment. With regard to the Management Letter, the issues have been discussed with management and Clifton Gunderson has noted no material weaknesses. There are some housekeeping issues, which the Board is good about following up on. Ms. Barrick stated that this is the last year in which this particular format is being used. Governmental Accounting Standards Board Statement 34 will take affect in 2003 and the entire format of the report will be modified. It does have some new financial statements. Overall the County is in good financial condition.

Chairman Sorensen asked if there were any questions. Hearing none, the Chairman Sorensen stated he would entertain a motion to accept and place on file the 2002 Outside Auditor's Report and to distribute the report to the County Board.

Motion by Kinzinger/Berglund to accept and place on
File the 2002 Outside Auditor's Report. Motion carried.

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Ms. Berglund asked why the Recorder's Office is in the same shape in which it was last year and in previous years. Mr. Kinzinger stated that he would echo that sentiment. Chairman Sorensen stated that there are a wide variety of issues, that begin with the fact that elected officials have a certain amount of autonomy. Ms. Berglund asked what would

be the next step to rectify the situation. Chairman Sorensen stated that the Management Letter will be referred to the Department Heads and a response will be requested at next month's meeting. Chairman Sorensen stated that he would entertain a motion to distribute the Management Letter to the Department Heads requesting a written response and personal appearance at the Finance Committee meeting next month.

Motion by Berglund/Kinzinger to recommend that the Management Letter be forwarded to the Department Heads and that the Department Heads be asked to prepare a written request and a personal appearance at the next month's Finance Committee meeting.
Motion carried.

Mr. Kinzinger asked why the County Recorder is not following proper procedure. Chairman Sorensen stated that Ms. Weber made a commitment of staff resources and a commitment to work with the other offices in the County to correct this problem. The last report that the Committee received showed that the Recorder's office was going back and reconciling the old data and was going to have it completed. Chairman Sorensen asked Clifton Gunderson if this particular problem is, fundamentally, the same problem that has been incurred in the past several years. Ms. Barrick stated that fundamentally it is the same problem. She informed the Committee that she thought there were steps taken this year to fix this problem but, there may be errors that occur and you need to double check your work against the General Ledger. The Recorder's semi-annual report should tie to the General Ledger or be reflective of what the reconciling items are. In short, step one of many has been attempted but, there are many more that need to be done.

Chairman Sorensen stated that Ms. Weber did provide a six-month report, but it did not include any dollar figures that can be validated with the Treasurer's Office. As part of the request to the Recorder's Office, a six-month activity report that includes financials, should be included in her response to the Committee. The Committee agreed.

Chairman Sorensen stated that McLean County as whole has a lot to be proud in light of this report.

Mr. Moss asked how many full-time employees are in the Recorder's Office.

Mr. Lindberg replied that they have four full-time permanent employees, counting the

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elected official. There are two temporary employees, one is funded out of the document storage fund. The other is a temporary labor contract employee.

Chairman Sorensen thanked Ms. Barrick and Mr. Helton.

Chairman Sorensen presented the bills from the Nursing Home. The fund total and prepaid total are the same at \$387,854.18. The Finance Committee fund total is \$698,310.13 with

the prepaid total being the same.

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

Mr. Moss stated that he will not be present at the next Finance Committee Meeting.

There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 4:57 p.m.

Respectfully submitted,

Ms. Christine Northcutt
Recording Secretary

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