

Minutes of a Special Meeting of the Finance Committee

The Finance Committee of the McLean County Board met on Tuesday, April 15, 2014, at 8:15 a.m. in Room 404 of the Government Center, 115 E. Washington Street, Bloomington, Illinois.

Members Present: Chairman Owens, Members O'Connor, Soeldner, Wollrab, Rankin and Erickson

Members Absent: None

Other Members Present: Members Segobiano, Gordon, and Robustelli

Staff Present: Mr. Bill Wasson, County Administrator; Ms. Hannah Eisner, Assistant County Administrator and Ms. Judith A. LaCasse, Recording Secretary, County Administrator's Office

Department Heads/
Elected Officials

Present: Mr. Jason Chamber, State's Attorney; Mr. Pablo Eves, First Assistant State's Attorney, Civil Division; Ms. Michelle Anderson, County Auditor; Mr. Mike Steffa, Director, Parks and Recreation Department; Mr. Will Scanlon, Trial Court Administrator-11th Circuit Court

Others Present: None

Chairman Owens called the meeting to order at 8:15 a.m. He asked for a moment of silence to remember County Board Member Stan Hoselton.

Chairman Owens presented a request for approval of Critical Personnel Hiring requests – County Administrator's Office.

Ms. Hannah Eisner, Assistant County Administrator, advised that there were two additions made to the request since the Finance Committee meeting. All positions listed below are budgeted and funded through the end of FY'2014.

Auditor's Office

- 1) Request to Fill a 1.0 FTE Staff Accountant position that has been vacated

The resignation of the Staff Accountant has created a vacancy in the Auditor's Office. The Auditor had a 1.0 FTE professional staff position reduction in 2010 budget cycle and another 1.0 FTE professional staff position reduction in the May, 2010 budget cuts. The workload of the 2.0 FTE reductions was redistributed between the County

Auditor and the Staff Accountant. This position performs functions including but not limited to: Grant Oversight, internal auditing, maintaining vendor files and the annual processing of 1099's, as well as assisting with end-of-year responsibilities of the Auditor's Office. This position performs programmatic supervision and has departmental supervisory responsibilities in the absence of the Auditor. This position is necessary to provide sufficient personnel to maintain critical staffing levels.

State's Attorney's Office

- 1) Request to fill a 1.0 Legal Assistant I position that has been vacated.

The resignation of a Legal Assistant I has created a vacancy in the State's Attorney's Office. This position provides clerical support to the misdemeanor division including but not limited to pulling files for the daily court dockets, filing paperwork so case files are complete and ready to go for each hearing, and assisting the Legal Assistant and Assistant State's Attorneys as needed with other projects and assignments. This position also transcribes recorded interviews of defendants and witnesses in all types of cases (felony, felony traffic/DUI, misdemeanor) on an as-needed basis. When necessary, this position also helps with back-up to the reception desk. There are no other staff members who can absorb the duties of this position.

Motion by Soeldner/Wollrab to Recommend Approval of the
Critical Personnel Hiring Requests – County Administrator's
Office.

Motion carried.

Chairman Owens presented a request for approval of an Ordinance of the McLean County Board amending the 2013 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) – Auditor's Office, as distributed. He asked Mr. Wasson to review the Ordinance.

Mr. Wasson stated that the Committee requested that the Administrator's Office prepare a budget amendment relative to these encumbrances that reflects where the money is coming from and where it goes, much like a normal Budget Amendment. He noted that there are several columns on the Ordinance, including:

- Adopted Budget;
- Previous Amendments to the Budget prior to today;
- Request for Amendments today that would result in the amended totals;
- Purchase Order Encumbrances, which are the totals that would be encumbered over into 2014.

Mr. Wasson indicated that in addition there is a 2014 Ordinance that reflects those encumbrances into the 2014 budget. He noted that a large number of the budget amendments include the budgets for specific item lines that have previously been

amended by transfers that have been approved by the oversight Committees and the County Board. He referred to the first three entries that reflect the \$13,203.00 coming out of Full-Time Salaries and going into Non-Major Equipment (\$3,714) and Purchase of Furnishings/Office Equipment (\$9,489). Mr. Wasson pointed out that there was an amendment to the 0142 Health Department Fund Budget that provided an amended total in which the encumbrance comes from. He noted that there is the same for Capital Assets for 0442, which is Parks and Recreation. The Engineering and Design expenses in the Highway Department is for the East Side Highway and are funds that have been previously amended and encumbered and are requested to be encumbered for 2014. Mr. Wasson advised that the remainder of the 0112 Fund amendments have previously been adopted into the budget or were included in transfer amendments that were completed during the year.

Mr. Wasson referred to page two of the Ordinance, under Vaccines for 0111-0061-0062, noting that there is a negative amount for Fund 0111, which is the only entry for Fund 0111. This has been reviewed with the Health Department and there is agreement that, due to a sequence of processing, an encumbrance was made of an amount that was not budgeted or available through a previous transfer in the 0111 Fund. Mr. Wasson stated that Mr. Howe has noted that he is in agreement that this purchase order should be voided.

Chairman Owens asked for a motion for approval of an Ordinance of the McLean County Board amending the 2013 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) – Auditor's Office, as distributed. He indicated that will likely be a discussion and perhaps one or two substitute motions.

Motion by Soeldner/Rankin to Recommend Approval of an Ordinance of the McLean County Board Amending the 2013 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) – Auditor's Office.

Chairman Owens recommended that the Committee make a substitute motion to withdraw the first three line items, which deal with the Auditor's purchase of furnishings and the Vaccine/Prescription for the Health Department from this motion and asked for denial from this Committee on those lines.

Motion by O'Connor/Rankin to Recommend Approval of an Ordinance of the McLean County Board Amending the 2013 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) – Auditor's Office, as amended to withdraw the first three line items, which deal with the Auditor's purchase of furnishings (Full-time salaries Fund 0001-0003-0003-0503.0001, Non-Major Equipment Fund 0001-0003-0003-0621-0001, and Purchase Furnishings/Office Equipment Fund 0001-0003-0003-0832-0001), and the Vaccine/Prescription for the Health Department (Vaccine/Prescription/Non-Prescription Fund 0111-0061-0062-0622.0005).

Mr. Erickson referred to the article in the newspaper on Saturday, quoting: "Anderson maintains the practice is done by others. 'Like me, a number of departments, including the County Board, utilized unspent personnel dollars to cover expenses in other categories,'" she said. Mr. Erickson interpreted that statement to mean that "everyone else is doing this, why are you picking on me." He asked Mr. Wasson what his view is on this statement.

Mr. Wasson advised that the reason that the County Board's expenditure budget is out of balance is because of a \$1.8 million SHOW BUS grant funding that has been received during the year and passed on to SHOW BUS for rural transportation purposes. Those expenditures also exist in the budget, but are balanced by revenue that is received as part of the grant process. In addition, there was a \$132,000 Safe Havens grant, which is passed through to the Children's Foundation, which, again, has revenue that balances that process. From the standpoint of using salary funds to balance the remainder of the Board's expenditure budget, if you remove those two items, there are sufficient funds for the expenditures that are included and have been expended in the County Board's Budget.

Mr. Wasson stated that he agrees that there are budget amendments included in the County Board's packet today that are considered "cleanups." He indicated that these include a wide variety of different circumstances for a number of departments. Mr. Wasson pointed out that there are a number of departments that exceeded their salary lines over the current year. The majority of those are due to unanticipated transfers of personnel or replacement of personnel which results in incorrect estimates, which can occur on an annual basis. Mr. Wasson noted that the challenge is to have sufficient balance within the budget to provide for the other side of that equation. An example would be the Circuit Clerk's Office that has an unexpended personnel budget of \$119,000 due to the size of the department and because of the turnover that has occurred in that office over the last few years.

Mr. Wasson indicated that both sides of the equation are depended upon as part of the budget process. He noted that in some cases a department may be under-budgeted in

one area, but have a surplus in other areas, which assists in balancing the budget during the year. Examples include:

- The County Administrator's budget was \$618 over in salaries and had a \$7,600 surplus in another area to balance that.
- The County Auditor's Office had a \$19,000 surplus in salaries and a \$6,900 deficit in supplies, a \$2,359 deficit in Services, a \$9,607 deficit in Capital Assets leaving a balance of \$299 in that budget.
- The County Treasurer's Office had a \$315 deficit in Salary and a \$17,000 surplus overall in the General Fund.
- The County Clerk had a \$27,000 deficit in Salaries, which was the result of a recommended change where individuals were appropriately being paid as Seasonal/ Occasional employees instead of Election Judges due to the span and time period of their employment. A shift was made in the accounting for these employees in the way they were compensated. The County Clerk's overall budget still has a \$22,000 surplus in a large extent because of the \$35,000 surplus in Service line where those election expenses formerly came from.
- The County Recorder's Office has a \$13,000 deficit in salaries due to changes in personnel over the last year, and the modifications that were made due to the changing landscape in that office. The County Recorder's Office overall General Fund had a \$30,000 surplus to balance that salary cost.

Chairman Owens pointed out that those departments did not use Personnel funds to make up deficiencies in other areas.

Mr. Wasson cited examples where that practice did exist:

- The State's Attorney's Office had a \$350,000 expenditure primarily related to the defense of the Beaman vs. McLean County case -- the County was successfully removed from the case. That \$350,000 has to be compensated through unencumbered fund balance or a variety of funds that were not expended in the General Fund.
- The Circuit Court expended large amounts of unbudgeted funds for psychiatric expense and interpreters that was unanticipated during the budget process. Those funds would come from unexpended funds from the General Fund whether it is from salaries within the department or unencumbered fund balance.
- The Coroner's overall expenditures were \$80,000 over budget, but the costs are associated with unanticipated and unbudgeted out-of-County Autopsies, which also created \$98,000 in unbudgeted or surplus revenue that more than balances those expenditures.
- EMA expended all of their budget lines and went into deficit in each one of their item lines due to the level of disasters and emergencies that were encountered with the spring flooding in Central Illinois and the tornadoes that, through Mutual Aid Agreements, the County responded to.

Mr. Erickson stated that if what Ms. Anderson said is true then we should be addressing this with all department heads and not just this department. He noted that our action today, as he views it, is that we believe this to be a violation of County Policy. Mr. Erickson asked if it is a violation of law, which he acknowledges is a more difficult question to answer. He stated that there seems to be a difference in interpretation of a Legal Opinion written by Mr. Bill Yoder. Mr. Erickson asked State's Attorney Jason Chambers what his interpretation of that Opinion is. Mr. Chambers replied that Mr. Yoder's Legal Opinion is a five-page document. He cautioned that it is important that people understand that you can't take one sentence that you like from the Opinion and use that as the entire context of it. Mr. Chambers noted that the Opinion stated that the County Board doesn't have the authority to deny transfers between category classifications by County Elected Officials. He indicated that this document was only dealing with the issue of Services, Equipment, and Capital. Mr. Chambers advised that the Opinion specifically said some of the statutes clearly distinguish services from salaries of the assistants, clerks or deputies and other statutes do not do so. He stated that for purposes of this Opinion, Services are considered separately from Salaries, and the County Board control over salaries will not be addressed by this document. Mr. Chambers concluded that there was nothing in this Opinion that said that funds can be taken from Salaries and shifted somewhere else, because that was excluded from this Opinion.

Mr. Erickson expressed concern that if this is taken out of the FY'2013 and pushed into the FY'2014 budget, we will be right back here again in the fall with the County Auditor saying that her office is not being funded properly and money needs to be put into those funds. He believes she may have a legal argument to force the Board to fund at that time. Mr. Erickson asked how we can make sure that the Auditor stays within her budget and how can it be monitored throughout the year, as well as the budget of other department heads. Mr. Wasson replied that if the encumbrances to the Auditor's Office are not approved, it will be a challenge to the FY'2014 budget. He indicated that, on average, for the last five years there has been approximately \$3,000 in Supplies and \$3,000 in Services that have not been expended. In addition, the Auditor's Office has \$6,500 in Schooling and Conferencing that may be reduced for a one-year period. Mr. Wasson noted that there is a credit in that line item that adds an additional \$1,680 in a credit paid for from 2013 and recently refunded to the FY'2014 budget. He added that there are some other opportunities for funding. Mr. Wasson acknowledged that it will be difficult, but it may be possible.

Mr. Wasson referred to Mr. Erickson's question of how the budget can be tracked, noting that all department heads, elected or appointed, have generally agreed to administer the procurement and budgeting policies as they have been provided to them. Mr. Wasson recommends that clarifying language be added to the Budget Policy that will be adopted next month and that the County Administrator include language in the Recommended Budget Policy for FY'2015 that requests that when a department exceeds the categorical totals for Supplies, Contractual or Capital that a transfer be required to be completed and approved by the Oversight Committee and the County

Board prior to the expenditure of any funds above and beyond those which are included in the categorical limit for that department under that specific fund. He would not recommend that wages be included as potential timing issues may arise that could jeopardize salary wages due to employees under the Fair Labor Standards Act.

Mr. Erickson reiterated that we need to send this message to all department heads that this type of stuff has to stop.

Mr. Erickson stated that he believes that eventually the lawyers will have to resolve this issue with the Auditor's Office. He doesn't believe this issue is going away.

Mr. Rankin expressed concern that the correct process wasn't followed. He stated that this type of situation is what our constituents hate about government where it looks as if extra money was left over at the end of a budget cycle and an elected official went out and spent it on something that wasn't needed, and was never asked for in the budget cycle. Mr. Rankin used Mr. Will Scanlon as an example of the process working. He noted that Mr. Scanlon requested new chairs for the Jury Room during the budget cycle and the Finance Committee turned him down because it was a tight budget. He pointed out that Mr. Scanlon followed the process and did what was right. Mr. Rankin expressed his frustration with the Auditor's Office as that particular office is heavy on process and should have known better.

Ms. O'Connor asked what will happen to those funds if they are moved into the FY'2014 budget. Mr. Wasson replied that if the funds are encumbered over to FY'2014, they will just be there in the FY'2014 budget for those expenses. If the funds are not encumbered into FY'2014, they would revert back into the General Fund. Ms. O'Connor stated that the request for new furniture should have been asked for during the budget cycle and not purchased at the end of the budget cycle.

Mr. Chambers responded to Mr. Erickson's statement that the lawyers will need to resolve this issue. He stated that he is comfortable with where the County stands legally.

Mr. Soeldner said that he believes that in years past department heads have seen that this Board keeps a special eye on Personnel, which is a big expense. He added that he thinks it's too early to consider getting the lawyers lined up to a fight a battle in the fall.

Mr. Erickson clarified that he will support what is being done today, but it will push the battle off to another day. He added that there will be a discussion at some point about either putting this office somewhere else or eliminating this office. Mr. Erickson believes that there are ways to deal with this type of issue through a legal process and/or policy process that don't necessarily require that we get rid of the department.

Mr. Rankin indicated that he is not comfortable with rushing this through to the Executive Committee without giving the full Board time to digest the information.

Mr. Wasson advised that it is crucial to close the FY'2013 budget. He noted that the Finance Committee has the opportunity at future Finance Committee meetings to recommend reappropriating funds from the Unencumbered Fund Balance to cover these costs and to continue dialog relative to this issue if it so chooses. Mr. Wasson added that it was the recommendation of the financial officers at the meeting to close the FY'2013 so that the audit can be completed.

Mr. Rankin asked if this issue can be dealt with later even if this motion passes. Mr. Wasson replied that the Committee can address the issue of the Auditor's purchase of furnishings or the Health Department's Vaccine fund if it chooses to make an Emergency Appropriation at a future meeting, and still close the FY'2013 budget today.

Chairman Owens asked for a vote on the motion that is on the floor.

Motion carried.

Chairman Owens presented a request for approval of an Ordinance of the McLean County Board amending the 2014 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) – Auditor's Office. Mr. Wasson explained that a vote on this would include the same language as the previous amendment.

Motion by Rankin/O'Connor to Recommend Approval of an Ordinance of the McLean County Board Amending the 2014 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) – Auditor's Office, as amended to withdraw the first three line items, which deal with the Auditor's purchase of furnishings (Full-time salaries Fund 0001-0003-0003-0503.0001, Non-Major Equipment Fund 0001-0003-0003-0621-0001, and Purchase Furnishings/Office Equipment Fund 0001-0003-0003-0832-0001), and the Vaccine/Prescription for the Health Department (Vaccine/Prescription/Non-Prescription Fund 0111-0061-0062-0622.0005).

Motion carried.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the meeting at 9:56 a.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary