

## Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, June 4, 2014 at 4:30 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members O'Connor, Schafer, Wollrab, Rankin, Robustelli

Members Absent: Member Erickson

Other Members Present: None

Staff Present: Mr. Bill Wasson, County Administrator; Ms. Hannah Eisner, Assistant County Administrator; Ms. Judith LaCasse, Recording Secretary, County Administrator's Office; Mr. Pablo Eves, First Assistant State's Attorney, Civil Division

Department Heads/  
Elected Officials

Present: Ms. Michelle Anderson, Auditor; Ms. Becky McNeil, Treasurer

Others Present: Ms. Denise Cesario, Director of Elections, County Clerk's Office; Ms. Heather Acker, Partner, Baker Tilly Vischow Krause, LLP

Chairman Owens called the meeting to order at 4:30 p.m. He welcomed the new members of the Finance Committee.

Chairman Owens presented the minutes of the May 7, 2014 Finance Committee meeting and April 15, 2014 Stand-up meeting for approval.

Motion by Wollrab/O'Connor to Approve the Minutes of the May 7, 2014 and April 15, 2014 Stand-up Finance Committee meetings.

Motion carried.

Chairman Owens asked that the County Auditor's items be moved to the end of the Agenda so that those items can be considered along with the presentation of the CAFR and the Outside Auditor's report.

Ms. Denise Cesario, Director of Elections, County Clerk's Office, presented a request for approval of the List of Judges of Election in accordance with the State Statute. She noted that the list is available for public viewing in the County Clerk's Office.

Motion by Rankin/Robustelli to Recommend Approval of the Appointment of Judges of Election.  
Motion carried.

Ms. Cesario presented the County Clerk's Monthly Reports for the period ending May 31, 2014, as well as the Monthly Recording Report.

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

Chairman Owens presented the Nursing Home February 2014 Monthly Report as submitted by Mr. Jack Moody, Interim Director, Nursing Home, who was unable to attend the meeting. There were no questions on the report.

Ms. Becky McNeil, County Treasurer, presented a request for approval of an Amendment to the Delinquent Tax Program Agreement. She stated that the resolution was received from the County's delinquent tax agent, Joseph E. Meyer. Ms. McNeil advised that Mr. Meyer is requesting that his interest in the County's contract be assigned from Joseph E. Meyer to Joseph E. Meyer and Associates, Inc.

Ms. Wollrab indicated that this contract has been in effect for a long time and she wondered if it will be up for review at any time. Ms. McNeil replied that there is not another party in the State of Illinois that offers these services. She noted that Joseph Meyer and Associates represent all of the counties who have elected to participate in the delinquent tax program. The Delinquent tax program was established by State Statute and the County started this process in 1999.

Ms. McNeil explained that when the Treasurer's Office goes to property tax sale, there are a group of parcels that tax buyers do not want to bid on because they are in poor shape, or they have municipal or federal liens on them that exceed the value of the property. She stated that in the past, the County forfeited the property taxes. Ms. McNeil indicated that the Statute now allows the County to have an agent bid on property at the tax sale when it is not bid on by regular tax buyers. She noted that this is how the County has been able to keep the tax rolls clean.

Ms. McNeil advised that the next auction of parcels will be held in August.

Motion by Wollrab/Schafer to Recommend Approval of an Amendment to the Delinquent Tax Program Agreement.  
Motion carried.

Ms. McNeil reviewed her Financial Reports for the period ending May 31, 2014.

Ms. McNeil reviewed the County Treasurer's Summary of Tax Revenue Sales, Local Use, Income and PPRT. She pointed out that the total Vouchers for May, 2014 was \$989,523.79 as compared to \$1,081,892.26 in May of 2013, or a difference of -8.5%. The 2014 Vouchers Year to Date was \$4,410,526.70 as compared to \$4,509,454.24 in 2013 for a difference of \$98,927.54 or -2.2%. Ms. McNeil noted that this is not a significant drop, but it is a concern.

Ms. McNeil indicated that in the Budget Comparison, a total of \$4.3 million is desirable to have in the first five months, and the County has received \$4.4 million, which is trending above budget. She pointed out that she included in the report a summary of the first four months. Ms. McNeil stated that the Treasurer's Office is watching the Sales Tax, which has been running below 2013 consecutively. She noted that the State Sales Tax has been positive through the year, but there hasn't been much growth. Ms. McNeil advised that one of the most significant changes has been in the Personal Property Replacement Tax (PPRT) with disbursements coming in much higher.

Ms. McNeil stated that the County is very close to budget but we are only about five months through the year. She indicated that the State of Illinois has not yet provided a more specific report to determine the reason for the poor County Wide Sales Tax as was requested.

Mr. Wasson advised that an important part of this report is the relationship to the budget versus 2013 actuals which were approximately 10% above what was budgeted for 2014. He stated that it is an uncomfortable situation, but the County budgeted conservatively for Fiscal Year 2014, so it may not have a significant impact on the County's budgetary condition while we continue to monitor the situation. Ms. McNeil added that the Governmental Funds ended in very good shape last year.

Ms. Schafer asked if the PPRT is one of the taxes from which the State is trying to take money. Mr. Wasson replied that it is not part of the "sweeps." Ms. McNeil indicated that the State has been "tinkering" with the PPRT for several years. A couple years ago, the State used a portion of the PPRT to fund Regional Office of Education salaries. Mr. Wasson added that there is a certain percentage of PPRT that is supposed to be distributed statutory to local governments. The Governor's Office determined that the expenditures for the Regional Office of Education Superintendents' and Assistant Superintendents' salaries were local expenditures, and they took action to use the local percentage of distribution first for those salaries and the remainder was distributed for local governments. Subsequently, legislatively, the state has included both those salaries and the stipends provided to a number of local officials by the state under State Statute, which has reduced the overall receipt of revenue from PPRT. Mr. Wasson added that it is impossible to determine what the revenue will be from PPRT.

Mr. Wasson advised that one thing that may be of benefit to local governments on the LGDF front is that both houses have passed legislation to have that money directly allocated to local governments versus going into the State's General Revenue Fund and then distributed from the General Revenue Fund by the Treasurer.

Ms. McNeil reviewed the County Treasurer's Investment Report. The overall balance of all funds is \$34,840,568.12.

Ms. McNeil indicated that the first Property Tax Distribution was done at the end of May. She noted that in the first week of May, taxpayers sent in \$2.7 million, the second week of May was \$6.8 million, 3<sup>rd</sup> week of May it was \$16.6 million and the last week of May it was \$43.1 million and \$27.2 million. Ms. McNeil reported that a large volume is going through Lock Box.

Motion by O'Connor/Wollrab to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending May 31, 2014, as submitted.  
Motion carried.

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

Ms. Michelle Anderson, Auditor, presented a request for approval of an Emergency Appropriation Ordinance amending the McLean County Fiscal Year 2014 Combined Annual Appropriation and Budget Ordinance (County Auditor Appropriations). She noted that this will bring the Auditor's Office in compliance with the new Budget Policy

Motion by Rankin/O'Connor to Recommend Approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal Year 2014 Combined Annual Appropriation and Budget Ordinance (County Auditor Appropriations).  
Motion carried.

Ms. Anderson presented a request for approval of the Popular Annual Finance Report (PAFR) dated December 31, 2013. She explained that this report is a simpler, more condensed version of the CAFR, and is much more user-friendly. She indicated that the Report will be posted on the County Website. Ms. Anderson stated that we are one of only two counties in Illinois to produce this report, and this is the third year the report has been produced. She added that the first two reports received the GFOA Award. Ms. Anderson noted that the Report is a condensed version describing McLean County, including where Property Taxes go, sources of revenue and County expenditures.

Mr. Rankin stated that this report is his single favorite document because it contains important County financial information in an easy to understand format.

Mr. Robustelli referred to Moody's ranking and asked what is preventing a AAA ranking. Mr. Wasson replied that it is because the County has a limited tax base. He noted that McLean County is not a home-rule unit and does not have the ability to create new revenue mechanisms. Under Dillon's Rule, counties are restricted to the powers provided by the State.

Motion by Robustelli/Wollrab to Recommend Approval to place on file the Popular Annual Financial Report dated December 31, 2013.  
Motion carried.

Ms. Anderson reviewed her Quarterly Report, noting that, overall, the County is in a similar position to where it was last year at this time.

Mr. Wasson presented the Fiscal Year 2013 Audit and Comprehensive Annual Financial Report as prepared by Baker Tilly Virchow Krause, LLP (Baker Tilly). He asked Ms. Anderson, Ms. McNeil and Ms. Heather Acker, Partner, Baker Tilly to provide a review of the Audit.

Ms. Anderson introduced Ms. Acker, Partner, Baker Tilly who provided the McLean County Fiscal Year 2013 audit. Ms. Acker noted that this is the first year that Baker Tilly has provided the Outside Audit. Ms. Anderson added that the contract with Baker Tilly is a three-year contract. She asked Ms. Acker to review their audit.

Ms. Acker thanked the Committee for the opportunity to present the report today. She noted that she met several Committee members when she was here previously to discuss audit planning matters, provide a background of herself and the firm, and review their audit strategy. Ms. Acker reported that the strategy went exactly as planned and the audit went very smoothly. She indicated that she was very pleased that everything was prepared very timely for the outside audit and they were able to achieve the schedule that was set.

Ms. Acker noted that Baker Tilly provides a couple different documents as part of the audit. She pointed out that the CAFR is a County prepared document, which includes a few documents prepared by Baker Tilly regarding their audit procedures. She stated that a lot of work goes into testing the numbers and performing their audit procedures, but in the end, they issue their opinion on three pages in this document. Ms. Acker reported that the opinion is an "unmodified" or clean audit opinion which is the highest level of assurance that can be provided on the County's Financial Statements and what the County has received in the past and can expect to receive in the future.

Ms. Acker advised that the PAFR that Ms. Anderson discussed earlier is an excellent resource for looking at high level trends and results. She stated that the Management Discussion and Analysis narrative behind her audit opinion is another good summary of the year's results.

Ms. Acker indicated that the General Fund and the Governmental Funds had a good year. The General Fund ended with a net income of \$1.3 million that resulted in a little bump on the unassigned fund balance, which is often the number used by agencies such as bond rating agencies to evaluate the County's financial position.

Ms. Acker stated that Baker Tilly also issued two other documents as part of the Audit. The first is a report on Federal Awards, which is the Single Audit Report on Grant Compliance. She indicated that Baker Tilly goes through a process to determine programs that will be audited as major each year based on a variety of factors including size of the grant, complexity, changes, and risks. Three major programs were reviewed, namely the WIC Program, Substance Abuse Program and Child Support Program. Ms. Acker reported that there was no Single Audit Compliance finding in their testing of those programs. She pointed out that the Single Audit Report is due nine months after year-end but it is being issued six months after year-end which is a nice accomplishment.

Ms. Acker advised that the final document Baker Tilly issues is the Communication to those Charged with Governance and Management report, which is where any internal control that rose to a level of a Significant Deficiency or Material Weakness would be recorded. She reported that they found no Significant Deficiencies or Material Weaknesses, which is a very commendable thing to accomplish. Ms. Acker added that fewer than 10% of governments are able to achieve this status.

Ms. Acker stated that the rest of this document contains a lot of Baker Tilly's required disclosures to the County, such as how the audit went, if they encountered any difficulties, if there were any disagreements or there were subjective or unusual estimates prepared as part of the Financial Statements. She noted the results were all very positive in all of those areas.

Ms. Anderson distributed a report on the Fund Balance Presentation 2012 vs. 2013. She stated that the prior year's fund balance was \$14,059,053, which should have lasted 161.03 days and was 17.51% of the net based on total budget for all funds. The deferred revenue this year was \$400,297 and last year it was \$563,177, which is an improvement. The budget variance was \$1.6 million and last year it was \$2.4 million. Ms. Anderson noted that the \$1.6 million includes all of the budget variances.

Ms. Anderson indicated that deferred revenue is the amount of money reduced from the General Fund. The actual revenue was \$34,893,670 and because of the State's late payments of \$400,000 (deferred revenue) that amount has to be decreased in the financial statement.

Ms. Anderson reported that the final fund balance for the General Fund is \$15,338,124 which should last 171.91 days and is 19.09%, which means that if no additional revenue came in after December 31<sup>st</sup>, the County can proceed until June 21<sup>st</sup> of this year without running out of money.

Ms. Anderson reviewed a General Fund Report that shows the unassigned fund balance, which is the cash that the County can actually spend. It excludes the non-spendable items which are in the full fund balance. The report shows that the total unrestricted fund balance is \$15,172,645 and total expenditures for the General Fund only were \$41,277,375, which means that with unrestricted funds, the county can go 134 days.

Mr. Robustelli asked if the County has a general policy on fund balance. Mr. Wasson replied that the Budget Policy on the fund balance is 10%. Ms. Anderson pointed out that with Property Taxes not due until early June, and with a number of funds in the General Fund being very dependent upon Property Taxes, it is necessary to have enough money to keep bills and payroll paid until the first distribution is made. Ms. McNeil advised that the County Board authorizes borrowing authority to transfer funds from Health Department Funds, Nursing Home Funds, etc. until the distribution is made.

Mr. Wasson stated that the good news on deferred revenue is that it is going down. The bad news is that the deferred revenue may increase over the next year with the current fiscal situation in Springfield. Mr. Wasson advised that this situation will continue to be monitored.

Mr. Wasson expressed his great appreciation to Ms. Anderson, Ms. McNeil and Ms. Acker who worked effectively together and conducted a successful audit. He thanked them personally on behalf of the County Administrator's Office and the County Board for their work this year on the audit.

Ms. McNeil indicated that this is what Ms. Anderson and she do in January, February, March and April. In mid-April Ms. Anderson takes over putting it together. Ms. McNeil noted that GFOA is extremely particular about the presentation of this document. She indicated that she is very proud of this document.

Motion by Wollrab/Rankin to accept and place on file the Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2013.  
Motion carried.

Chairman Owens asked for a Motion on the Single Audit Report.

Motion by O'Connor/Robustelli to accept and place on file the Single Audit Report for the Fiscal Year Ended December 31, 2013.  
Motion carried.

Mr. Wasson presented a request for approval of an Ordinance for Prevailing Rate of Public Works Wages for McLean County. He noted that each year McLean County is required to adopt the prevailing rate of public works wages that governs any construction capital projects with which the County may be involved.

Motion by Robustelli/Rankin to Recommend Approval of an Ordinance for Prevailing Rate of Public Works Wages for McLean County.

Motion carried.

Mr. Wasson presented a request for approval of an Ordinance authorizing the execution and delivery of an Intergovernmental Cooperation Agreement and certain documents in connection therewith; and related matters (Assist Homebuyer Assistance).

Mr. Wasson advised that this request has been before the Committee in the past. He stated that the County has participated with a number of other Municipalities and Counties in the Assist Single Family Mortgage Revenue Bond Program. This provides the availability to financiers in McLean County to provide some financing assistance to homebuyers within the participating municipalities or counties. The funds are allocated and made available by the State of Illinois. He noted that the Ordinance is the means to approve and adopt the Intergovernmental Cooperation Agreement.

Mr. Wasson stated that as part of the aggregation process, it can engage in this agreement and allow County financial institutions to use this program as they work with individuals wishing to obtain mortgages in McLean County.

Motion by Schafer/Wollrab to recommend approval of an Ordinance Authorizing the Execution and Delivery of an Intergovernmental Cooperation Agreement and certain documents in connection therewith; and related matters for the Assist Single Family Mortgage Revenue Bond Program.

Motion carried.

Ms. Hannah Eisner, Assistant County Administrator, reviewed the critical personnel position requests received by the County Administrator's Office through May 30, 2014. All positions listed below are budgeted and funded through the end of FY 2014. She noted that an amended memo was distributed prior to the meeting.

#### Health Department

##### 1) Request to fill 1 FTE Nutritionist position

The Health Department is requesting approval to fill a vacant Nutritionist position in the WIC program. The nutritionist positions in the WIC program fulfill a critical role in the federally funded grant program. The WIC program maintains three nutritionist positions



to sustain program growth and client load. The nutritionists are responsible for assigning risk factors, issuing special formula and certifying clients on the program. The program serves McLean County's most vulnerable low income population: infants, children up to the age of five and pregnant women. The current caseload is 3118. The WIC program funding is dependent on caseload achievement. A reduction in nutritionist positions with the program would result in seeing fewer clients per day which would reduce the caseload achieved rate and would put future funding in jeopardy.

2) Request to fill 1 FTE Office Support Staff 1 position

The Health Department is requesting approval to fill a vacant Office Support Staff 1 position in the Dental Clinic. This is one of two office support staff positions in the clinic. The office support staff position performs the following functions: intake, scheduling appointments, chart preparation, client check-out and billing. The position is also responsible for incoming phone calls, walk in clients and responding to requests for records. The clinic needs two full time office support specialists to maintain the program at its current level.

Nursing Home

- 1) The following positions were vacated and refilled pursuant to the patient care exemption:

3 FTE Certified Nursing Assistants and 1 Food Service Assistant

Motion by O'Connor/Wollrab to Recommend Approval of the Critical Personnel Hiring Requests.

Motion carried.

Chairman Owens called for a motion to go into *Executive Session* to discuss Collective Bargaining and Personnel Matters with the Committee Members and Staff.

Motion by Rankin/Wollrab to Recommend the Finance Committee go into *Executive Session* at 5:21 p.m. to discuss Personnel Matters with the Committee Members and Staff.

Motion carried.

Motion by O'Connor/Wollrab to recommend the Finance Committee return to *Open Session* at 5:45 p.m.

Motion carried.

Chairman Owens asked if there was anything else to come to the Committee.

Mr. Robustelli asked if a comprehensive assessment at the Nursing Home was ever done and if it wasn't, whether it needs to be done. Mr. Wasson replied that components of the assessment have been completed, but it has not been formally delivered.

Ms. Wollrab asked if being under a managed care contract at the Nursing Home will cut into the reimbursement. Mr. Wasson replied that it could. He stated that part of the challenge from a Nursing Home standpoint is a billed Medicare census. Ultimately, it is all about Medicare. Mr. Wasson advised that Medicare is the only category in which we generate revenue. The downside on Medicare is that Medicare is generally limited in the period of time that someone is going to be covered by Medicare in the Nursing Home. Mr. Wasson indicated that the Nursing Home has done a good job of resident recruitment. The outreach to the hospitals has helped the census and is helping to identify some of those individuals.

Mr. Wasson noted that a challenge was encountered with individuals being accepted before it was clear that they were Medicare eligible, because a financial screening had not been completed as part of the evaluation process. The determination of eligibility for Medicaid can sometimes run nine months in the State of Illinois.

Mr. Rankin asked for an update on his request to remove the Animal Control from the Health Department. Mr. Wasson replied that the Administrator's Office met with several departments, including the Health Department. He anticipates that this effort will be go into effect for the Fiscal Year 2015. Mr. Wasson added that recommendations will be brought to the Finance Committee in the future as options are identified.

Ms. O'Connor expressed concern that there are no monthly reports from the Health Department, including a report on Animal Control. Mr. Wasson replied that the Board of Health meets quarterly and historically their minutes have not been provided to the County Board. He indicated that the Administrator's Office will request that their quarterly reports be included in the Board Packet. Chairman Owens noted that the minutes are available on line.

Mr. Rankin stated that Champaign County Animal Control provides to their County Board a detailed report with information about the number of animal euthanized, breeds of animals euthanized, vaccinations, etc. He stated that he believes there is a better way to get this information from the County Animal Control, and he believes that making it a stand-alone department is the best way to do that.

Mr. Robustelli pointed out that the practice of the County Government is to provide unapproved minutes as part of the Board Packet, but they are not released to the public until they have been approved. He suggested that the Board of Health minutes should be treated the same. Mr. Wasson asked if it is the wish of the Finance Committee to request that the Board of Health provide a copy of the most recent unapproved minutes be included in the Board packet. The Committee members concurred that that is their wish. Mr. Wasson stated that he will broach that with the Board of Health. Mr. Rankin

noted that this would be a separate issue than the monthly report from Animal Control. Mr. Wasson advised that initial meetings regarding Animal Control are leading in the direction of it being a separate department reporting to County Administration.

Ms. O'Connor asked how much money does the County get from the Town of Normal and the City of Bloomington for Animal Control. Mr. Wasson replied that they provide enough to pay for the Warden services for both communities. Mr. Rankin asked if it is a flat fee or different for each. Ms. Eisner replied that it is different for each based on volume, but it is a flat amount every year. She indicated that there are two agreements with each town, one is for the warden, which is the dog catcher and the other is for use of the shelter. Mr. Wasson stated that there are a number of incorporated municipalities in the County that do not have contracts with Animal Control, which creates a difficult situation because the County has no statutory authority to go in and take animals in those areas and, unfortunately, people do not understand that. He stated that he believes it may be beneficial to have an outreach to those communities to talk about services provided and working on expanding those services to rural communities.

Mr. Rankin advised that Dr. Pearl has retired and they have hired a place-holder. Mr. Wasson noted that it is anticipated that the veterinarian will work only a few hours a month on a temporary basis. He pointed out that because we have the certification for lethal injections, the need for that type of presence no lessened.

Chairman Owens presented the May 31, 2014 Finance Committee bills and transfers for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$518,130.82 and a Fund Total that is the same.

Motion by Wollrab/O'Connor to recommend approval of the Finance Committee bills and transfers as of May 31, 2014 as recommended by the County Auditor.  
Motion carried.

Chairman Owens presented the May 31, 2014 Nursing Home bills for review and approval as transmitted by the County Auditor. The Nursing Home bills include a Prepaid Total of \$292,915.97 and a Fund Total that is the same.

Motion by Rankin/O'Connor to recommend approval of the Nursing Home bills as of May 31, 2014 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 6:05 p.m.

Respectfully Submitted,

Judith A. LaCasse  
Recording Secretary