

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, February 3, 2010 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, Caisley O'Connor (4:06 p.m.) and Moss

Members Absent: None

Other Members Present: None

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. Matt Riehle, Administrator, McLean County Nursing Home; Mr. Robert Kahman, Supervisor of Assessments; Ms. Jennifer Ho, Risk Management; Mr. Lee Newcom, County Recorder; Ms. Michelle Anderson, County Auditor; and Ms. Peggy Ann Milton, County Clerk

Others Present: Ms. Linda Shriver, Elections Administrator, County Clerk's Office

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

Chairman Owens presented the minutes of the January 6, 2010 Finance Committee Meeting.

Motion by Caisley/Rackauskas to approve the Minutes of the January 6, 2010 Finance Committee Meeting.
Motion carried.

Chairman Owens advised that Ms. Ms. Becky McNeil, County Treasurer, went home ill. He asked Mr. Lindberg to present the Financial Reports for the period ending January 31, 2010, as distributed.

Mr. Lindberg advised that, although we are into early January of 2010, the Fiscal Year 2009 has not yet been closed out. The final fund balances and final expenditure numbers are not yet complete.

Mr. Lindberg informed the Committee that the County received the July payment for probation reimbursement in the amount of \$173,000. He added that, beyond that, there is no way to know when the next payment will be received. Mr. Lindberg noted that we projected and expected to be paid through December 2009.

Mr. Lindberg reviewed the Summary of Tax Receipts (Sales, Income, Local Use, PPRT) Report through January, 2010, which reflects how financial conditions are affecting revenue on our Sales and Income tax receipts. He also reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending January 31, 2010. Mr. Lindberg stated that it is early in the year for this to be too meaningful. It does show that although we reduced our budget estimates in Fiscal Year 2010, we only have January numbers and it is too soon to tell how we are doing.

		<u>% of change Over 2009</u>
January 2010 Revenue:		
Sales Tax	\$347,204.32	-1.8%
Revenue Sales Tax	46,094.72	--25.3%
Local Use Tax	18,448.59	25.1%
Income Tax	149,350.11	0.0%
PPRT	<u>182,160.34</u>	4.8%
Total	\$753,258.08	
 Monthly Comparison		
January 2010 Revenue	753,258.08	
January 2009 Revenue	<u>773,152.14</u>	
Difference	(\$19,894.06)	-2.6%
 YTD Comparison		
YTD 2010 Revenue:	\$753,258.08	
YTD 2009 Revenue:	<u>773,152.14</u>	
YTD Difference:	(\$19,894.06)	-2.6%
 Budget Comparison		
2010 Annual Budget:	\$9,125,150.00	
Budgeted Revenue per Month:	\$ 760,429.17	
Budgeted revenue thru 1/31/10:	\$760,429.17	
 YTD Actual Receipts	 \$753,258.08	
 Amount Over (Under) Budget:	 (\$7,171.09)	 -1.0%

Statistics on the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending January 31, 2010.

- Retailers Occupation Tax Revenue for January 2010 is \$421,747.63.
- Retailers Occupation Tax Revenue Year to Date is \$882,056.51, which is -6.3% below last year and 7.3% of budget.
- State Income Tax Revenue is \$149,350.11, which is 0.0% below last year and 8.1% of budget.
- Personal Property Replacement Tax Revenue is \$182,160.34, which is 4.8% above last year and 11.9% of budget.

Mr. Lindberg stated that every month he shares Ms. McNeil's Accounts Receivable Report on payments that are due from the state with the local legislators.

Mr. Lindberg reviewed the Statement of Revenue, Expenditures and Fund Balance Report. He indicated that at the end of Fiscal Year 2008, Total Revenue was only at 96.32% of budget and the Total Expenditures were at 105.83% of budget. Mr. Lindberg stated that the County strives to have the revenue come in at 102%-104% of budget and the expenditures come in at 96%-97% of budget. In Fiscal Year 2009, the Revenue was 95.76% of budget and Expenses were 97.69% of budget. Mr. Lindberg pointed out that 2009 looks like it will end with the Revenue and Expenses much closer together. He indicated that goal was to see that we did not see any further erosion of our Fund Balance.

Mr. Lindberg advised that if we see significant erosion and negative indicators between closing FY'09 and the first few months of FY'10, he will come to the Committee in April or May with recommendations. He added that the first quarter financial reports will determine what action needs to be taken.

Motion by Butler/Rackauskas to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending January 31, 2010, as submitted.
Motion carried.

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

Mr. Matt Riehle, Administrator of the McLean County Nursing Home, reviewed his General Report. He stated that he is working to get final figures as some of the end of the year adjustments are still being made. Mr. Riehle added that he believes this report will be pretty close to accurate for year-end projects.

Mr. Riehle advised that the Intergovernmental Transfers were put on hold in October. Therefore, the revenues are only showing the bare minimum of the transfer, and do not include any monies that the Nursing Home should be getting and have been told that they will receive. Mr. Riehle noted that the revenue side will increase when the money is received. He stated that a meeting was scheduled for January 27th, but it was cancelled. He indicated that the Nursing Home is owed approximately \$100,000.

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

Mr. Robert Kahman, Supervisor of Assessments, presented the EAV Change Report. He advised that the Board of Review has completed their work for the 2009 assessment year. Mr. Kahman stated that the assessment has now moved from the Assessor's Office to the County Clerk's Office. The County Clerk will balance back to the Board of Review, which begins the tax billing process.

Mr. Kahman indicated that for 2009, there were 70,796 taxable parcels. A total of 1,642 appeals were handled by the Board of Review, or 2.3% of the total parcels. Mr. Kahman noted that of the total appeals, 1,366 were taxpayer generated complaints, or 1.9% of the total parcels. He added that we were up 350 total Board of Review actions for this year. Taxpayer complaints were up 53% over 2008.

Mr. Kahman reported that the Board of Review reduced the total EAV by \$23.6 million. The largest reduction was \$14.4 million in the City of Bloomington Township representing 60% of the total. Mr. Kahman noted that the median residential reduction was \$5,371 assessed. The largest reduction was the \$1.7 million reduction granted to Turnberry Village Apartments. Mr. Kahman indicated that the median commercial reduction was \$27,500.

Mr. Kahman reiterated that on Wednesday, January 20th, he rolled the assessment to the County Clerk for tax extension. The final EAV through the Board of Review is \$3,908,360,369 representing a 3.32% increase over 2008.

Mr. Kahman advised that the Assessor's Office is currently mailing Senior Citizen Assessment Freeze Homestead Exemption (SCAFHE) forms to 8,500 taxpayers. He added that they are also mailing renewals for disabled veterans and disabled persons, as well as non-homestead exemption certificate of status forms.

Mr. Kahman reported that the County is very well assessed overall.

Ms. Rackauskas asked Mr. Kahman if he is involved with the State Farm assessment issue. Mr. Kahman replied that the State Farm assessment issue starts with the Township Assessor, Mr. Mike Ireland. Mr. Kahman stated that Mr. Ireland worked extensively with State Farm last year. He explained that the assessor's job is to discover, list and value real property. Mr. Kahman advised that Mr. Ireland will come up with an opinion of value and certify that to him, as County Assessor. Mr. Kahman indicated that State Farm will then have an opportunity to come to the Board of Review, if there is no agreement on what that value should be.

Ms. Rackauskas asked if the County has ever used an outside assessor since this is a unique piece of property. Mr. Kahman replied that outside appraisers have been hired in the past. Mr. Kahman stated that, under Illinois Law, people are taxed based on a fractional assessment of their market value, which is really an appraisal.

Mr. Kahman advised that the taxing bodies will get together with the assessor and meet with the taxpayer. He indicated that he stays neutral because he convenes the Board of Review and must convene a level playing field where both sides have a fair opportunity.

Ms. Rackauskas asked if the local assessor has adequate experience to assess such a large property. Mr. Kahman responded that this will be a decision for the taxing bodies. He added that Mr. Ireland is one of the most senior assessors in the world and is as capable as any other assessor. However, Mr. Kahman believes that the taxing bodies have committed to getting an outside appraisal.

Mr. Lindberg updated the Committee on what the taxing bodies did last fall. He indicated that State Farm filed a tax protest involving Corporate and Corporate South. The tax protest contended that the assessed values on the book should be reduced by 64%. Mr. Lindberg noted that the tax impact on the taxing bodies would have been a \$6.5 million tax loss, the majority being Unit 5, then District 87, the City of Bloomington, the County and five or six other taxing bodies. For the first time in history, the four major taxing bodies met to find a way to get by this. Mr. Lindberg indicated that State Farm agreed to leave those values on the books for the tax year just completed with the commitment on the part of the taxing bodies that they will seek outside appraisal services. He noted that this is a delicate situation because local assessors do not come any more experienced or more qualified than Mr. Ireland. Mr. Lindberg indicated that Mr. Ireland prepared an extensive and very professional full appraisal on both properties. He noted that the owner had also been in the appraisal and valuation market and may obtain a number of appraisals. Mr. Lindberg added that the firm they used is a reputable firm in the appraisal and evaluation business.

Mr. Lindberg advised that he drafted an RFP and shared it with Mr. Ireland and Unit 5 Superintendent Nielsen. The next step would be to get concurrence from the other taxing bodies and put it out in the market place. Mr. Lindberg estimated that the cost will be \$30,000-\$50,000, with the cost to the County being about \$5,000-\$7,000 on an equity sharing basis.

Ms. Rackauskas asked if there is a timeline for this project. Mr. Lindberg responded that the timeline would be to complete that work soon enough so that the owner could react to it and decide what they want to do in terms of the next tax cycle. The appraisal would need to be sent to the owner by mid to late summer.

Mr. Caisley asked how many panels of the Board of Review are hearing cases in this County. Mr. Kahman replied that there is just one panel.

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

Ms. Jennifer Ho, Risk Management, presented a request for approval of the proposed Insurance Program for Policy Year 2010. She indicated that the proposed insurance programs totaling \$450,303 for PY 2010 as summarized in Attachment A, as attached for the Committee's approval. Ms. Ho stated that collectively, the projected program costs are 3% less than costs for PY 2009, amidst increases in some lines of coverage. She noted that the County will still have a cushion of \$50,447 to meet contingencies, such as earned premium audits, assessments for the Second Injury Trust Fund and, if needed, the acquisition of coverage for new exposures.

Ms. Ho presented a brief summary of the renewal for each line as follows:

- **Property Insurance premium** – Chubb, the incumbent carrier, continues to offer the most comprehensive coverage at competitive terms. The increase in premiums of 11% from PY 2009 was due to: a) increasing values by 6% for inflations costs and b) inclusion of the County's contents at the Law and Justice Center which were included in the PBC allocated premium in PY 2009. Coverage also includes catastrophic coverage for parked County licenses vehicles, which was added last May 2008.
- **Excess Liability Insurance** – Premiums remain flat due to a status quo underwriting base. The decision to remain with the incumbent excess liability carrier was because of the strength of the three major financially stable reinsurers backing the program which significantly reduces the risk of default.

- **Nursing Home Liability Insurance** – A new carrier was selected because of increased coverage of \$1,000,000 per occurrence at a competitive price. This new carrier costs will allow the County to save \$12,000.
- **Excess Workers Compensation Insurance** – There are no changes since the County is into the second year of an advantageous two-year agreement with Safety National Casualty Company. Self-insured retention for the law enforcement remains at \$500,000 as is typical in the State of Illinois, while the self-insured retention remains unchanged for other classifications at \$425,000.
- **Theft and Bond Insurance** – Our broker, Arthur J. Gallagher has successfully negotiated the endorsement of including coverage for bonded public officials at and in excess of their statutory limits, without additional costs. A blanket bond allows the County to save the expenses involved in bidding out and securing individual bonds for each slate of public officials in an election year, while simplifying the bonding and filing process involved to meet statutory requirements. Individual bonds represent duplication in coverage.
- **Brokerage Service** – This is the second year of a three-year agreement with Arthur J. Gallagher Risk Management Services, Inc. (AJG), which includes resources to augment the County's efforts in loss control, safety and risk management.
- **TPA Services** – Brentwood Services Administrators became the County's new TPA (Third Party Administrator) effective January 1, 2010, following an RFP selection process approved by the Committee and the Board in December 2009. The first year costs are based on projected costs for taking over old claims and the administration of new claims.

Ms. Rackauskas complimented Ms. Ho on her negotiation skills. She asked if negotiating lower rates is connected to the fluctuation of the market. Ms. Ho replied that it is part of the market. She indicated that the basis for negotiation is the fact that McLean County is a very good risk. Ms. Ho added that the County has a very solid loss experience.

Mr. Lindberg commented that the good loss control experience doesn't just happen. He noted that Ms. Ho brought in an Arthur J. Gallagher expert and set up a seminar on loss control. Mr. Lindberg stated that about 42 employees took advantage of the seminar and several commented that it was a helpful seminar.

Motion by O'Connor/Rackauskas to Recommend Approval
of the Proposed Insurance Program for Policy Year 2010.
Motion carried.

Ms. Ho presented her Fourth Quarter Fiscal Year 2009 Risk Management Fund Report. She advised that the County's case reserves for its self-insured lines of coverage showed an improvement in Fiscal Year 2009. Overall, the County case reserve position at year-end of \$947,719 is a net reduction of \$214,173 from its case reserve position of \$1,162,002 on December 31, 2008. Ms. Ho stated that a reduction in reserves is an indication of an improvement in the County's overall claims obligations. This is possible when claims are resolved or closed at less than their indicated reserves and when reserves established for new claims and increased reserve adjustments are less than the reduction of existing case reserves. Ms. Ho noted that the amount of case reserves is dependent upon the volume, severity and nature of cases.

Ms. Ho indicated that another positive development in the County's claims experience is the recovery of \$144,507 from a closed 2004 worker's compensation claim. This recovery does not impact the County's reserve position, but does contribute to its Fund Balance. Ms. Ho advised that a summary of the County's cumulative claims experience is provided in Table 1.

Ms. Ho stated that, as indicated by Table 2, in FY 2009, the County experienced its lowest losses for its self-insured auto lines. She noted that the auto claims count for FY 2009, at five claims, is one less than FY 2007, with the same incurred claims cost of \$9,573. Ms. Ho reported that aside from the injury to a highway employee whose vehicle was rear-ended by a speeding vehicle, the overall severity of work injuries in FY 2009 are less severe in average when compared to those in years since FY 2005.

Ms. Ho advised that the overall improvement in the County claims experience is attributable to the conscientious and diligent efforts of our department heads and our frontline employees in taking measures in being safe. She indicated that the future outlook for the County remains positive because of their continued efforts.

Mr. Caisley asked if we are still negotiating a settlement of the Highway Department collision. Ms. Ho responded that no settlement has been made. Mr. Lindberg stated that the auto and property portion is settled, but parts of the claim remain open.

Chairman Owens asked if there are any other questions. Hearing none, he thanked Ms. Ho.

Chairman Owens asked Mr. Lindberg to discuss the request for approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal Year 2009 Combined Annual Appropriation and Budget Ordinance, County Recorder's Document Storage Fund 0137, County Recorder's Office 0006 being submitted by Mr. Lee Newcom, County Recorder.

Mr. Lindberg advised that this Emergency Appropriation Ordinance represents an approach to correcting an error made in the 2009 budget. He indicated that, in past budgets, the Administrator's Office has transferred funds out of the Recorder's Document Storage Fund 0137 to support a general revenue item in the Information Technologies general fund budget of \$30,000. He noted that an additional \$33,849 would flow from the 0137 fund into the general fund in the Supervisor of Assessment Office to support the cost of the salary of one GIS Technician position. Mr. Lindberg stated that this has been done every year for a number of years.

Mr. Lindberg assured the Committee that Mr. Newcom didn't do anything wrong. Rather, the Administrator's office budgeted the revenue in the general fund side, but did not budget the transfer out of the Recorder's Document Storage Fund. Mr. Lindberg stated that he asked Mr. Newcom to support restoring the portion of that fund that represents the GIS Technician salary of \$33,849 and Mr. Newcom agreed to do so. He indicated that this Budget Amendment for 2009 reflects a transfer of \$33,849 from the Document Storage Fund to support the Supervisor of Assessment's GIS Technician position.

Mr. Newcom agreed with Mr. Lindberg's assessment.

Ms. Rackauskas asked if this means that the \$33,849 for the GIS Technician position will be paid out of the Document Storage Fund every year. Mr. Lindberg responded that if we continue that process transferring the cost of one GIS Technician, as the GIS Technician salary had normal increases, the amount would go up. Mr. Lindberg explained that there were two parts to the transfer. The first is \$30,000 in a lump sum to go to the IT Department for the intensive work they do in support of the Recorder's operation. The second is the exact salary amount that went to the Supervisor of Assessment's portion. Mr. Lindberg stated that in next year's budget, the \$30,000 lump sum was not included, but the salary amount of approximately \$33,000+, which is the transfer to support one position. He indicated that, recognizing the condition of the fund and the Recorder's interest in doing other things with the fund, the lump sum transfer into IT was not included.

Chairman Owens reminded the Committee members that they made a recommendation that next year the Administrator would make every attempt to withdraw all personnel expenses out of the Recorder's Document Storage Fund. Mr. Lindberg clarified that

there are direct expenditures that come out of the Document Storage Fund to support employees in the Recorder's Office. He added that this will be reviewed during the budget process next year.

Ms. Rackauskas asked if the GIS Technician position will continue to come out of the Recorder's Document Storage Fund. Mr. Lindberg replied that this part will continue to come out of the Document Storage Fund. Mr. Newcom stated that these are the continuing discussions we've had over the last seven years about this fund. He stated that this is, historically, what has been done. Mr. Newcom reiterated his position that there is a specific legislative purpose to this fund that we have been going beyond.

Mr. Newcom advised that his position is that in future budgets, the 0137 Document Storage Fund should no longer be used for this type of transfer to the General Operating Budget of the County for purposes not associated with its legislative intent and purpose. He noted that there is a GIS \$5 per recorded document fee, which should represent all funds from the Recorder's Office to any GIS purpose.

Mr. Moss asked for clarification of the Unappropriated Fund Balance amount. Mr. Lindberg responded that the number is incorrect and will be corrected on the Ordinance for the County Board Packet. He indicated that the amended amount should be \$256,085.00.

Motion by Caisley/Rackauskas to Recommend Approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal year 2009 Combined annual Appropriation and Budget Ordinance, County Recorder's Document Storage Fund 0137, County Recorder's Office 0006 as amended.

Motion carried.

Mr. Newcom reviewed his Monthly reports. There were no questions on the report.

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

Ms. Michelle Anderson, County Auditor, presented a request for approval to make changes to the McLean County Code – Chapter 17 – Purchasing and Contracting. She stated that during 2009, legislation was passed by the State of Illinois amending the minimum purchase limits. This legislative change affects Chapter 17 (Purchasing and Contracting) of the McLean County Code, effective January 1, 2010.

Ms. Anderson indicated that Public Act 96-0170 has raised the minimum purchase amount for competitive bidding from \$20,000 to \$30,000. Public Act 96-0170 allows counties to contract for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and inter-connect equipment, software, and services without advertising for bids when the individual orders do not exceed \$35,000.

Ms. Anderson advised that, in coordination with County Administration, additional changes were made to Chapter 17 of the Code to bring it up to date and incorporate current practice into the Ordinance.

Motion by Rackauskas/Moss to Recommend Approval to make changes to the McLean County Code – Chapter 17 – Purchasing and Contracting.
Motion carried.

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

Ms. Peggy Ann Milton, County Clerk, reviewed the County Clerk's Monthly Report for December 2009. She indicated that several areas were below budget and a couple areas were above budget. Ms. Milton reported that the voter registration numbers were fairly significant considering it is an odd election year. She noted that she expected the voter turnout to be better this year than last year. Ms. Milton added that the turnout was better than the last gubernatorial race.

Ms. Rackauskas asked what the turnout was during the last gubernatorial race compared to this race. Ms. Milton replied that in 2006 there was a 19.26% turnout and in 2010 there was a 23% voter turnout in McLean County.

Ms. Milton introduced Linda Shriver who is the recently hired Elections Administrator in the County Clerk's Office. Ms. Milton indicated that she is very pleased with the improvements that Ms. Shriver has instituted in the office. Ms. Milton stated that Ms. Shriver recommended the following changes in elections that were very effective:

- Use trained election judges rather than staff to go to the nursing homes to assist with voting;
- Hospital voting for the first time, using trained election judges;
- Implemented a phone bank in the lower level of the Government Center;
- Networked with Verizon to use cell phones at the polling places, with the only charge being the minutes used.

Ms. Milton advised that there were some difficulties with the new “under-voting” law. She noted that chips had to be purchased for the voting machines, which will be reimbursed by the State Board of Elections. Ms. Milton advised that, with this new law, if someone under-voted, the ballot would be rejected. She indicated that voters have been very unhappy with this law as it violates their voting privacy. Ms. Milton added that there are some lawsuits filed to eliminate the new law, but she doesn’t know what the outcome will be.

Ms. Milton noted that, rather than use the term “rejected,” Ms. Shriver uses the term “the voter is alerted.” Ms. Shriver explained that the LCD screen on the voting machine alerts the voter they their ballot was either under-voted or over-voted. The voter is given the opportunity to override the rejection or correct the ballot.

Members of the Committee discussed various experiences they had with the “under-voting” rejection issue.

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

Chairman Owens presented the final December 31, 2009 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$380,566.48 and a Fund that is the same. Chairman Owens also presented the January 31, 2010 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Pending Total of \$242.77 and a Prepaid Total of \$714,052.49 for a Fund Total of \$714,295.26.

Motion by Moss/Butler to recommend approval of the Finance Committee bills as of December 31, 2009 and the Finance Committee bills as of January 31, 2010 as recommended by the County Auditor.
Motion carried.

Chairman Owens presented the final December 31, 2009 Nursing Home bills for review and approval as transmitted by the County Auditor. The Nursing Home bills include a Prepaid Total of \$216,839.55 and a Fund Total that is the same. Chairman Owens also presented the January 31, 2010 Nursing Home bills for review and approval as transmitted by the County Auditor. The Nursing Home bills include a Pending Total of \$14,447.65 and a Prepaid Total of \$496,016.32 for a Fund Total of \$510,463.97.

Finance Committee
February 3, 2010
Page Fourteen

Motion by Caisley/Moss to recommend approval of the Nursing Home bills as of December 31, 2009 and January 31, 2010 as recommended by the County Auditor.
Motion carried.

Finance Committee
February 3, 2010
Page Fifteen

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the Finance Committee at 5:10 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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