

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, May 4, 2011 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members Butler, Wollrab, Rankin, and McIntyre

Members Absent: Member O'Connor

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. Walt Howe, Health Department Administrator; Ms. Becky McNeil, County Treasurer; Ms. Kathy Michael, County Clerk; Mr. Matt Riehle, Director, Nursing Home; Ms. Jennifer Ho, Risk Management; Mr. Lee Newcom, County Recorder

Others Present: Mr. Craig Nelson, Director, Information Technologies; and Ms. Lori McCormick, Director, Court Services

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

Chairman Owens presented the minutes of the April 6, 2011 Finance Committee Meeting for approval. Hearing no additions or corrections to those minutes, Chairman Owens advised that the minutes would stand approved as presented.

Mr. Walt Howe, Health Department Administrator, presented a request for approval of an Ordinance of the McLean County Board amending the 2011 Combined Appropriation and Budget Ordinance for Fund 0102. He explained that the Health Department was recently awarded a \$100,000 grant from the Department of Healthcare and Family Services to create a fourth dental operatory through the renovation of a waiting room. The funding will allow the Health Department to expand the existing dental clinic from three operatories to a four-operatory clinic. Mr. Howe stated that the length of the grant extends through March 15, 2013 and \$53,376 will be used during Fiscal Year 2011. He indicated that the grant funds will be used to make changes to an existing waiting room in order to accommodate a dental chair, a sink, cabinets and other necessary equipment. The remaining funds will be used to purchase equipment in 2012, including a digital x-ray machine (Panorex) that will convert dental records to electronic medical

records. Once that is purchased, the Health Department can receive an enhanced rate for dental services.

Mr. Butler asked for an explanation of an “enhanced rate for dental services.” Mr. Howe responded that if you convert to electronic health records, you are supposed to get an enhanced Public Aid rate. Mr. Butler asked if that money comes from the State. Mr. Howe replied that the enhanced rate comes from the State, but the grant is a Federal grant.

Mr. Howe noted that the addition of a fourth operatory may provide sufficient revenue that would allow for the hiring of an additional dental hygienist and a part-time dentist to provide services for a greater number of HFS Dental Program participants.

Chairman Owens asked if Facilities Management is involved in this process. Mr. Howe stated that Facilities Management has been working closely with him. He added that an outside contractor will come in and do the work.

Motion by Wollrab/Rankin to recommend Approval of an Ordinance of the McLean County Board Amending the 2011 Combined Appropriation and Budget Ordinance for Fund 0102.

Motion carried.

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

Ms. Becky McNeil, County Treasurer, presented the Financial Reports for the period ending April 30, 2011, as distributed.

Ms. McNeil advised that the first installment of Property Taxes is the most intense. She noted that the bills were sent out last Friday and the first installment due date is June 1st. Within the next 20 business days, close to \$144 million will be collected.

Ms. McNeil indicated that we are already one-third of the way through 2011. It is now possible to begin to compare revenue this year to the previous year.

Ms. McNeil reviewed the Summary of Tax Vouchers for Sales, Income, Local Use and Personal Property Replacement Tax, as follows:

		<u>% of change Over 2010</u>
April 2011 Vouchers:		
Sales Tax	\$347,680.61	11.1%
Revenue Sales Tax	106,782.94	106.6%
Local Use Tax	21,943.04	30.2%
Income Tax	147,296.37	24.9%
PPRT	<u>300,725.71</u>	13.8%
Total	<u>\$924,428.67</u>	
Monthly Comparison		
April 2010 Vouchers	798,549.02	
April 2011 Vouchers	<u>924,428.67</u>	
Difference	\$125,879.65	15.8%
YTD Comparison		
YTD 2010 Vouchers	2,913,973.66	
YTD 2011 Vouchers	<u>3,048,456.90</u>	
Difference	\$134,483.90	4.6%
Budget Comparison		
2011 Annual Budget:	\$8,600,000.00	
Budgeted Revenue per Month:	\$ 716,666.67	
Budgeted Revenue thru 4/30/11:	\$2,866,666.67	
YTD Actual Vouchers	\$3,048,456.90	
Am't Over (Under) 2011 Budget:	\$ 181,790.23	

Ms. McNeil reviewed the Investment Report. She noted that rates continue to be very low, and she doesn't expect the rates to increase in 2011. As of April 30, 2011, the total of all funds is \$28,714,997.73.

Ms. Wollrab asked what the chances are that the State might hold the County's taxes. Mr. Lindberg responded that it is unlikely that the State will hold the taxes. He indicated that threat is the bargaining chip from the Governor to encourage the General Assembly to authorize some form of borrowing. Mr. Lindberg stated that the bigger risk is that the General Assembly might join the Governor and do what a number of other states have done, namely reduce the Local Government Distributive Fund ("LGDF") share from 10% to 7%. If the General Assembly does that, the impact on the County's budget for the future year would be about \$550,000-\$600,000 less LGDF Revenue. Mr. Lindberg advised, however; that the County may actually see more Probation Officer reimbursement revenue beginning next July 1 than we have seen for the past couple of years.

Ms. McNeil reviewed the State of Illinois Receivables as of April 30th. She noted that the County currently has about \$1.9 million in receivables due from the State of Illinois. Of that amount, about \$680,000 is still owed to the County from Fiscal Year 2010. Ms. McNeil indicated that about one-half (\$344,000) of that amount came in this afternoon for the September and October 2010 Probation Officer reimbursement.

Motion by Butler/Rankin to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending April 30, 2011, as submitted.
Motion carried.

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

Ms. Kathy Michael, County Clerk presented a request for approval to obtain a County Credit Card for use by the McLean County Clerk and approved staff. She advised that the credit card will be used for approved travel expenses, as well as toward the purchase of products that can only be purchased via a credit card, e.g. online conference fees. Ms. Michael stated that the credit card will enable the County Clerk's Office to purchase items needed at the best possible price in an attempt to save money on purchases.

Mr. Wasson reminded the Finance Committee that the County has a Credit Card account and departments are assigned individual cards based upon that comprehensive account that the Auditor maintains. This is a request to add to the previous departments. Mr. Wasson recognized that there are on-line possibilities to make purchases in a more cost effective manner.

Motion by Rankin/Wollrab to recommend Approval to Obtain a County Credit Card for use by the McLean County Clerk and approved Staff.
Motion carried.

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

Mr. Matt Riehle, Administrator, McLean County Nursing Home, reviewed the Nursing Home Monthly Report. He pointed out that the census is up a little bit and he expects the census to be close to 133 residents for April.

Mr. Riehle advised that he received correspondence from the state that continues to estimate that the Intergovernmental Agreement will be ready in June.

Mr. Riehle noted that this is the last month he will see Mr. Lindberg unless he is working as a deck hand on a fishing boat. He indicated that he talked with his predecessor, Mr. Lee, who shared his sentiment that he is very appreciative of the Administration Office, including Mr. Lindberg and Mr. Wasson. Mr. Riehle passed along Mr. Lee's thanks as well.

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

Ms. Jennifer Ho, Risk Management, presented the First Quarter FY'2011 Risk Management Fund Report. She stated that as of March 31, 2011, the County experienced a net reduction in its reserves for its self-insured lines of coverage by \$75,374. The total case reserve position for the County on March 31, 2011 is \$567,727, as compared to case reserves totaling \$643,101 as of December 31, 2010.

Ms. Ho indicated that reserves for casualty lines were adjusted to reflect the exposure for the County. A net reduction in reserves is an improvement to the County's financial position. Ms. Ho noted that significant in this reduction is the reduction in workers compensation claims costs due to favorable settlements and an improvement in the severity of the County's work injuries, that is, overall, injuries are less severe. She reported that it is individual departments' involvement in reviewing operations that lead to the improvement in work injuries.

Ms. Ho stated that in the area of work injuries, the number of incurred claims is within the range of the reported claims county for the past five years at 13 claims, with one lost-time case, which increased the value of claims as compared to other years.

Ms. Ho advised that in the area of auto claims, the County has a total of four claims, which are the property damage variety with no bodily injuries involved.

Ms. Ho indicated that many department heads attended the March Downstate Occupational Safety and Health Day in Peoria. She noted that this has been a very successful event.

Ms. Ho stated that recently an earthquake drill was conducted to educate County employees to the potential dangers of an earthquake.

Ms. Wollrab asked Ms. Ho what sort of things she has been doing to help decrease the workers compensation claims. She also asked if the reduction might be reflective of the decrease in employees. Ms. Ho responded that the number of workers compensation claims has more to do with operations rather than the number of FTE's.

Ms. Ho stated that she concentrated on working with and educating the departments that had the most severe workers compensation claims.

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

Mr. Lee Newcom, County Recorder, presented his Monthly Reports. He indicated that there was nothing unusual in the reports.

Mr. Butler asked how the Recording numbers compare to last year. Mr. Newcom replied that the recording level this year is on track with last year. He noted that when he became Recorder six years ago, the office was short an employee which required lots of late nights to keep up. An employee was then added, after which the office ran very smoothly. Mr. Newcom indicated that there was a dip in business last year, and an employee left. Because of the dip in business, the loss of the employee was easily absorbed by the other employees.

Mr. Newcom stated that he believes the recording levels will continue to be the same for another year or so as the interest rates are beginning to increase. He noted that the bulk of the work in a Recorder's Office is real estate, which will go up and down with real estate sales and refinancing of mortgages. He estimated that even if real estate sales go up a little bit, the refinancing will go down a little bit. Mr. Newcom advised that approximately 20,000 documents will be recorded. He added that a normal year over the last 20 years is over 30,000 documents.

Mr. Butler asked that Mr. Newcom provide a report with current numbers compared to last year's numbers. Mr. Newcom replied that he would be glad to provide that report.

Ms. Wollrab indicated that it would be helpful to have reports that show expenses and revenue compared to budget for each department. Mr. Lindberg replied that he could provide that information anytime. He noted that he will be doing it as part of the budget process. Mr. Lindberg stated that the revenue estimates were reduced by 17% for the Recorder's Office as 2010 was closed out. He added that it was clear that the Recorder's Office wasn't going to make the same revenue in 2010. Mr. Lindberg reported that the revenue in the Recorder's Office has a little bit of variability from month to month, but it is relatively predictable.

Mr. Newcom advised that real estate tends to move in the spring and summer and the low months are December, January and February. He indicated that there are Recorder's Offices almost everywhere in the United States. Mr. Newcom stated that Recorder's Offices are typically seen as "cash cows" for counties. He noted that

almost every Recorder's Office returns a very significant amount of money over what they bring in. Mr. Newcom reported that in good years the Recorder's Office produces about \$1 million in profit and a bad year produces \$200,000-\$300,000 in profit.

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

Mr. Terry Lindberg, County Administrator, asked Mr. Wasson to present the next action item on the regular agenda.

Mr. Bill Wasson, Assistant County Administrator, presented the request for approval of the Critical Personnel Hiring Requests. He noted that the following is a list of critical personnel position requests which have been received by the County Administrator's Office through April 28, 2011. All positions listed below are budgeted and funded through the end of FY 2011.

Information Technologies

- 1) Request to fill a 1.0 FTE Computer Services Coordinator position that has been vacated.

The Information Technologies Department received the resignation of a second position due to retirement in the past month. The Department previously reduced 2.0 FTE professional staff positions during the 2009 and 2010 budget cycles. The workload of the 2.0 FTE positions eliminated has been redistributed among remaining professional staff.

The Information Technologies Department requests that the recently vacated position be replaced. The position is a member of the network support team which is responsible for the ongoing maintenance, documentation and design of the County's growing network. This position is necessary to provide sufficient personnel to maintain critical staffing levels that supply network infrastructure support and mobile device management for approximately 800 workstations, 40 servers, and 1000 additional network devices including peripherals and the VOIP telephony system components at eight physical locations.

Court Services-Probation

- 1) Fill 1.0 FTE Adult Probation Officer I Position which has been vacated.

The Court Services Department previously has had reduction of a combined 4.5 FTE in probation officer positions during 2010-2011 and 9.5 total FTE staff positions since 2009. Seven probation officers are currently assigned the majority of cases that are ordered to a period of adult probation (Line Staff).

Probation supervision takes place in the probation office, the community and the offender's home. The office works in collaboration with numerous social service agencies in order to enhance the goal of changing offender's behavior. Each of the seven (7) adult probation officers in 2010 had an average caseload per month of 151 cases. During the first quarter of 2011 the average caseload per month per officer is 164 cases.

Nursing Home

- 1) Fill 3.0 FTE Certified Nursing Assistant Position which have been vacated.
- 2) Fill 1.0 FTE Food Service Assistant Position which have been vacated.
- 3) Fill 2.0 FTE Domestic Services Assistant Position which has been vacated.
- 4) Fill 1.0 FTE Licensed Practical Nurse Position which has been vacated.

The Nursing Home has filled 3 Certified Nursing Assistant, 1 Food Service Assistant, 2 Domestic Services Assistant and 1 Licensed Practical Nurse positions that have been vacated and filled to provide sufficient personnel to meet critical minimum staffing levels required to meet state guidelines. These positions fall under the "critical patient care exemption" section of the hiring freeze guidelines.

Mr. Butler asked if the Adult Probation Officers meet with all 151 individuals each month. Ms. Lori McCormick, Director, Court Services, responded that the Probation Officers do not meet with all 151 individuals every month; rather it is based on assessment. However, each Probation Officer is in control of 151 individuals and may meet with some individuals more than once a month.

Mr. Rankin asked if there is an industry standard or guideline as to what that number should be. Ms. McCormick replied that there is a standard and it is far less than 151 cases. She stated that depending upon high risk, moderate risk and low risk, the standard is between 80 and 100 cases per officer.

Mr. McIntyre asked for an explanation regarding the Information Technologies position. Mr. Craig Nelson, Director, Information Technologies, advised that he is actively interviewing individuals for the position that was approved last month. He indicated that there are currently three people on the network hardware team to assist 800 users and the industry guideline is one for every 125 users. Mr. Nelson pointed out that one retirement was expected, but the second one was not.

Ms. Wollrab asked if the retirements were individuals who may have been employed elsewhere. Mr. Wasson replied that it is difficult to tell if the individuals are within retirement age and take retirement. He noted that the market is competitive for these positions.

Mr. Wasson reported that he has been seeing some County employees over the last quarter who have left for other positions, which is reflective of the wage and merit freeze at the County.

Motion by McIntyre/Wollrab to Recommend Approval of the
Critical Personnel Hiring Requests.
Motion carried.

Mr. Lindberg presented a request for approval of an Agreement between the McLean County Board and the University of Illinois Extension. He explained that the County Extension Service has been reorganized. Therefore, this is the first time you have seen this Agreement. Mr. Lindberg stated that the Extension has always been run by the University of Illinois as a single County entity. Now that the University is more involved, it has become a three-county entity between Woodford, Livingston and McLean Counties.

Mr. Lindberg advised that the amount you see in the Agreement is the amount of the Levy. He stated that this budget is funded by a separate Levy, which the County Board approved in 2003, and it has always run well under the Levy limit. Mr. Lindberg noted that the levy is the same as it has been for the last three years, namely \$538,000.

Mr. Lindberg indicated that the new director, Ms. Cynthia Baer, assures him that the County will see the same or an increased level of service and programs for McLean County.

Mr. McIntyre asked if the levy will change in the future now that the services will be provided to support three counties out of one office. Mr. Lindberg suggested that we be vigilant because we don't want to raise Property Tax money here to support programs in other counties. He added that we want to monitor the Extension program to make sure that we see the major amount of effort here in McLean County.

Mr. Wasson cautioned that we need to ensure that Woodford and Livingston counties don't reduce their commitments to this process. Mr. McIntyre asked if they are, by law, required to participate. Mr. Lindberg noted that they could opt out of the program, not have a levy, or they could set the levy up to a nickel. He indicated that there was discussion early in the County budget process in Woodford County that they make a significant cut but that didn't occur. Mr. Lindberg noted that we put the Extension on notice that we would have a hard time recommending maintaining that levy to the County Board if the other partners weren't making their comparable efforts as well.

Mr. Wasson advised that this is very similar to the arrangement that we currently have with the Regional Office of Education (“ROE”) and the shared costs of the multiple county arrangement.

Ms. Wollrab asked Mr. Lindberg to provide information on the programs that are provided with the Extension Program. Mr. Lindberg responded that he will put a copy of the detailed program budgets in the Finance Committee mailboxes. Mr. Wasson added that these programs are also distributed to the Finance Committee by the Extension at their budget meeting.

Motion by Rankin/McIntyre to Recommend Approval of an Agreement between the McLean County Board and the University of Illinois Extension.
Motion carried.

Mr. Lindberg presented a request for approval of the Resolution establishing the Budget Policy for Fiscal Year 2012 and a request for approval of Schedule A – Calendar for Preparation of the Fiscal Year 2012 Budget, Five year Capital Improvement Budget, and the Recommended Three Year Budget.

Mr. Lindberg advised that the Administrator’s Office proposes to take out the “freeze” language which has been stricken through in the fourth paragraph from the bottom of Page 25. He stated that over the past two years, experience has shown that if Department Heads are encouraged to pick up about 45 days between the time a position becomes vacant and the time they fill it, enough vacancy time will be captured to be significantly beneficial. Mr. Lindberg reminded the Committee that we have gotten down to levels that are relatively sustainable. He cautioned that if we lose \$600,000 in State funding, it may be necessary to recalculate. Mr. Lindberg stated that he believes this will work very nicely and it will give people a chance to be a little more innovative about their staffing.

Mr. Lindberg indicated that the other change is on Page 29 on the Schedule A document. He noted that the Finance Committee would almost always adopt a budget policy at the May meeting, which is May 17th and then the first kick-off meeting with the Department Heads would be the last Friday in May, which is May 27 this year. Mr. Lindberg advised that the Department Heads meeting is being moved up to May 20th because everyone will be using the new financial system to develop budgets for the first time, which will require a lot more training.

Mr. Lindberg advised that he will report to the full Board meeting the financial results for the year ending December 31, 2010, which shows a significant increase in Fund balance. He noted that it will look a little higher than it should compared to the prior

year because it is necessary to reclassify some of the reserves and liabilities having to do with workers compensation and legal settlements. He indicated that we used to carry them as reserves, which would essentially be assets. The outside auditor will probably apply a different standard of recognition and say that those things are actually liabilities like "expenses" that we know are going to occur. Mr. Lindberg advised that this will have some impact on the Fund Balance, but on a dollar per dollar basis, we will probably go up from an 88-day reserve to in excess of 100 days, probably 106 days. He pointed out that the County will show a positive General Fund Revenue variance of about \$2.5 million. He explained that \$1.4 to \$1.5 million of that amount was deferred revenue from 2009 that was received in 2010. The other million was the result of fortuitous events or conservative revenue forecasting.

Mr. Lindberg stated that, overall; several things were accomplished, including building up the Employee Benefits Fund Balance. He indicated that the fund balance was built up in the event that the County might need to go to a self-funded medical coverage.

Mr. Lindberg concluded that the County will be \$1.2 million better on the dollar to dollar basis. He noted that the 90 day threshold is important and we will be at 100+ days. Mr. Lindberg added that being over 10% in total budget is desired, and the County will likely be somewhere about 13% in total budget in terms of reserves.

Mr. Lindberg warned that the bad news is that the County will have to pay about \$300,000-\$400,000 in salary costs from contract settlements, which were not budgeted for and which will now have to be paid on a retro-pay basis on new contracts. Those funds will have to be taken out of the Fund Balance or staffing levels will have to be reduced.

Mr. McIntyre asked for clarification that the reserves are not actually classified as reserves anymore. Mr. Lindberg responded that they are classified as reserves, but there is a recognition principal that the auditors have been very strict about applying this year that has to do with how the County's various law firms report exposures on claims and how the workers compensation system works. He indicated that the County will do what needs to be done to comply with all of the GASB requirements.

Ms. Wollrab asked what the Fiduciary Funds are that are mentioned on page 22, section (B). Mr. Lindberg explained that this is trust fund money that is held for other benefits, such as trust fund money held for inmates in the Correctional Facility or trust fund for resident accounts in the Nursing Home. Those are funds the County holds for someone else and we have the fiduciary responsibility, but we don't budget them and they don't impact us.

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Chairman Owens called for a motion on both G.1)c) and d) together as they both related to the budget policy and budget time line.

Motion by Butler/Rankin to Recommend Approval of the Resolution Establishing the Budget Policy for Fiscal Year 2012, and to Recommend Approval of Schedule A – Calendar for Preparation of the Fiscal Year 2012 Budget, Five Year Capital Improvement Budget, and Recommended Three Year Budget.
Motion carried.

Chairman Owens called for a motion to go into *Executive Session*, with the Committee Members and the Administrator's Staff to discuss Collective Bargaining.

Motion by Butler/Wollrab 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 Wollrab/Rankin to recommend the Finance Committee return to *Open Session* at 5:27 p.m.
Motion carried.

Mr. Owens thanked Mr. Lindberg for his years of knowledge that he has brought to the table.

Chairman Owens presented the April 30, 2011 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$898,404.66 and a Fund Total that is the same.

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Motion by Wollrab/Rankin to recommend approval of the Finance Committee bills as of April 30, 2011 as recommended by the County Auditor.
Motion carried.

The Nursing Home bills include a Prepaid Total of \$316,224.69 and a Fund Total that is the same.

Motion by Butler/McIntyre to recommend approval of the Nursing Home bills as of April 30, 2011 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 5:28 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary