

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, April 7, 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, Moss, Caisley, and O'Connor

Members Absent: Member Nuckolls

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. Phil Dick, Director, Building and Zoning; Ms. Michelle Anderson, County Auditor; Ms. Peggy Ann Milton, County Clerk; Ms. Becky McNeil, County Treasurer; Mr. Matt Riehle, Director, Nursing Home

Others Present: Ms. Carrie Haas, Attorney, Costigan and Wollrab Law Firm; Ms. Laura Dick, Executive Director, SHOW BUS

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

Chairman Owens presented the minutes of the March 3, 2010 Finance Committee meeting and the February 16, 2010 Stand-up meeting for approval. Hearing no additions or corrections to those minutes, Chairman Owens advised that the minutes would stand approved as presented.

Chairman Owens called for a vote to go into Executive Session to discuss Pending Litigation with the Committee Members, Ms. Carrie Haas, Costigan & Wollrab Law Office, and the Administrator's Office Staff

Motion by Butler/Moss to Recommend the Finance Committee go into Executive Session at 4:01 p.m. to discuss Pending Litigation with the Committee Members, Ms. Carrie Haas and the Administrator's Office Staff.

Motion carried.

Motion by Butler/O'Conner to recommend the Finance Committee return to *Open Session* at 4:30 p.m.
Motion carried.

Mr. Phil Dick, Director, Building and Zoning, presented three SHOW BUS requests that can be acted upon together. They are:

- Request Approval of an Illinois Department of Transportation (IDOT) State Fiscal Year 2011 Combined Application for Section 5311 Non-Metro Public Transportation Capital/Operating Assistance and Intercity Bus Grant;
- Request Approval of an IDOT Downstate Urban Area Operating Assistance Grant Application;
- Request Approval of Purchase of Service Agreement between McLean County and SHOW BUS for Rural Public Transportation.

Mr. Caisley asked if an individual who lives outside of the cooperating counties can ride the SHOW BUS to a SHOW BUS service area. Ms. Dick replied that SHOW BUS is mandated to serve those who are within the counties in the Intergovernmental Agreement. She indicated that the destination can be outside of those counties, but one leg must be within the service area. Ms. Dick noted that if the destination is within the service region and it is not costing any extra money, it is considered incidental service, which is allowed.

Motion by O'Connor/Caisley to Recommend Approval of an Illinois Department of Transportation (IDOT) State Fiscal Year 2011 Combined Application for Section 5311 Non-Metro Public Transportation Capital/Operating Assistance and Intercity Bus Grant; Recommend Approval of an IDOT Downstate Urban Area Operating Assistance Grant Application; and Recommend Approval of Purchase of Service Agreement between McLean County and SHOW BUS for Rural Public Transportation.
Motion carried.

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 an Audit Summary on the McLean County Sheriff's Department Inmate Fund. She explained that the Inmate Account maintained in the Sheriff's Department is the bank account that holds all of the funds for inmates of the McLean County Detention Facility (MCDF). These funds are obtained from the inmates upon intake to the facility or received from family/friends of the inmates

and deposited on account for their use. Ms. Anderson noted that inmates can then use these funds to purchase commissary items, including phone cards, or to bond out of jail. Ms. Anderson added that any funds remaining "on account" upon their release from the facility is returned to the inmate. During 2009, the average monthly amount of cash received exceeded \$180,000.

Ms. Caisley asked if Ms. Anderson was satisfied with the accounting practice associated with this fund. Ms. Anderson replied that she was satisfied with the process. She added that some additional changes were made to the process.

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

Ms. Peggy Ann Milton, County Clerk, reviewed the County Clerk's Monthly Report for February 2010. She indicated that most of the funds are tracking as expected. The funds that are slightly behind are the Marriage License Applications and Marriage Record Requests. Ms. Milton noted that these applications will pick up in the summer.

Ms. Milton stated that the Birth Record Requests and Death Record Requests are on target. She advised that the Take Notices are close to being completed.

Ms. O'Connor asked for an explanation of a "Take Notice." Ms. Milton explained that a Take Notice is when there is a tax sale and the tax buyer must send out a notice to the person that they purchased the taxes on behalf of, which must be done four and a half months after the sale.

Ms. O'Connor asked what is the "Assumed Names." Ms. Milton replied that if a person wants to start a business, it is necessary to go into the County Clerk's Office and do a search to make sure that particular name is not being used.

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

Ms. Becky McNeil, County Treasurer, presented the Financial Reports for the period ending March 31, 2010, as distributed.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending March 31, 2010. Statistics are as follows:

- Retailers Occupation Tax Revenue for March 31, 2010 is \$570,759.35.
- Retailers Occupation Tax Revenue Year to Date is \$1,456,647.99, which is 4.4% above last year and 25.3% of budget.
- State Income Tax Revenue is \$405,578.05, which is 7.6% below last year and 21.9% of budget.
- Personal Property Replacement Tax Revenue is \$253,198.60, which is 6.4% above last year and 16.6% of budget.

Ms. McNeil pointed out that the Vouchers for Retailers Occupation Tax Revenue increased slightly from \$1,395,135.68 in Fiscal Year 2009 to \$1,456,647.99 in Fiscal Year 2010. She noted that the State Income Tax Voucher decreased from \$438,818.11 in 2009 to \$405,578.05 in 2010.

The Summary of Tax Vouchers Report is as follows:

		<u>% of change Over 2009</u>
March 2010 Vouchers:		
Sales Tax	\$475,389.48	10.8%
Revenue Sales Tax	67,043.58	28.4%
Local Use Tax	28,326.29	-10.6%
Income Tax	97,942.09	-3.7%
PPRT	<u>71,038.26</u>	10.8%
Total	\$739,739.70	
Monthly Comparison		
March 2010 Vouchers	739,739.70	
March 2009 Vouchers	<u>678,927.81</u>	
Difference	\$60,811.89	9.0%
YTD Comparison		
YTD 2010 Vouchers:	\$2,115,424.64	
YTD 2009 Vouchers:	<u>2,071,904.60</u>	
YTD Difference:	43,520.04	2.1%
Budget Comparison		
2010 Annual Budget:	\$9,125,150.00	
Budgeted Revenue per Month:	\$ 760,429.17	
Budgeted Revenue thru 3/31/10:	\$2,281,287.50	
YTD Actual Vouchers	\$2,115,424.64	
Amount Over (Under) Budget:	(\$165,862.86)	-7.8%

Mr. Caisley asked if the Income Tax figure for the first quarter is representative of the entire year, or will more money come in after April 15th. Ms. McNeil responded that there will be a bump in the Income Tax payment in May. She added that things are trending positive, but not where they need to be in order to meet budgeted revenue.

Ms. McNeil reviewed the Treasurer's Investment Report. She indicated that a few items came due this month. Ms. McNeil noted that the renewal rates were 1%, 1.5% and 1.3%. There has been no movement on the interest rate, including the Money Markets.

Ms. McNeil pointed out, at the top of page 3 of the report, that there was a negative balance as of March 31, 2010, for the Heartland Bank fund. She noted that this was simply a timing issue between Accounts Payable and Revenue Accounting.

Ms. McNeil advised that the cash total of all funds is \$27,341,507.06, which is comparable to last year. She stated that the General Fund cash position at the end of March 2010 is at \$4,450,000 and in March 2009 it was \$4,715,000. Ms. McNeil indicated that the cash position is down this year, which mirrors where our receivables stand with the State of Illinois.

Mr. Caisley asked if the County is collateralized with Heartland Bank after it assumed the responsibilities of the Bank of Illinois. Ms. McNeil responded that the County funds at Heartland Bank are completely collateralized.

Ms. McNeil reviewed the Employee Benefit Fund Quarterly Report. She stated that the Fund Balance, as of March 31, 2010, was \$99,289.70. She noted that the April premium had been paid out of this balance, but this balance does not reflect the second quarter employer contribution toward the employee health insurance, which pushed that figured down slightly.

Ms. McNeil presented the CDAP Revolving Loan Fund Quarterly Report. She indicated that there are three loans whose March payment had not yet been received, namely Trace Design, Coffee Hound and Midwest Molding. Ms. McNeil stated that, after contacting these companies, payment for Coffee Hound has been received.

Ms. McNeil indicated that the fund balance that is available to lend on the Revolving Loan project is currently \$379,085.26.

Chairman Owens asked what the status is on the delinquent payments from Trace Design and Midwest Molding. Ms. McNeil replied that Trace Design has indicated to the Economic Development Council (EDC) that they may be paying off their loan this month. She advised that she contacts EDC when payments are delinquent. Ms. McNeil reported that Midwest Design intends to make two payments in April, one for March and one for April.

Chairman Owens asked for an update on the receivable amount due from the State of Illinois. Ms. McNeil responded that Mr. Lindberg will be giving a presentation on the budget. She noted that as of the end of the year, the General Fund deferred \$1,377,000 from State reimbursement. As of March 31, 2010, the County's receivable in the General Fund is at \$1.5 million. Ms. McNeil indicated that there were very few state payments received in March.

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

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

Mr. Matt Riehle, Administrator of the McLean County Nursing Home, presented the Nursing Home Monthly Report and an Anticipated IDPA Reimbursement Report. He stated that the spreadsheet tracks the status of the Intergovernmental Agreement monies that are due to the Nursing Home from October 2009. Mr. Riehle advised that in the last two weeks the Joint Commission that makes administrative rules has passed in a process for the new IGT replacement to take over effective October 1st. However, they are still negotiating some of the payment rates and contract language.

Mr. Lindberg stated that this is a complex topic. He noted that there are other counties that operate county nursing homes who are applying the monies differently and the financial state they have is much more significant than ours.

Mr. Caisley pointed out that the Nursing Home census is stable. Mr. Riehle stated that the Nursing Home census has been at approximately 124 residents.

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

Mr. Terry Lindberg, County Administrator, presented a request for approval of a Resolution of the McLean County Board setting forth specific recommendations for the Fiscal Year 2010 Budget, as distributed at the meeting. He noted that he will review three different documents that are being distributed to the Committee. Mr. Lindberg explained that these documents were not included in the packet because the year ending December 31, 2009 is not closed out until March 31, 2010, which made it too late to get into the packet.

Mr. Lindberg reviewed the Fund Balance as of December 31, 2007, which was the Fund Balance at the beginning of Fiscal Year 2008. At that time, the County's Fund Balance was \$12,732,766. He noted that, because there was some concern that this figure might be viewed by some as excessive, several capital projects were planned and completed, including the final phase of renovations at the Old Courthouse at a cost of \$1,750,000.

Mr. Lindberg stated that after the commitment was made to complete the Old Courthouse project, it was learned that 2008 would be the most expensive year in history for out-of-County prisoner housing, which cost over \$800,000. He added that 2008 was also the year in which the County settled the Law and Justice Center explosion at a cost to the County of almost \$600,000. Mr. Lindberg indicated that 2008 was also the first year in which the County began experiencing deferred state revenue. The County experienced \$600,000 in deferred revenue due to slow state payments, with the Probation Officer salaries being the largest amount deferred. Additionally, there was \$716,000 in negative budget variances. Mr. Lindberg indicated that, though the plan had been to reduce the \$12,732,766 Fund Balance to \$10 to \$11 million, the balance ended up being reduced to \$8,388,235. He noted that the outside auditors commented that there are many jurisdictions that would love to be in our position.

Mr. Lindberg stated that the \$8,388,235 balance put the County at 94.54 days (which is the estimated amount of days the County can survive on that amount with no revenue coming in) versus our overall General Fund budget, and it put us at 11.04% of our total budget. He indicated that governmental finance experts would say that 90 days is a good estimate to be in general. The County's budget policy calls for the County to have no less than 10% of its total budget in place. At the end of 2008, the County met the GFOA suggestions and our own goal.

Mr. Lindberg advised that the County started 2009 with \$8,388,235 in the Fund Balance, with no plans to draw it down. However, at the end of December 31, 2009, the County had almost \$400,000 in unpaid State Income Tax, over three-quarters of a million dollars in unpaid Probation Officer reimbursement, a modest amount for the Appellate Prosecutor, a number of other minor State payments, and a whole list of statutory salary reimbursements of \$153,000, totaling \$1,377,321 in deferred revenue.

Mr. Lindberg stated that, through a lot of hard work on the part of the County Treasurer, the County Auditor and the Department Heads, the County ended up with budget variances of plus \$780,020. Had the State made their payments on a timely basis, the County would have increased its \$8.4 million Fund Balance by almost \$800,000 and the Fund Balance would have been at \$9.2 million. Mr. Lindberg noted that, despite our best local efforts to generate that \$800,000 positive variance, we had the \$1.4 million negative variance due to the State's failure to meet its obligation, which resulted in the Fund Balance decreasing from \$8,388,235 to \$7,790,934.

Mr. Lindberg advised that compared to the GFOA 90 day criteria, the County is now at 89.44 days. Compared to the 10% criteria in the County's budget guidance, the County is at 10.33%.

Mr. Lindberg stated that to come up with the \$780,000 positive variance requires a lot of hard work on everyone's part and requires a little bit of good luck and fortuitous circumstances.

Mr. Lindberg indicated that the County must be very conscious of that \$7,790,934 and do all that can be done to see that this amount is maintained. He reminded the Committee that the goal starting in 2009 was to maintain the \$8,388,235 Fund Balance, but we were not able to do so.

Mr. Lindberg reviewed the General Fund Revenue history. He pointed out that in Fiscal Year 2006 the General Revenue had an adopted budget of \$29,953,596 with total revenues of \$32,927,237 for a positive difference of almost \$3 million. Mr. Lindberg stated that the ideal situation is for the revenue to come in significantly over budget and expenditures modestly under budget.

Mr. Lindberg advised that the Fiscal Year 2007 budget figures were much the same as 2006. In 2008, the revenue was down almost \$600,000. He explained that this was the result of the State ceasing to be timely in the payment of their obligations. Mr. Lindberg advised that in 2009 there was a positive variance of \$241,711 between the Adopted Budget versus the Actual Budget. He indicated that this was partly due to the fact that the County began receiving monies in 2009 that were due from the State for 2008.

Mr. Lindberg stated that last November the County adopted a budget for 2010 in the amount of \$31,794,781. At that time, the Board was advised that, after a few months of reviewing data going into 2010, the County Administrator's Office would provide a report on the County's financial situation. Mr. Lindberg reported that the Property Tax Revenue was a little bit overstated in that the County did not have all of the growth in value that was expected. He reviewed the Sales Tax, based on the first three months of 2010. The March 2010 revenue reflected a positive increase in December 2009 as

compared to December 2008. The January and February 2010 report, which reflected October and November 2009 revenue, was not positive. Mr. Lindberg stated that, absent any significant change in sales tax, the County could be as much as \$400,000 short of our budgeted Sales Tax number. He clarified that the County does not receive a monthly payment on Income Tax, rather Income Tax is supposed to be paid ten times per year. Mr. Lindberg noted that a few years ago, the payments were consistent. In the last three years, the payments have been somewhat erratic. Mr. Lindberg added that the County is low on receipt of Income Tax, and he doesn't expect a rapid recovery in the near future.

Mr. Lindberg advised that Recording Fees are off by about \$125,000 due to external real estate market factors. Mr. Lindberg stated that almost \$800,000 in Probation Reimbursement was deferred from 2009. If what happens in 2010 is the same as what happened in 2009, the County will collect the 2009 reimbursement in 2010. As of the State's Fiscal Year 2010, which began July 1, 2009, the County was due a minimum of \$842,000 in Probation Officer reimbursement. To date, the County has received zero for Fiscal Year 2010. On a budgetary basis, the County may exceed budget in 2010, but it will be the deferred 2009 reimbursement we may receive and the 2010 reimbursement will be deferred into 2011.

Mr. Lindberg stated that Sheriff Emery has worked very hard, with the cooperation of the Courts, to identify three different fees in his revenue area that he has been able to increase by at least \$100,000.

Mr. Lindberg indicated that the Administrator's office surveyed every department, reviewed every revenue line and met with a number of department heads to make sure nothing was missed, included pluses and minuses.

Mr. Lindberg advised that Permit Fees are off by \$25,000. He noted that there was one project in Building and Zoning for which building permit fees were budgeted, but the project will be delayed. There are two more projects since the budget was locked in that will likely produce zoning application fees.

Mr. Lindberg pointed out that we are \$670,000 short of the budget.

Mr. Lindberg reviewed the General Fund Budget Variances report which shows the typical pattern that was seen in 2006 and 2007 where the County took in more than was budgeted, spent less than was budgeted and produced positive fund balances. He noted that in 2009 we started the year with a Fund Balance of \$8,388,235 and declined to \$7,790,934 in 2010. Mr. Lindberg advised that the goal with this recommended Resolution is to do all that is possible to preserve the \$7.8 million Fund Balance.

Mr. Lindberg stated that it will be necessary to take some stringent steps to produce a \$670,000 savings over the original budgeted amounts in the General Fund. He noted that this will be the third year in a row that we will have a mid-year cut in the budget. Mr. Lindberg indicated that the General Fund is approximately 70% salary dollars, which means that the primary way to achieve this type of savings is through reductions in the salary lines. Mr. Lindberg pointed out that Section 2 of the recommended Resolution setting forth specific recommendations for the Fiscal Year 2010 General Fund Annual Appropriation and Budget Ordinance proposes that we immediately implement an across-the-board position freeze. He added that this may be the only way to produce the necessary amount of savings. Mr. Lindberg advised that he plans to spend time working with the department heads to find the money and come back to the Committee in May to present the detailed plan.

Mr. Caisley pointed out that the previous statute on mortgage foreclosures provided that the Sheriff receive a commission for conducting foreclosure sales. When the statute was amended, it permitted plaintiffs to request that there foreclosure sales be private sales. Mr. Caisley noted that most of the sales are now conducted by the Judicial Sales Corporation and they receive the commission. He recommended that the Sheriff consider working with the judges to conduct the sales. Mr. Lindberg responded that Sheriff Emery has already obtained judicial approval to take over the foreclosure sales. He noted that the County can make about \$614 per foreclosure case.

Ms. O'Connor asked how this Resolution will affect collective bargaining. Mr. Lindberg responded that the Fiscal Year 2010 budget included an across-the-board pay freeze and merit freeze, which is in stark contrast to the demands being made by the bargaining units.

Mr. Lindberg noted that the Health Department is not part of the General Fund. He indicated that the Health Department is a mix of grant funds and tax levy funds. Most of this department's revenue sources have not declined or been delayed. Mr. Lindberg stated that his office would work with the Health Department to recognize their unique circumstances.

Mr. Lindberg concluded that the intent of the Resolution is to give the County an opportunity to match spending to available revenue. He stated that this cannot be done by counting paper clips or turning down the thermostat.

Motion by Caisley/Butler to Recommend Approval of a Resolution of the McLean County Board setting forth specific recommendations for the Fiscal Year 2010.
Motion carried.

Finance Committee
April 7, 2010
Page Eleven

Chairman Owens asked if there were any other questions or comments. Hearing none, he called for a motion to go into *Executive Session* to discuss Collective Bargaining.

Motion by Moss/Caisley to Recommend the Finance Committee go into Executive Session at 5:00 p.m. to discuss Collective Bargaining with the Committee Members and the Administrator's Office Staff.

Motion carried.

Motion by Moss/Butler to recommend the Finance Committee return to *Open Session* at 5:47 p.m.

Motion carried.

Chairman Owens presented the March 31, 2010 Finance Committee bills for review. The Finance Committee bills include a Pending Total of \$21,188.80 and a Prepaid Total of \$1,263,970.85 for a Fund Total of \$1,285,159.65. He also presented a final bill as of the end of February 28, 2010, which included a Pending Total of \$1,058.06 and a Fund Total that is the same.

Motion by O'Connor/Butler to recommend approval of the Finance Committee bills as of March 31, 2010 and the final bills as of February 28, 2010 as recommended by the County Auditor.
Motion carried.

The Nursing Home bills include a Prepaid Total of \$750,925.45 and a Fund Total that is the same.

Finance Committee
April 7, 2010
Page Thirteen

Motion by Butler/Caisley to recommend approval of the
Nursing Home bills as of March 31, 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 5:50 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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