

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, July 6, 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, O'Connor and McIntyre

Members Absent: Member Rankin

Other Members Present: None

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

Department Heads/
Elected Officials

Present: Mr. Matt Riehle, Director, Nursing Home; Mr. Will Scanlon, Circuit Court Administrator; Mr. Lee Newcom, County Recorder; Ms. Becky McNeil, County Treasurer; Ms. Michelle Anderson, County Auditor; Ms. Kathy Michael, County Clerk; and Mr. Bob Kahman, Supervisor of Assessments

Others Present: Ms. Connie Clifford, Assistant Chief County Assessment Officer; Mr. Walt Howe, Administrator, Health Department; Mr. Bill Yoder, State's Attorney

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

Chairman Owens presented the minutes of the June 1, 2011 Finance Committee Meeting and the May 17, 2011 Stand-up Meeting for approval.

Motion by O'Connor/Wollrab to approve the Minutes of the June 1, 2011 Finance Committee Meeting and the May 17, 2011 Stand-Up Meeting.

Motion carried.

Mr. Matt Riehle, Director, Nursing Home, presented a request for approval of an Intergovernmental Agreement between the McLean County Nursing Home and the Illinois Department of Healthcare and Family Services (HFS). Mr. Wasson distributed an Agreement that was reviewed and approved by the Civil Assistant State's Attorney.

Mr. Riehle advised that he has been working with the HFS on this process for over two years without a resolution, significantly impacting the Nursing Home's current reimbursement rates back to October of 2009.

Mr. Riehle stated that the Federal Government requires Illinois to change certain structural elements of the previous Intergovernmental Transfer Agreement to be compliant with federal requirements. Due to the difficulties HFS had with developing and implementing the certified cost reimbursement methodology agreeable to the Federal Government, this process has dragged on much longer than anticipated. Mr. Riehle indicated that after meeting with HFS on June 22, 2011, the Agreement was finalized, in principal, and upon the Committee's approval he can proceed with HFS in capturing the reimbursements that were due the Nursing Home beginning October 2009, and which will continue throughout the length of the Agreement.

Mr. Riehle highlighted the important components of this Agreement. He noted that there are two elements that will affect the overall financial situation of the Nursing Home:

1. Overpayments from Illinois to the County
 - a) We owe HFS \$272,552.93 from a rate error that occurred in 2007 which was never collected. This money has already been booked as a liability in 2008. Essentially, we have already put that money aside to be paid so this will not be a "new" payment from the Nursing Home.

2. Money HFS owes the County:
 - a) 2009 ARRA overpayment \$457,693.00
 - b) 2009 Rate Adjustment \$118,165.18
 - c) 2010 Rate Adjustment \$430,659.49
 - d) 2011 Rate Adjustment 1/1/-3/31 \$110,808.00
 - e) 2011 Rate Adjustment 4/1-5/31 \$ 75,587.16 (does not include June)

TOTAL: \$1,192,912.83 (plus June 2011)

Mr. Riehle reported that this total figure represents the new revenue that we have not previously recorded and relates to the process he referenced in previous Committee meetings. This reimbursement will significantly improve the financial picture of the Nursing Home.

Mr. Riehle stated that, according to the proposal of HFS, once the Intergovernmental Agreements are signed with the counties, the state plan amendment will be approved by the Federal Government. He noted that HFS plans to send the counties lump sum checks to make everything current from 2009 up until June 2011.

Mr. Riehle advised that HFS anticipates that a check will be issued in August or September of this year depending on how quickly the Agreement can be finalized. Once all of these old issues are resolved, the Nursing Home will continue to receive the enhanced payments as a three month lump sum. Mr. Riehle stated that HFS is not sure how quickly these checks will come at this time, but they hope to keep them on the expedited payment cycle. This process could be affected if the Governor decides to lengthen the payment cycle to Medicaid providers. Mr. Riehle noted that he believes that all counties are satisfied with the new Agreement as proposed. He is not aware of any county that will not participate with the new Agreement although there is no mandatory participation requirement. Mr. Riehle added that he does not believe there are any down-sides to this Agreement and it will be mutually beneficial to both the state and the counties.

Mr. Riehle advised that if anyone has questions regarding this Agreement, he would be glad to answer them and/or meet individually with members of the Committee. He acknowledged that the process, at times, has been lengthy and complex. Mr. Riehle expressed his thanks to the Committee, the Board and the County as a whole for their continuing support of the Nursing Home.

Mr. Riehle noted that he will continue to provide the IDPA County NH Reimbursement Reports for the next couple of months.

Motion by McIntyre/Wollrab to Recommend Approval of an Intergovernmental Agreement between the McLean County Nursing Home and the Illinois Department of Healthcare and Family Services (HFS).
Motion carried.

Mr. Riehle reviewed his monthly Reports, noting that the Nursing Home has been very busy and the census increased in May. He believes that the population will continue to increase.

Ms. Wollrab asked if the increase in population is helpful in bringing in additional revenue or does it result in higher costs to the Nursing Home. Mr. Riehle responded that he feels that a population of 140-145 residents is a good optimum number. He noted that numbers above that might require additional staff.

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

Mr. Lee Newcom, County Recorder, advised that he has been around McLean County Government long enough that he has gone through several life-cycles of the leadership. He pointed out that Ms. Nancy Froelich brought a Board under control that had a lot of problems. Mr. Newcom noted that the next Chairman, Mr. Mike Sweeney, was a man whom he had tremendous respect for. Under Mr. Sweeney, Mr. Newcom felt that the McLean County Board became the kind of Board that expected everything to be done quietly behind the scenes, or behind closed doors with no public debate. He advised that he has grown to the point after seven years in his job that he has seen the affect of this type of leadership and doesn't feel that it is all positive. Mr. Newcom stated that it creates a Board that is less informed and less involved in issues, there is less public debate, it creates less interest by the public in County government, and it creates a lot less vibrant opinion-making in the public about how a local government should be run.

Mr. Newcom indicated that he is going to address, openly, a topic that he has been addressing privately with the Chairman of this Committee because he believes it is important to discuss things openly. He acknowledged that some people may call this "airing our dirty laundry" or having disputes in public, which he does not agree with. Mr. Newcom believes that legitimate policy discussions out in the open are necessary and positive, and they help elected officials do a better job. He stated that it is not a negative to be opinionated, to disagree or to talk about policy choices.

Mr. Newcom indicated that he will address a difficult issue that was slightly dealt with at the April County Board meeting, namely the problems that he has had in dealing with the Auditor's Office and the County Board Policy over the last several years.

Mr. Newcom asked that the entire memorandum and two Attorney General Opinions be included in these minutes. Following is the body of the Memorandum which he referred to and discussed at the meeting. Attached to the minutes are the two Attorney General Opinions. The memorandum is as follows:

"This is in reply to the Auditor's request that I sign and return the Credit Card Agreement, pursuant to County Board action at its April meeting, to receive the new credit card issued in the name of the Recorder's office. This new card is to replace the previous one cancelled by the Auditor, for the stated reasons that I had violated both her and the county board's purchasing policies. In order that the mistakes of the past not be repeated, this memo accompanies the Agreement.

It is important to note that the cancellation of the Recorder's credit card was not due to any dispute that my card usage was inappropriate, outside legitimate public purposes, for purchases outside of correct and properly appropriated

budget line items, were properly documented, and met all legal requirements for the purchases.

When I travel I go to considerable trouble to save taxpayer money. I shop diligently for lower airline fares, even when inconvenient for me personally. I never simply book the convention hotel but shop alternative sources for lower priced lodging. I am also willing to move rooms while at a convention when I can get a better deal. When purchasing office supplies, if I find a local price advantage I will buy from a local retailer. If there is some small repair of equipment I can make in the office, I will purchase the hardware and do it myself. All of these types of purchases are those the Auditor believes she has the right to control and prohibit, and thus cancelled the credit card.

Based on a diligent review of the law and legal sources, I believe it is not within the lawful authority of the Auditor to make internal purchasing decisions for my office, and that her cancellation of the credit card was not within her lawful authority. Therefore, going forward I will operate under the following assumptions:

1. **Internal Control.** The county board is the legislative branch of government and county wide elected officials are in the executive branch of government. As the elected Recorder, by law I have internal control of my department. I am not under the authority of the county board nor compelled to comply with its policies. Please see the attached Attorney General Opinion 96-021, wherein Attorney General Ryan summarizes a litany of AG opinions, over many years, addressing the issue of county board control of funds appropriated to a county wide elected official. In that opinion he concludes,

Although a county board possesses the power to determine the amount of county funds that may be expended and by whom they will be spent, the county board cannot use its financial and budgetary powers to regulate, control or otherwise interfere with the internal operations of the various county offices. Rather, the county board's budgetary authority is limited solely to the appropriation of the aggregate or lump-sum dollar amounts for the items delineated in such statutes - - necessary equipment, materials and services. (1996 Ill. Att'y Gen. Op. 021)

Therefore, in the future I will continue to maintain the aggressive financial controls and purchasing policies I have formulated for my office. Although I do voluntarily comply with several county board policies that I

believe are wise and prudent, such as the county personnel and compensation policies, the county board nor Auditor have any legal authority to challenge or override internal Recorder's purchasing policies when I deem necessary a separate operational policy in my office.

2. **County Board alteration of powers.** The county board cannot impose policies on my office just because it wants to. State law is superior to county resolution.

Alteration of duties, powers and functions of county officers. No county board may alter the duties, powers and functions of county officers that are specifically imposed by law. A county board may alter any other duties, powers or functions or impose additional duties, powers and functions upon county officers. In the event of a conflict State law prevails over county ordinance. (55 ILCS 5/5-1087) (from Ch. 34, par. 5-1087)

3. **Power of the Auditor.** My own office is ministerial. Land conveyance policies, transfer taxes, record keeping policies, electronic recording requirements and many other issues are dictated to me by state statute and county ordinance. I administer those policies and cannot change or make up my own. The Auditor's office is also a ministerial office. Her "approval" of expenditures is limited to checking that the expenditure is for a legitimate public purpose and within the appropriated funds for my department. She has no authority either in statute or county ordinance to impose policies or procedures on other elected officials, outside of administrative necessities, which I respect. This question has been addressed by Attorney General Scott as follows:

...the county board may impose duties, powers and functions upon county officers additional to those specifically imposed by law but may not alter the duties, powers and functions of county officers that are specifically imposed by law (Ill. Rev. Stat. 1975, ch. 34, par. 429.18). Thus, the county board may require the county auditor to approve an officer's orders for equipment and services. The county auditor's approval of orders is a ministerial function that may not negate an officer's authority to procure necessary equipment, materials, and services. (1978 II Atn'y Gen Op 1329)

In the future I will expect the Auditor to remain within those statutory limitations to her office. She does not have authority to approve or

supervise my purchasing decisions, nor to impose purchasing policies on my office.

- 4. Use of a credit card.** Use of a credit card has become a necessity for the wise and prudent administration of my office, as several necessary services and supplies can only be economically purchased by credit card through the internet. Under its corporate powers only the county board may establish banking services such as checking accounts to pay bills and credit cards to make purchases, sign contracts and make contractual obligations. Statute requires the county board to provide a number of necessary goods and services to operate my office, but prohibits the board from controlling how those goods and services are to be used. In this case, although I respect the need for reasonable administrative controls, the card use, an administrative necessity for my office, may not be used to impose policies on my office not allowed by law or to supervise my use of the card outside the normal prudent financial oversight.

I have always been of the mind that open oversight by the Finance Committee and Auditor is welcomed, as responsible and prudent management in the use of public funds. I desire only to work collegially and cooperatively with the county board, administrator, and the county auditor. If we are all willing to live within the confines the law places on our offices, there is no reason that we cannot coexist as collegial and positive working partners in serving the citizens of McLean County. That is my desire.

However strongly I feel about maintaining positive working relationships, and as much as I wish to avoid conflict, I do not welcome the kind of grasping for bureaucratic control that this dispute has been, creating wasteful spending and impediments to efficient and cost effective administration of my office. Should the Auditor interfere with the internal control of my office again, or the county board attempt to enforce policies on my office that it may not legally impose, I will be forced to defend the prerogatives of my office and will do so.”

Mr. Newcom expressed concern that when he had to purchase airline tickets for his office using a travel agent that bills the County, he paid nearly \$200 more for the ticket. He cited this example as the type of wastefulness that he doesn't want to see happen in his department. Mr. Newcom stated that he travels to the National Association of County Clerks and Records annual convention in Washington, D.C., which is scheduled back to back with the Property Records Industry Association, He noted that the two conventions are together to save money for County officials. Mr. Newcom stated that when he goes to these conventions, it is necessary for him to stay six nights.

Mr. Newcom noted that if he purchased the hotel based on the convention rate, it would cost over \$1,500 of County money. Mr. Newcom indicated that he learns a lot at these conventions, but he is unwilling to spend \$1,500 on a hotel room, so he buys his hotel on Priceline where he can save at least 50% or more.

Mr. Newcom indicated that he was told that his credit card was cancelled because he violated County Board policy by buying the room on Priceline, and he was told he had to purchase the room at the convention rate and get a regular hotel bill, which is County Board policy. He advised that he will not do that. Mr. Newcom stated that if the Board imposes a policy on him that costs his office more money, he will not follow that policy.

Mr. Newcom reviewed the two Attorney General's Opinions, which sum up all of the previous Attorney General's Opinions in court cases that clarify that the County Board appropriates a gross lump sum amount for travel or office supplies, but within that appropriation, it is completely his responsibility and his decision as to how that money is spent. He stated that he would understand a dispute if he were spending more money, but he is trying to save money. Mr. Newcom indicated that he will not spend more money because the Auditor or County Board says that he has to spend more money. He pointed out that because it is his legal right within the line item appropriation to make those decisions, in the future he will make those decisions.

Mr. Newcom continued to refer to his memorandum as noted above, reviewing the "County Board alteration of powers" and the "Power of the Auditor." He noted that the statute governing his office sets forth the powers of limitations of his office and every County Official has a statute that sets forth the power of limitations of their offices. Mr. Newcom advised that the Auditor has no right, by statute, to set policies that he must comply with in regard to purchasing. Rather, the Auditor is there to approve his purchases based upon the purchases meeting a proper public purpose.

Mr. Newcom stated that he recently attended a meeting in Springfield where he spoke on behalf of the Illinois Electronic Commission. He noted that when he got to the part about signing contracts, several of the members at that meeting said that they sign their own contracts and not the County Board. Mr. Newcom indicated that he was prepared for that reaction and told them that the County's Code clearly says that only the County Board is invested with the corporate powers of the County. He stated that a number of county officials at the meeting had the attitude that "no County Board is ever going to tell them what to do." He said that he explained to them that the law says that only the County Board may obligate the County. Mr. Newcom noted that when the law says the Board has the power, he agrees. When the law says he has the authority in his office, then he has the authority in his office.

Mr. Newcom assured the Committee that he wants to get along and work together to do his job well. He indicated that the board can set policy and he will administer his office. Mr. Newcom advised that, going forward, he is not going to keep this behind closed doors anymore. He added that if he is ordered to pay more money for something just because some policy says that he has to pay more money when he knows he can get it for half price, he will buy it for half price and will defend the prerogatives of his office.

Ms. Wollrab indicated that she has questions, but she would like to learn more about the background of the situation before she asks her questions.

Mr. Butler agreed that he would like to read the Attorney General's Opinions and become more acquainted with the history of this situation before he makes any comments. He noted that he agrees with purchasing things at the best price.

Ms. O'Connor asked about the policy regarding using a specific travel agent. Mr. Wasson responded that historically, the policy was to use one specific travel agency under a contractual relationship to benefit on pricing. He indicated that one of the issues with Priceline and other on-line travel services that was addressed in the procurement policy is that when these services started, you weren't able to receive credit on cancellations. Mr. Newcom reiterated that there are Attorney General's Opinions and court cases that state very clearly that procurement policies and purchasing policies may not be placed upon County-wide Elected Officials.

Mr. Newcom advised that the Board cannot tell him how much he has to pay his employees in his office. He noted that this is another policy that is very clear in the law in these court cases. Mr. Newcom stated that he abides by the County Personnel and Pay Policy because he believes it is the right policy, but that is voluntary and not because the Board can impose that policy. Rather, the Board can only approve a lump sum payroll for County-wide Elected Officials Offices, but may not impose wage rates. He indicated that he will always voluntarily comply with County Board Policy because this County Board does a great job in almost everything, but where there is a discrepancy, he stated that he has the right, legally, to have his own policy in his own office regarding purchasing and procurement. He believes his policy will save money over the Board's policy.

Mr. Wasson expressed his appreciation to Mr. Newcom for his statements and his desire to reduce costs. He noted that it is the goal of the entire County that costs be controlled and to be vigilant in the risk that is involved. In some circumstances in the past, policies were put in place based not only on reduced cost but also on reduced risk relative to refunds on travel expenditures and other items. Mr. Wasson advised that he has been in discussions over the last few months to address the travel policy and the

credit card policy. He noted that the credit card policy was completed a little over a month ago.

Mr. Wasson expressed his hope that Mr. Newcom will work within the cardholder agreement and comply with the policy. He indicated that good policies mean good organizations and the fact that everyone works within the same policies and procedures assists us in being an effective organization. Mr. Wasson stated that the County's goal continues to be to evaluate travel policy relative to not only Mr. Newcom's office but other offices to try to update the travel policy, which may be outdated relative to on-line reservation processes. He added that he is attempting to address that while also working within the current system.

Mr. Wasson stated that he appreciates that Mr. Newcom signed the agreement, and believes that, as we have in the past, we will be able to maintain an effective relationship with all of the County Departments in the future.

Chairman Owens expressed his appreciation to Mr. Newcom for his information and urged the Committee to sit down with Mr. Newcom, the Auditor, Mr. Wasson and Chairman Sorensen as they can provide additional information into the history of this issue.

Chairman Owens asked when the Travel Policy will be completed. Mr. Wasson responded that he plans to work with some of the departments that had concerns, including Mr. Newcom, and he hasn't had the opportunity to speak with them about modifications to the travel policy. He stated that we want a good policy that will work for all of the departments in the future. Mr. Wasson estimated that it will probably be a minimum of two months before a finalized version will be ready.

Mr. Newcom asked that the information packet he distributed be included in the Board packet this month.

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

Mr. Will Scanlon, Circuit Court Administrator, presented a request for approval to combine two part-time positions into one full-time position. He noted that he presented this same item to the Justice Committee in June. Mr. Scanlon explained that currently the Circuit Court employs two part-time persons in two positions. The first is a grant-funded Data Collection person within the AOIC Juvenile Abuse Data Collection Project at 20 hours per week, which goes through September 30, 2012. Mr. Scanlon noted that this grant is likely to be extended into the future. Mr. Scanlon stated that the current Law Librarian/Legal Assistant in the Law Library has submitted her resignation, leaving

that 20 hour per week position open. He indicated that the Legal Assistant position is funded by the Law Library Fee Fund, a \$10.00 per civil filing dedicated fund.

Mr. Scanlon advised that the Circuit Court proposed to combine both positions and have one current employee take the position at 37.5 hours per week. He offered the following rationale:

- The combination of positions would address the major complaint of users of the Law Library that the hours of assistance are too limited. The Legal Assistant currently works from 9:00 a.m. – 2:00 p.m. This combination would allow the Law Library hours to be expanded, and would provide flexibility for both the Legal Assistant and the clientele using the library.
- By utilizing one person in the combined position, there is better utilization of time. The work within the Law Library can be very sporadic. This additional work of the AOIC data collection would allow the employee to stay busy.
- By reducing the time to 37.5 hours from the current 40 hours (2 positions each at 20 hours per week), the cost of the health insurance benefit for a full-time employee can be offset significantly. The remainder of the cost of health insurance can be bourn equally by the two funds.
- The blending of positions will help retain a quality employee who is currently looking for a full-time position. This employee is highly regarded by the Circuit Court personnel and the AOIC personnel.

Mr. Scanlon stated that the funding provided by the AOIC grant would cover the ½ portion of the IMRF contribution that is not currently funded, and the Law Library fee fund obligation would remain unchanged.

Ms. O'Connor asked if this change will be a cost to the County. Mr. Scanlon responded that additional costs will be paid by the Grant. He added that in the event the grant ends, that portion of the position will go away automatically. The benefits for that position will be reduced back to a half-time position and the cost will be reduced. Mr. Scanlon noted that the employee understands that the full-time position is contingent upon the continuation of the grant.

Mr. Wasson stated that it is anticipated that this position will be budgeted through the expiration of the grant. If the grant is renewed, an Emergency Appropriation will be done to fund the position for the remainder of the year. Mr. Wasson reiterated that we will not budget more than the grant will maintain.

Motion by McIntyre/O'Connor to Recommend Approval to
combine two Part-time Positions into one Full-time Position.
Motion carried.

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

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

Ms. McNeil reviewed the McLean County Treasurer Summary of Tax Vouchers Report, noting the following

		<u>% of change Over 2010</u>
June 2011 Vouchers:		
Sales Tax	\$391,294.62	1.9%
Revenue Sales Tax	46,813.64	-11.1%
Local Use Tax	25,049.21	-6.4%
Income Tax	115,830.24	-0.1%
PPRT	<u>n/a</u>	
Total	\$827,861.09	
Monthly Comparison		
June 2010 Vouchers	570,167.18	
June 2011 Vouchers	<u>578,987.71</u>	
Difference	\$8,820.53	1.5%
YTD Comparison		
YTD 2010 Vouchers	4,273,694.99	
YTD 2011 Vouchers	<u>4,455,305.70</u>	
Difference	\$181,610.71	4.2%
Budget Comparison		
2011 Annual Budget:	\$8,600,000.00	
Budgeted Revenue per Month:	\$ 716,666.67	
Budgeted Revenue thru 6/30/11:	\$4,300,000.00	
YTD Actual Vouchers	\$4,455,305.70	
Income Over (Under) 2011 Budget:	\$ 155,305.70	

Ms. McNeil pointed out that June 2011 the Tax Vouchers were slightly above June 2010. Year to date Vouchers are \$4,455,305.70, which is also slightly above last year.

Ms. McNeil noted that the State of Illinois is running about four months behind in funneling down to the County its Income Tax money.

Ms. McNeil reviewed the Investment Report. She indicated that there is nothing to point out on this report as rates continue to be extremely low with percentages of .15% and .25 and .40 on CDs. This is not an environment in which to invest. Ms. McNeil stated that the total cash portfolio as of June 30, 2011 is \$39,748,201.65, which reflects the first installment of Property Taxes.

Mr. McNeil reviewed the Employee Benefit Fund Quarterly Report. She indicated that this is the Fund where the employer and employee contributions funnel in and out of to pay the premiums for the employee health fair and employee benefits. Ms. McNeil reported that in the first six months of 2011, \$2,612,860.52 has been received in Revenue. She noted that Expenditures were \$2,861,454.16. Ms. McNeil pointed out that the difference in the Expenditures and the Revenue was the result of the premiums being paid in June for July coverage. She reported that the Fund Balance is \$554,925.96.

Ms. McNeil presented the CDAP Revolving Loan Fund Quarterly Report. She advised that there are five active loans in this program. She pointed out that one loan is classified as being in default, as this report is one that is submitted to the State of Illinois. Ms. McNeil clarified that the loan is only due for the month of June and they have been notified. She stated that over the years, those loans have produced \$147,460.64 in interest. Ms. McNeil added that there is currently \$484,619.60 available in this fund.

Ms. McNeil reviewed the Summary Consolidated Balance Sheet. She indicated that last month McGladrey and Pullen provided a presentation on the County's audit, but did not discuss the fund balance. Ms. McNeil reported that the Fund Balance as of today is \$10,085,602.25. She summarized how the County's General Fund Balance has changed in the last five years. Ms. McNeil indicated that the County has had a lot of shifting, which is partly due to economic times where revenues were not coming in as in the past. She added that the shift is also due to delays in state payments. Ms. McNeil noted that 2008, 2009 and 2010 are the first years since she has been here where it was necessary to defer revenue because of receivables in excess of 90 days. She stated that there were a couple years when it was necessary to draw down expenses in the budget and made significant cuts. Deferred revenue causes largest variances as we go along. Ms. McNeil reported that the Fund Balance is \$10,323,825.37.

Chairman Owens asked if there were any further questions on the reports. Hearing none, he called for a motion.

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

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

Ms. Michelle Anderson, County Auditor, presented a request for approval to amend the Commerce Bank Corporate Resolution to obtain Credit Card Account. She explained that this resolution is to add the new Chief Deputy Auditor.

Motion by Wollrab/Butler to Recommend Approval to Amend the Commerce Bank Corporate Resolution to Obtain Credit Card Account.
Motion carried.

Ms. Anderson advised that the Internal Revenue Service (IRS) recently announced the standard mileage rates will increase beginning July 1, 2011. Effective July 1, 2011, the standard mileage rates for the use of a personal vehicle will be 55.5 cents per mile.

Ms. Anderson reminded the Committee that the County Board Resolution Establishing Mileage Reimbursement states that "the mileage reimbursement rate for the use of private vehicles for conducting County business for County officials and employees is hereby set at the rate approved and authorized by the Internal Revenue Service."

Ms. Anderson stated that in accordance with the Resolution, which is included in the packet, the County Auditor's Office will reimburse all business mileage for conducting County business at 55.5 cents per mile starting July 1, 2011. She noted that the January 1, 2011 to June 30, 2011 rate was 51 cents per mile and the 2010 rate was 50 cents per mile.

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

Ms. Kathy Michael, County Clerk, presented a request for approval to increase Marriage Licenses/Civil Union Fees from \$29.00 to \$75.00. She noted that cost for additional copies would remain the same: \$15.00 for the first copy and \$9.00 for additional copies.

Ms. Michael advised that, by statute, the Board is mandated to pass a fee for Civil Unions regardless of what the Committee decides on the proposed increase in fees.

Ms. Michael stated that this increase will be consistent with other counties around the State of Illinois who are raising fees due to increased workloads and shortage of staff; and consistent with counties around the country that are considerably higher in fee structure.

Ms. Michael advised that the Illinois Legislature passed legislation (HB3184) providing that these fees can be raised to \$75.00 by County Board Ordinance, without a fee study. Ms. Michael noted that several counties are taking advantage of raising the fees without a fee study, such as Marshall County that just approved raising fees to \$75.00. Ms. Michael pointed out that \$2.00 of the fee is the Automation Fee and \$5.00 goes to the Domestic Violence Fund.

Ms. Michael stated that the fees have not been raised since 2002.

Committee members expressed concern about raising the fees from \$29.00 to \$75.00, which is a significant increase. Ms. Michael responded that the County Clerk's Office has an increased workload and is short an employee, and these additional fees would benefit the Department.

Ms. Wollrab noted that the increase is almost 160% from the previous fee. She indicated that she looked at surrounding states on the Internet and found that Indiana's fee was \$18.00 in-state and \$60.00 out-of-state; Missouri was \$58.00; Michigan is \$20.00 in-state and \$30.00 out-of-state; Minnesota is \$115.00; Kentucky is \$34.00 in-state and \$50.00 out-of-state; and Ohio is \$35.00. Ms. Michael pointed out that Wisconsin is \$105.00 and California is \$95.00.

Ms. Michael stated that she is currently working on the budget and has some concerns, including the fact that the State Board may not pay for the County's judges this year. She felt that the increase may assist with the budget concerns in the County Clerk's Office. Chairman Owens cautioned Ms. Michael that the fee revenue goes to the General Fund and not automatically back to the County Clerk's Office.

Mr. McIntyre asked if there is a fee study happening right now. Chairman Owens replied that the County has a Maximus Cost Study underway. Mr. Wasson explained that this study will provide information on the sufficiency of fees to cover County costs. He noted that the study should be completed within the next 30-60 days. Ms. Michael commented that the study does not include Marriage License/Civil Union fees.

Ms. Michael reiterated that the Civil Union fees need to be established. She added that the fees have to be the same as the Marriage Fees.

Mr. McIntyre proposed that the \$29.00 fee not be changed until after the Maximum Study comes out. Mr. Butler suggested that the addition of the Civil Union fee might increase revenue in the County Clerk's Office. Ms. Michael reported that, in June, the County Clerk's Office issued 40 Marriage licenses and 50 Civil Union licenses.

Chairman Owens recommended that the \$29.00 fee remain in effect for Marriage Licenses and approve instituting a \$29.00 fee for Civil Union Licenses. Further, he recommended that this issue be discussed following the completion of the Maximus Study. The Committee concurred.

Motion by McIntyre/Wollrab to Recommend Approval to maintain the Marriage License fee at \$29.00 and to establish the Civil Union Fees at \$29.00 until further study is conducted.

Motion carried.

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

Chairman Owens indicated that, as a result of the Homestead Exemption issue with Ms. Judy Stearns, he was contacted by a resident in the County who provided information and expressed concerns regarding Homestead Exemptions and multiple Homestead Exemptions. Therefore, Chairman Owens asked Mr. Bob Kahman, Supervisor of Assessments, to provide information regarding Homestead Exemptions.

Mr. Wasson indicated that he had a conversation and exchanged some information with Mr. Kahman relative to the reports showing multiple people with additional exemptions.

Mr. Kahman introduced Ms. Connie Clifford, Assistant Chief County Assessment Officer, who will assist him in his report.

Mr. Kahman asked if he was free to speak regarding the Stearns matter. Chairman Owens responded that since there will not be a court case, he is free to discuss the issue.

Mr. Kahman referred to a report that was generated by one of his staff in response to an FOIA request. He noted that FOIA requests are taken very seriously and he believes the County works as a team to comply as much as possible with the requests. Mr. Kahman stated that he is happy to share as much information as he can, which he feels results in a low complaint ratio relative to other counties.

Mr. Kahman noted that a member of his staff filled the FOIA request as it was listed, which was to know anybody who is listed as having multiple General Homestead Exemptions. He advised that the Assessor's Office is constantly culling through the exemptions, sales documents, deeds, etc. looking for inconsistencies and duplications.

Mr. Kahman stated that McLean County has 41,334 General Homestead Exemptions at the time that tax bills were calculated. Since that time, Homestead Exemptions have been both added and subtracted, but usually added individuals who did not know that they were eligible for exemptions. Mr. Kahman noted that occasionally his Office discovers that someone is getting multiple exemptions, which are then taken away. He pointed out that there is a hierarchy of exemptions. When it is discovered that someone has one exemption, another exemption will be discontinued. Mr. Kahman reiterated that the efforts to search for and avoid multiple exemptions are an ongoing process in the Assessor's Office.

Mr. Kahman noted that he is very perplexed by the Stearns issue and how it could have happened. He, again, pointed out that there are 41,334 General Homestead Exemptions that, in total, exempt about one-quarter billion dollars of assessed value. Mr. Kahman had staff go through the list that was provided to the individual who had requested the FOIA.

Ms. Clifford clarified that the FOIA request was for the people in the City of Bloomington Township and Bloomington Township who are receiving multiple exemptions. She stated that it is very difficult to look at individual townships because some people may get an exemption in the City of Bloomington, but they also have property in another township, so it is necessary to review the County as a whole. Ms. Clifford indicated that the list was 53 pages long. She pointed out that the first two names on the list were Daniel Anderson. The first name, as deeds were checked, was Daniel B. Anderson, and the second was Daniel R. Anderson. Ms. Clifford noted that it is listed as a multiple, but it is not because it is two separate people. She stated that as they went through the list, they found juniors and seniors; and some names that were identical but with different spouses.

Mr. Kahman stated that attempting to match names is problematic. He noted that once a year before all of the information is passed on to the Clerk for tax extension, the Assessor's Office does an extensive review of the names. Mr. Kahman indicated that he is working with the vendor on finding better ways of matching the names. He pointed out that with Ms. Stearns, sometimes the property was listed as "Judy," sometimes it was "Judy" with a middle initial and sometimes it was "Randy."

Mr. Kahman noted that there are several people with the same name, such as two Ben Owens. He asked Ms. Clifford to explain the current process for when a deed comes in, which is when someone purchases a property.

Ms. Clifford reported that the Assessor's Office receives a copy of the deed from the recorded Recorder's Office as well as the transfer declaration. The Assessor's staff checks the deed on the system and looks for people with duplicate names, duplicate addresses, etc. The transfer declaration is checked to see if it is marked that it will be owner-occupied and make a decision whether the exemption should stay on or be removed. Ms. Clifford indicated that the law states that a General Homestead Extension is granted to the owner as of January 1. If you buy a house in June from someone who owned the house, that owner is entitled to the exemption and if you own another house that you are selling in June, you are still entitled to your Homeowners Exemption, so you may be listed as getting two exemptions, but it gets worked out at the closing. Ms. Clifford added that if you don't sell your house, but you bought a house, one of the exemptions will be taken off for the subsequent year, but it won't show up on this list.

Mr. Kahman encouraged Committee members to tell their constituents that if they are aware of someone who is getting multiple exemptions, please contact him and let him know anonymously.

Mr. Kahman advised that the clerks in his front entrance to the Office are responsible to answer the phone and handle all walk-in customers also handle the owner-occupied Residential Exemption, Senior Exemption, Senior Freeze, Disable Veterans (two different levels), the Returning Veterans, Disable Persons Exemption, and the Homestead Improvement Exemption. Mr. Kahman added that the legislative intent is quite clear that when in doubt give them that exemption.

Mr. Kahman acknowledged that the situation with Ms. Stearns was simply a mechanical, clerical oversight that was fixed once it was brought to his attention. He noted that he apologized to Ms. Stearns because he didn't see any evidence that she knew that she was receiving these exemptions.

Mr. Kahman stated that in reviewing this issue, they determined that the Assessor's Office error ratio is approximately 1/10,000 of 1.0%.

Mr. Kahman advised that the Assessor's Office is audited by an outside auditor for compliance.

Ms. Wollrab asked if there are any social security numbers in the system to identify individuals. Mr. Kahman responded that Illinois is against any type of enforcement against exemption fraud. He noted that the biggest area of exemption fraud is senior freezes, which is a lot of money, but there is no money for enforcement.

Mr. Butler asked if the Assessor's Office can request a tax return. Mr. Kahman replied that they do ask for tax returns if they have questions. He pointed out that the County Board could, by ordinance, demand that all 41,334 home-owners with exemptions come in and reapply on an annual basis. Mr. Kahman indicated that this project would cost about \$100,000 to do that just one time.

Mr. Kahman advised that the idea of having social security numbers is very touchy because anything with social security numbers becomes a confidential record. Ms. Wollrab indicated that there was a conversation in the Justice Committee Meeting about being able to redact the social security numbers on documents so that external people cannot see the numbers but internal people can see the numbers on certain court records. Ms. Clifford responded that that would require them to put the social security numbers on their tax administration system, which is a public system. Mr. Kahman added that the process of obtaining those social security numbers would likely require legislation and a project cost of approximately \$120,000 just to get it started. Ms. Wollrab suggested that if it is not illegal, it might be a good idea to start collecting social security numbers from this point forward.

Chairman Owens thanked Mr. Kahman for his presentation. He indicated that his report will help alleviate the concerns that citizens have regarding the exemptions. Chairman Owens noted that the individual who expressed his concern is present at the meeting. He suggested that Mr. Kahman and the gentleman meet to discuss the issue. Chairman Owens stated that the Committee was pleased to have Mr. Kahman provide a background on the issue of multiple exemptions and how to avoid them in the future. In addition, the Committee will encourage their constituents with concerns to contact the Assessor's Office with an anonymous tip so that proper procedures can be taken.

Chairman Owens asked if the report with 200+ names identified any multiple exemptions. Ms. Clifford replied that they looked at a much larger list than the 200 names. She noted that, after the review, there were 18 exemptions in question. Mr. Kahman advised that he is contacting the individuals to come into the office to determine if they do, indeed, have multiple exemptions. Chairman Owens asked what the process is if someone has more than one exemption. Mr. Kahman responded that if it is proven that someone has multiple exemptions, the extra exemptions are eliminated.

Mr. Kahman thanked Mr. Wasson and Ms. Eisner for coming down to the Assessor's Office to observe the process of looking for multiple exemptions.

Chairman Owens thanked Mr. Kahman and Ms. Clifford for addressing the Committee on this issue.

Ms. Wollrab asked if it is possible to find out whether it is legal to request social security numbers on exemptions. Mr. Wasson responded that the State's Attorney's Office will investigate the issue and report back to the Committee.

Mr. Bill Wasson, 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 June 26. All positions listed below are budgeted and funded through the end of FY 2011.

Health Department

- 1) Fill 1.0 FTE field Sanitarian position that has been recently vacated.

The decision was made in 2009 not to fill a field sanitarian position due to the decreased program activity in those programs associated with housing development. This resulted in the remaining field sanitarians Food Program workload increasing by 20 percent and the senior sanitarian's Food Program work load increasing 100. Current staff numbers reflect the Environmental Health Division's field staff numbers prior to 1991 when the division was responsible for fewer Environmental Programs. The division was responsible for managing the Food, Sewage, Non-Community Water, and Lead Programs before 1991. Today, the division is responsible for managing the Food, Sewage, Non-Community Water, Private Well, Abandoned Well and Geothermal Well programs. This position is critical to meeting the minimum staffing levels currently maintained for the operation of all Environmental Health program activities performed by the Health Department.

Mr. Wasson advised that Mr. Walt Howe, Administrator, Health Department, is available for any questions.

State's Attorney Office

- 1) Fill 1.0 FTE Legal Assistant II Position which has been vacated

The State's Attorney's Office has previously had a 1.0 FTE criminal division reduction in the January, 2010 Budget and an additional 1.0 Assistant State's Attorney FTE position reduction in June 2010. The vacated Legal Assistant position has taken on a portion of the redistributed workload of these two criminal

division FTE reductions. This position provides daily maintenance of Court files and assists in court work previously performed by eliminated positions. Criminal division caseloads continued to increase in 2010.

Mr. Wasson advised that Mr. Bill Yoder, State's Attorney, is available for any questions.

Mr. Yoder clarified that the description of the need states in the last sentence that "caseloads continue to increase." He noted that caseloads this year are actually down. Mr. Wasson stated that this was a clerical error in the Administrator's Office.

Nursing Home

- 1) Fill 2.0 FTE Certified Nursing Assistant Positions which have been vacated.
- 2) Fill 1.0 FTE Licensed Practical Nurse Position which has been vacated.

The Nursing Home has filled two Certified Nursing Assistant, and one 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. Wasson pointed out that turnover in the Nursing Home is not significantly higher than it historically has been in the past. It is an industry that has a high turnover rate. Chairman Owens added that that even though the turnover hasn't increased, the provision of this report brings it to our attention.

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

Chairman Owens presented the June 30, 2011 Finance Committee bills for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$1,703,369.79 and a Fund Total that is the same.

Motion by Butler/O'Connor to recommend approval of the Finance Committee bills as of June 30, 2011 as recommended by the County Auditor.
Motion carried.

The Nursing Home bills include a Prepaid Total of \$246,062.45 and a Fund Total that is the same.

Finance Committee
July 6, 2011
Page Twenty-Three

Motion by Butler/O'Connor to recommend approval of the Nursing Home bills as of June 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 5:47 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

E:\Ann\Minutes\Finance\Fin_July.11