

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, March 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 (4:05 p.m.), Caisley O'Connor and Moss

Members Absent: None

Other Members Present: None

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

Department Heads/
Elected Officials

Present: Mr. Phil Dick, Director, Building and Zoning; Mr. Robert Kahman, Supervisor of Assessments; Mr. Lee Newcom, County Recorder; Ms. Michelle Anderson, County Auditor; and Ms. Becky McNeil, County Treasurer

Others Present: Ms. Laura Dick, Executive Director, SHOW BUS; Ms. Megan Nelson, Chief Deputy County Clerk

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

Chairman Owens presented the minutes of the February 2, 2010 Finance Committee Meeting.

Motion by Caisley/Moss to approve the Minutes of the February 2, 2010 Finance Committee Meeting.
Motion carried.

Chairman Owens advised that Mr. Matt Riehle, Administrator of the McLean County Nursing Home was unable to attend the meeting. Chairman Owens presented the Nursing Home Monthly Report.

Mr. Caisley pointed out that the census at the Nursing Home is slightly up.

Mr. Lindberg advised that the issue regarding negotiations with the State for continuing IGT State payments is progressing and Mr. Riehle believes the resolution will be favorable.

Mr. Phil Dick, Director, Building and Zoning, presented a request for approval of an Updated Vehicle Lease Agreement with McLean County for SHOW BUS. Mr. Dick also presented four grant applications for SHOW BUS for federal funding to the Illinois Department of Transportation for rural public transportation in McLean, Livingston, Ford, Iroquois and DeWitt Counties. The Committee recommended that these all be considered together. The Grants are as follows:

- Section 5316 Job Access Reverse Commute (JARC) Calendar Year (CY) 2010 Grant Application - proposes a daily route along US Route 24, servicing McLean, Ford and Livingston Counties, to include a super medium duty vehicle at \$93,000 and a two way radio at \$2,000 for a total of \$78,000 in federal share is requested;
- Section 5317 New Freedom CY 2010 Grant Application (Iroquois County service) - proposes expansion of service from three days a week to five days a week from Iroquois County to Kankakee, IL with operating expense for three years projected to be \$120,949 - a total of \$49,554 in federal share is requested;
- Section 5317 New Freedom CY 2010 Grant Application (Vouchers) - proposes vouchers for assistants to ride with significantly challenged riders in McLean, DeWitt, Ford, Iroquois and Livingston Counties with total operating expense for three years projected to be \$120,000 - a total of \$60,000 in federal share is requested;
- Section 5317 New Freedom CY 2010 Grant Application (Bariatric service) - proposes vehicle for those individuals who cannot be serviced in the standard paratransit vehicle due to weight, length or width issues for a modified bariatric vehicle at \$90,000, a two way radio at \$2,000, specialized equipment for the vehicle at \$8,000, plus mobility management funding of \$10,000 – a total of \$88,000 in federal share is requested.

Mr. Dick indicated that a breakdown of the applications is included in the Committee Packet. He added that additional information is available in the Building and Zoning Office.

Mr. Caisley asked what the necessity is for providing additional service along Route 24. Ms. Dick replied that SHOW BUS ran the route for Futures along Route 24 for about six months and the bus ran full. In the meantime, Futures, Unlimited, which serves a very large population of special needs folks, has had a reduction in their budget. Therefore, SHOW BUS is taking that route back to relieve the financial pressure on Futures.

Mr. Caisley asked what the route is for the Route 24 service. Ms. Dick responded that the route starts in Ford County, Piper City, Forrest, Chatsworth, Fairbury, Chenoa and then to Pontiac.

Mr. Caisley asked for an explanation of the expansion of the service from three to five days per week from Watseka to Kankakee. Ms. Dick explained that, currently, they are turning away quite a few people on the Monday-Wednesday-Friday route. She indicated that it became necessary to add Tuesday and Thursday to transfer some of the demand and open the possibility of bringing in more dialysis patients.

Mr. Caisley asked how many people ride the SHOW BUS. Ms. Dick replied that the bus can hold 14 people and it is always full. If there is someone in a wheelchair, it displaces two seats.

Motion by Rackauskas/O'Connor to Recommend Approval of an Updated Vehicle Lease Agreement with McLean County for SHOW BUS; and Recommend Approval to apply for four Grant Applications for SHOW BUS for Federal Funding to the Illinois Department of Transportation for Rural Public Transportation in McLean, Livingston, Ford, Iroquois and DeWitt Counties.

Ms. Rackauskas thanked Ms. Dick for all of her work with SHOW BUS. Chairman Owens also expressed his appreciation, noting that many other counties would like to have this type of service, but can't afford one.

Chairman Owens called for a vote on the Motion.

Motion carried.

Mr. Robert Kahman, Supervisor of Assessments, was unable to attend the meeting due to a death in the family. Chairman Owens presented the County Assessor's report on *Publication 136*, which is an attempt by the Illinois Department of Revenue (ILDR) to put the Sales Ratio, Level of Assessment and Equalization processes into plain English.

Mr. Lindberg advised that Mr. Kahman and his staff offered to provide a one-hour seminar on the basics of the property tax system and the assessment system. Mr. Lindberg suggested that this seminar be held immediately following the April County Board meeting if there is sufficient interest. He indicated that this stems from the request of one or two Board members. Mr. Lindberg noted that he will also announce the potential seminar at the Board Meeting in March.

Chairman Owens presented the County Recorder's Monthly report as submitted by Mr. Lee Newcom, County Recorder. There were no questions on the report.

Ms. Michelle Anderson, County Auditor, presented a request for approval of an Ordinance of the McLean County Board Amending the 2010 Combined Annual Budget and Appropriation Ordinance. She indicated that this is the annual rollover of the purchase orders outstanding from 2009 into the 2010 budget. Ms. Anderson stated that there is a variance this year of \$130,000. She noted that last year the variance was \$900,000+. Ms. Anderson stated that this year the soft close was pushed back four to five weeks, which allowed the 2009 payments to be paid in 2010 as if they were still 2009. Ms. Anderson added that the Auditor's Office made a better attempt at communicating to the Department heads what actually needed to be carried over.

Mr. Caisley asked what is the County Board's carry-over. Ms. Anderson replied that it was the project to update and codify the County Code by General Code.

Mr. Lindberg advised that it was anticipated that the project to codify the County Code could be completed within a year. He stated that the project will be completed this year. Mr. Lindberg noted that the project has taken more time than anticipated, partly because of the turnover in Civic State's Attorneys and the Administrator last year. He indicated that the County Code books will be reduced from about ten books to two books. Mr. Lindberg stated that the County Code will be available on the County website, with a system to update the code and with a word search capability.

Mr. Moss asked if the Crime Cog Technology item is related to the maintenance contract that was discussed last month. Ms. Anderson replied that it is related to the Crime Cog Technology. Mr. Moss advised that he will carry forward his symbolic opposition to that item and vote "no."

Motion by Caisley/Rackauskas to Recommend Approval of an Ordinance of the McLean County Board amending the 2010 Combined Annual Budget and Appropriation Ordinance.

Motion carried with Mr. Moss voting "No."

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

Ms. Megan Nelson, Chief Deputy County Clerk, reviewed the County Clerk's Monthly Report for January 2010.

Chairman Owens asked if the survey of the ballots went well. Ms. Nelson replied that survey is complete and went well. Chairman Owens asked how the report is sent to the State. He indicated that a member of the State Board of Elections mentioned to him

that they received some reports on envelopes and handwritten on pieces of paper. Ms. Nelson replied that the County Clerk's Office certifies for the County as a whole, including the Bloomington Election Commission, and must prepare a spreadsheet for each race for each party. She indicated that they sent over 150 pages worth of canvas to the State last week.

Mr. Caisley asked if there was any change from the unofficial totals. Ms. Nelson replied that there was very little change in the totals at the County level.

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

Ms. Becky McNeil, County Treasurer, presented the Financial Reports for the period ending February 28, 2010, as distributed.

Ms. McNeil advised that Ms. Anderson and she are in the final stages of making their journal entries for 2009. She noted that the outside auditors worked a little bit last week and will be back again in just over a week to begin the 2009 audit.

Ms. McNeil reviewed the General Fund 0001 as of 12/31/09 (Unaudited) Report. She stressed that these are unaudited balances. Ms. McNeil indicated that on the General Fund side there is an additional \$500,000 in revenue that will be accrued once the State reports the numbers to her in March. She noted that the General Fund, Tort Fund, Revenue Stamp Fund, and Employee Benefit Fund are all of the funds that are considered General Government Funds.

Ms. McNeil reported that in 2008, the County's balance was \$8,463,605.55 and in 2009, the unaudited fund balance is \$8,961,508.35. She cautioned that the \$8,961,508.35 is subject to adjustment. Ms. McNeil also cautioned that the County will very likely be backing off some revenue that was accrued in 2009, but because the State of Illinois has failed to pay the County in a timely manner, that revenue will have to be deferred until 2010. She noted that she has been keeping the Finance Committee up to date on the outstanding receivables throughout the year.

Ms. McNeil reviewed the State of Illinois Receivables Report, which provides information regarding the monies due from the State. She stated that as of February 28th, there is a total outstanding receivable balance from the State of Illinois of \$1,943,342.20. Of that amount, \$1,489,251.62 is due from 2009 and \$454,090.58 is due in 2010. Ms. McNeil outlined which funds are carrying those State of Illinois receivables. She noted that the General Fund is the biggest receivable and the one of most concern because the Fund Balance from the first report of \$8,961,508.35 will be reduced by the amount of outstanding receivables from 2009. Ms. McNeil stated that

this revenue will be deferred to 2010 so that it will be recognized in 2010, but it will reduce the County's ending Fund Balance for 2009 and make it appear that the County had a worse year than it actually did. She added that if we do not realize these funds from the State, we will be reducing revenue by the amount of the outstanding receivables.

Ms. McNeil reported that, in March, the County received funds from the State for six months of the Supervisor of Assessment's salary reimbursement. She noted that the State is not releasing one or two months at a time, but six months. Ms. McNeil also noted that last month the County received a huge payment on the salary reimbursements for Probation Officers.

Ms. McNeil advised that the State Income Tax payment is being held back by the State, which is currently a balance of \$500,690.17. She added that every County in the State is due income tax beginning in November through the current date. Ms. McNeil indicated that she keeps in contact with other County Treasurer's in the state.

Ms. McNeil informed the Committee that the Nursing Home payments are coming through regularly. She stated that it appears that the State is raiding different funds to keep those very important nursing home payments flowing to the nursing homes.

Ms. Rackauskas asked if the County was in the same predicament with the State Income Tax reimbursement last year. Ms. McNeil replied that the County was behind last year as well. She estimated that last year the County ended up deferring around \$500,000. Ms. McNeil indicated that, at the end of 2009, in the General Fund alone, the County deferred \$500,000-\$700,000 for this same thing. She added that last year was the first year that the County had to defer funds because of the State's financial situation. This is the second year in a row that the State's untimely payments are affecting the County's financial picture as of the end of the year.

Mr. Lindberg advised that the Health Department Funds are close to current and the originating source of funds is much more stable than some of the others. He noted that the Income Tax will be the last thing that the State does not pay. Mr. Lindberg indicated that the first salary reimbursement that will be paid is the State's Attorney salary reimbursement. He added that the most troubling reimbursement delay is the \$800,000 between the three pieces of Probation Officer reimbursement.

Ms. McNeil stated that the Health Department received a payment on the 1st between two of their funds in the amount of \$75,000, so that December 31, 2009 receivable is now around \$175,000. She noted that with the \$75,000 to the Health Department and the County Assessor salary reimbursement of around \$20,000, the receivables have been reduced by approximately \$100,000 in the last couple of days.

Ms. O'Connor asked at what point does the State tell that the County that it will not receive its money. Mr. Lindberg replied that the State will never say that. Ms. McNeil stated that the County would, at some point, probably stop accruing the receivables, such as the Probation Officer receivables. She indicated that the Probation receivables have stopped accruing the salary expenses that were turned in for reimbursement because the allocation has been set and we know already that these receivables are all that has been allocated to McLean County. Under Salary Reimbursement, the County hasn't even accrued for the month of December, January or February because it is clear we are not going to get the money. Ms. McNeil stated that the other items, until the State comes through with some type of notification, have always been allocated to the County and the County has always been reimbursed, though not in a timely manner.

Mr. Lindberg advised that the County relies on contracts and statute that clearly establishes that this is what the State must do. He indicated that the reason these receivables are due is because of bona fide legal contracts or statutory commitments.

Ms. Rackauskas expressed concern that even though the established contracts with the State are not being reimbursed, the County continues to enter into new contracts with the State.

Mr. Caisley stated that every month the Chief Circuit Judge signs a certification to the Administrative Office of the Illinois Courts stating how much money is due for fully funded positions for grants-in-aid. He indicated that the Administrative Office has done its part; it has approved those expenses and forwarded it to the State Comptroller's Office, and the State Comptroller is holding them up because sufficient funds are not available. Mr. Caisley noted that the Chief Justice went to the General Assembly and instructed them to correct the situation. He added that the most recent certification from the Department of Corrections to the Judges of the Circuit Court shows that it costs \$27,000 per year to incarcerate an adult male felon, \$24,000 per year to incarcerate an adult female, and \$54,000 to incarcerate a juvenile. Mr. Caisley stated that every time one of our judges puts someone on probation, we are saving the State of Illinois a large amount of money. Then, the State doesn't pay the County for the cost of providing those probation services.

Ms. Rackauskas advised that the Board needs to determine what direction the County needs to take to balance the budget. She suggested that a workshop be provided to the Board on the financial state of the County and on how to keep the County budget balanced.

Mr. Lindberg reminded the Committee that, after the March numbers from the State are determined, he will provide an update on the state of the County.

Mr. Lindberg pointed out that the County relies on legally binding contracts and on State Statute. The Statute says that the State must pay the salaries and the travel expenses for the Probation Officers, but they do neither. The County's allocation should have been close to \$3 million and it was close to \$1.4 million for the fiscal year just ended and thus far we have received only \$700,000. Our allocation for the next State fiscal year started at \$821,000 and, after the Chief Judge's intercession, it was increased to \$941,000. Mr. Lindberg indicated that one County program asked for its quarterly payment and was told by the Comptroller's Office that McLean County has a fund balance and the State was first vouchering funds out to counties without a fund balance. He stated that the questions are what is the State going to do in the future, what reliance can we place on contracts and statute and how much risk do we want to put our own fund balance versus looking at some very substantial changes in the way we do business.

Ms. McNeil advised that McLean County is fulfilling its obligation to what the State has mandated us to do. Unfortunately, not only has the state pulled back and unfunded those mandates, but they also are very delinquent in the payments that are coming through for the portion that is funded.

Ms. Rackauskas expressed her frustration and concern with the position in which the State has put McLean County.

Mr. Butler suggested that if the State mandates something and they don't provide the money for it, the County should refuse to comply with the mandate because we don't have the money to do it.

There was additional discussion regarding the frustration over the State receivables.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending February 28, 2010. She noted that the Local Use Tax is the tax generated by out-of-state vendors. Ms. McNeil stated that this is a revenue-sharing tax, which means when the funds come into the State of Illinois, they have designated a certain amount of money to Chicago, a certain amount to the Transit Authority, the St. Louis Transit Authority, Metro Area, and a certain amount to the Building Illinois Fund. What is left over is to be distributed to the various counties and municipalities. Ms. McNeil relayed that she was told that they are seeing a reduction in the revenue, which is why there is a 25% reduction on payments for the month of February compared to 2009. Ms. McNeil feels that the State may eventually refuse to share the revenue of the Local Use Tax.

The Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending February 28, 2010 statistics are as follows:

- Retailers Occupation Tax Revenue for February 2010 is \$381,512.37.
- Retailers Occupation Tax Revenue Year to Date is \$885,888.64, which is 0.4% above last year and 15.4% of budget.
- State Income Tax Revenue is \$307,635.96, which is -8.7% below last year and 16.6% of budget.
- Personal Property Replacement Tax Revenue is \$182,160.34, which is 4.8% above last year and 11.9% of budget.

The Summary of Tax Receipts Report is as follows:

		<u>% of change Over 2009</u>
February 2010 Revenue:		
Sales Tax	\$381,512.37	3.8%
Revenue Sales Tax	66,150.18	56.3%
Local Use Tax	16,478.46	-25.2%
Income Tax	158,285.85	-15.7%
PPRT		
Total	<u>\$622,426.86</u>	
 Monthly Comparison		
January 2010 Revenue	622,426.86	
January 2009 Revenue	<u>619,824.65</u>	
Difference	\$2,602.21	0.4%
 YTD Comparison		
YTD 2010 Revenue:	\$1,375,684.94	
YTD 2009 Revenue:	<u>1,392,976.79</u>	
YTD Difference:	(\$17,291.85)	-1.2%
 Budget Comparison		
2010 Annual Budget:	\$9,125,150.00	
Budgeted Revenue per Month:	\$ 760,429.17	
Budgeted revenue thru 1/31/10:	\$1,520,858.33	
 YTD Actual Receipts	 \$1,375,684.94	
 Amount Over (Under) Budget:	 (\$145,173.39)	 -10.6%

Mr. McNeil reviewed the Statement of Revenue, Expenditures and Fund Balance Report. She stated that a lot of the revenue for February has not been booked. Statistics are as follows:

- Revenue as of February 28, 2010 is \$2,040,654.04, which is 6.40% of budget.
- Expenses as of February 28, 2010 are \$4,134,212.40 which is 12.76% of budget.
- Fund Balance is \$7,893,887.78.

Ms. McNeil noted that she comes to this Committee with lots of information. She noted that some of the information she is required to provide and much of the information is to keep the Committee as well informed as possible so that you are aware of the budget situation.

Ms. Rackauskas commended Ms. McNeil on all of her work on behalf of the County.

Mr. Butler pointed out that the accrued Fund Balance is \$7.8 million and our cash balance is \$2 million less. Ms. McNeil responded that our cash right now is a little lower than last year, but it is pretty comparable on our assets. She noted that the next three months will be a challenge if we don't start seeing money come in from the State of Illinois. Ms. McNeil indicated that this is because over the next three months one thing that is certain is that the County must meet its payroll. She noted that we will not see the revenue from the tax levy until the end of May or beginning of June. Ms. McNeil advised that, last month, the Board put into place the inter-fund borrowing.

Mr. Lindberg clarified that the County is not running out of money. Rather, we are moving money around from existing cash balances in the various fund balances.

Ms. McNeil advised that the General Fund is currently in good shape and is comparable to previous years.

Ms. O'Connor asked if the County has any CD's with State Farm Bank. Ms. McNeil replied that the County has money markets with State Farm Bank. She noted that the CD rates are extremely low right now.

Motion by Butler/Caisley to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending February 28, 2010, as submitted.

Motion carried.

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

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Mr. Terry Lindberg, County Administrator, presented a request for approval of a Master Services Agreement between Chestnut Global Partners, LLC and the County of McLean for Employee Assistance Services. He stated that the total cost of the Agreement is \$25,000 and is fully funded out of the Employee Benefit Fund. Mr. Lindberg advised that the County uses this service to a significant degree. He noted that in addition to providing services at the request of the employee, Chestnut also conducts a number of seminars and they also respond when employers direct employees to mandatory counseling.

Motion by Moss/O'Connor to Recommend Approval of a Master Services Agreement between Chestnut Global Partners, LLC and the County of McLean for Employee Assistance Services.

Motion carried.

Chairman Owens advised that the Executive Session was cancelled as individuals involved in the Executive Session are ill.

Chairman Owens presented the February 28, 2010 Finance Committee bills for review. The Finance Committee bills include a Prepaid Total of \$850,657.14 and a Fund that is the same.

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Motion by Butler/O'Connor to recommend approval of the Finance Committee bills as of February 28, 2010 as recommended by the County Auditor.
Motion carried.

The Nursing Home bills include a Prepaid Total of \$421,734.03 and a Fund Total that is the same.

Motion by Caisley/Rackauskas to recommend approval of the Nursing Home bills as of February 28, 2010 as recommended by the County Auditor.
Motion carried.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the Finance Committee at 5:03 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary