

## Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, July 1, 2009 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members Butler, Rackauskas, Moss, and Caisley

Members Absent: Member O'Connor

Other Members Present: Member Nuckolls

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

Department Heads/  
Elected Officials

Present: Mr. Phil Dick, Director, Building and Zoning; Ms. Jennifer Ho, Risk Management; Ms. Becky McNeil, County Treasurer; Mr. Robert Kahman, Supervisor of Assessments; Mr. Lee Newcom, County Recorder; Mr. Matt Riehle, Director, McLean County Nursing Home; and

Others Present: Ms. Laura Dick, Executive Director, SHOW BUS; Mr. Mike Behary, Building and Zoning; Ms. Megan Nelson, Chief Deputy County Clerk

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

Chairman Owens presented the minutes from the June 2, 2009 Finance Committee Meeting.

Motion by Butler/Moss to approve the Minutes of the June 2, 2009 Committee Meeting.  
Motion carried.

Mr. Phil Dick, Director, Building and Zoning, presented a request for approval of an application for capital assistance to the Illinois Department of Transportation to provide Rural Public Transportation in McLean, Livingston, Ford, Iroquois and DeWitt counties. He explained that SHOW BUS is submitting an application for capital assistance to the Illinois Department of Transportation.

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Mr. Dick indicated that this Capital Assistance Application is for use by SHOW BUS for two super medium duty buses, one medium duty bus, 27 bus radios, and computer equipment.

Mr. Dick advised that this application will require a public hearing at 9:00 a.m. at the County Board meeting on July 21, 2009. A notice of the public hearing is included in the packet and will be published on Saturday, June 27<sup>th</sup>.

Motion by Rackauskas/Caisley to Recommend Approval of an application for Capital Assistance to the Illinois Department of Transportation to provide Rural Public Transportation in McLean, Livingston, Ford, Iroquois and DeWitt Counties.  
Motion carried.

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

Chairman Owens called for a motion to go into *Executive Session* to discuss a Personnel Matter.

Motion by Moss/Butler to Recommend the Finance Committee go into Executive Session at 4:03 p.m. to discuss a Personnel Matter with the Committee Members, Ms. Megan Nelson, Chief Deputy County Clerk, and the Administrator's Office Staff.  
Motion carried.

Motion by Caisley/Moss to recommend the Finance Committee return to *Open Session* at 4:25 p.m.  
Motion carried.

Motion by Caisley/Moss to recommend Approval of a Resolution of the McLean County Board Authorizing the County Clerk to Offer a Salary above the starting Maximum Salary permitted under the County's Personnel Ordinance.  
Motion carried with Ms. Rackauskas voting "no."

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

Ms. Jennifer Ho, Risk Management, presented a request for approval of an Agreement between McLean County and Pinnacle Actuarial Resources, Inc. to complete an Actuarial Analysis of the County's Self-funded Casualty Reserves for Workers Compensation and liability lines of coverage. She advised that the cost for this study is capped at \$7,000.00, a reduction of \$2,000.00 from the cost of the study performed in 2007.

Ms. Ho stated that an analysis of the County's self-funded liabilities fulfills two goals, as follows:

- To comply with GASB 10, and;
- To satisfy the underwriting requirements of prospective excess insurance carriers.

Ms. Ho indicated that a review is necessary to ensure that the County's reserves are adequate and that the County has developed an accurate loss forecast for future years. She added that it is necessary to maintain a conservative approach in funding our self-insured liabilities due to the following:

- The impact of legal fees for outside counsel for tort cases, and;
- The impact of increased benefits and average severity of workers compensation claims.

Ms. Ho advised that the last actuarial review was completed in February 2007 by Pinnacle. She noted that Pinnacle was formed from the reorganization of the original firm that performed the County actuarial study in 1995. Ms. Ho stated that Pinnacle was selected based on its track record, references from other public entities and cost consideration.

Ms. Ho indicated that the cost of the study will be capped at a maximum fee of \$7,000.00. A reduction in cost from the 2007 study is possible because of a reduction in set-up costs. Ms. Ho added that Pinnacle will be able to use the templates set up for the 2007 study. She added that the contract contains the provision to keep costs at \$7,000.00 for the next three years.

Mr. Butler asked if a study is conducted to see how accurate previous actuarial studies have been in forecasting the necessary reserve. Ms. Ho replied that every study is evaluated. She noted that the last study that was completed was very close to the forecast.

Motion by Rackauskas/Butler to recommend Approval of an Agreement between McLean County and Pinnacle Actuarial Resources, Inc. to complete an Actuarial Analysis of the County's Self-funded Casualty Reserves for Workers Compensation and Liability Lines of Coverage.  
Motion carried.

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

Ms. Becky McNeil, County Treasurer, presented the Financial Reports for the period ending June 30, 2009, as distributed. She noted that we are 50% into the year.

Ms. McNeil reviewed a Summary of Tax Receipts through June 30, 2009 report, which reflects how financial conditions are affecting revenue on our Sales and Income tax receipts. She indicated that, through the month of June, she would have liked to have received \$4,772,575.00, which would be 50% of the total budgeted amount of Sales, Income and Personal Property Tax for FY'2009. However, actual receipts are \$4,442,254.49, which is \$330,320.51, or 3.5% under budget.

Ms. McNeil reviewed the Statistics on the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending June 30, 2009.

- Retailers Occupation Tax Revenue for June 2009 is \$439,361.85.
- Retailers Occupation Tax Revenue Year to Date is \$2,620,179.60, which is - 7.12% below last year and 45.57% of budget, year-to-date.
- State Income Tax Revenue is \$973,842.49, which is 14.61% below last year and 50.59% of budget.
- Personal Property Replacement Tax Revenue is \$848,262.40, which is 14.81% below last year and 45.36% of budget.

Ms. McNeil reported that the Property Tax distributions for the first installment were completed on June 26<sup>th</sup>. Ms. McNeil indicated that the General Fund Levy is \$8,423,034.00. She added that there is \$4,184,567.54 in the County's General Ledger at this time, which is 49.68% of budget. Ms. McNeil stated that the first installment collections are currently one-half of one percent delinquent, which is not significant or unusual. She noted that a total of \$133,000,000 was collected from the first installment and one-half of a percent is still outstanding.

Chairman Owens asked how many people paid both installments. Ms. McNeil replied that she does not know the exact number. However, she noted that first installment is a very busy time in the Treasurer's Office since some people pay both installments.

Ms. Rackauskas asked if the second installment payments are included in the total receipts. Ms. McNeil responded that second installment payments are included in the receipts, but the percentage of early second installment payments is very small. Ms. Rackauskas asked if, as a result of second payments being made, there will be less revenue collected during second installment. Ms. McNeil replied that early second installment payments run about 7% to 8%, approximately \$11,000,000.00, which is included in the report of Receipts. She explained that the County Collector has distributed 99% of everything collected from the first and second installment to taxing bodies. The reason only 99% is distributed is because a small portion must be left to make necessary adjustments, such as refunding Homestead Exemptions to qualified citizens.

Mr. Moss asked when the second installment is due. Ms. McNeil responded that second installment is due September 8<sup>th</sup>.

Ms. McNeil reviewed the Investment Report, noting that interest rates continue to be down.

Ms. McNeil advised that the State Investment Pool has been very attractive for the County in the past. She stated that, since the majority of our tax levy goes to fund payroll expenses every two weeks, there is a great deal of money that the County cannot put into Certificates of Deposit for six, nine or twelve months. In the past, that money has been placed into the Illinois Funds. Currently, the Illinois Funds Money Market rate is 0.18%.

Ms. McNeil reiterated that the last distribution we made was on June 26<sup>th</sup>. She noted that, at that time, \$4 million was transferred to State Farm Bank, which now has a balance of \$5,067,941.87, which is currently paying 1.63%. Ms. McNeil advised that State Farm indicated that they would not accept any more funds. She noted that she has begun to deposit funds in Heartland Bank, which will provide a fund rate of a little over 1%.

Ms. McNeil indicated that banks currently do not need money and are not accepting money. She pointed out that it is very difficult to find a bank that will accept money at a decent rate.

Ms. McNeil reported that there are some CD's that have matured and she is currently negotiating rates. She added that a decision will be made tomorrow as to where the funds will be placed.

Ms. McNeil reviewed a summary of the outstanding receivables from the State of Illinois. She indicated that this summary does not include all of the outstanding receivables.

Ms. McNeil pointed out that the County is due funds for salaries for Court Services, Probation Officers and Juvenile Officers since December 2008. She noted that all counties are looking at receivables going back to November and December in this category.

Ms. McNeil indicated that she was notified that the monies for Fund 156, Title IVD, are pending and should be received from the state soon.

Ms. McNeil noted that payment to the Supervisor of Assessment is due for June, Public Defender is due for June, and the State's Attorney Appellate Prosecutor is due for April and May. She added that these are small amounts.

Ms. McNeil advised that the total receivable due for the General Fund from the State of Illinois is \$549,173.88.

Ms. McNeil reviewed the Statement of Revenue, Expenditures and Fund Balance, as follows:

- General Property Tax year to date is \$4,184,567.54 compared to \$1,871,396.73 last year;
- The total Revenue as of June 30, 2009 was \$14,289,240.16;
- Expenditures were \$15,310,730.22;
- The Fund Balance as of June 30, 2009 was \$8,735,898.85.

Mr. Caisley pointed out the high Inheritance Tax Receipts of 241.38%. Mr. Lindberg responded that the Inheritance Tax is budgeted very low because it is difficult to predict. Ms. McNeil noted that the Inheritance Tax through June 2008 was \$2,014.50 and through June 2009 it was \$120,689.46.

Ms. Rackauskas asked what happens to the "Unclaimed Bail" listed on page two of the report, under Circuit Clerk. Ms. McNeil replied that she does not know, but she will check and apprise the Committee.

Ms. McNeil reviewed the Employee Benefit Fund, which is the Fund from which all of the Employee Benefits are paid. She indicated that this fund had a Beginning Fund Balance of \$155,915.82 as of January 1, 2009, and an Ending Fund Balance as of June 30, 2009 of \$225,471.52, for a gain of approximately \$69,000.00.

Ms. McNeil noted that she put an asterisk beside the sources of revenue and the expenditures where the gain is being identified. She stated that she likes to see the revenues, namely the employer contributions for Health Alliance, Lincoln Life and Interest on Investments, offset the actual expenditures related to the Lincoln Life Insurance premiums, HRA Rebates, Employee Assistance Program and the Administrative Expenses. Ms. McNeil reported that, at this time, the revenues offset the expenditures.

Ms. McNeil indicated that the Administrative Expenses and Rebates are unknown. She stated that the Administrator's Office tries to estimate the Rebate. Ms. McNeil noted that the Rebate is close to what it was in June 2008. As of June 2008 there was a \$53,000.00 expense in that category, but this year the expense is about \$48,000.00.

Ms. McNeil reviewed the CDAP Revolving Loan Fund Quarterly Report. She stated that this report recaptures all of the CDAP Loans and the current outstanding loans. The current outstanding loans are: Victory Enterprises, Learning Center, Trace Design, Coffee Hound, Watershed Foods and Midwest Moldings. Ms. McNeil noted that the loan to Watershed Foods closed on April 21, 2009.

Ms. McNeil advised that the amount currently in the Revolving Fund is \$274,208.43. She indicated that this is the amount that is available to loan out. Ms. McNeil pointed out that the Finance Committee has never set a limit as to what amount they want to keep this balance.

Mr. Caisley asked if there are presently any candidates for a loan. Ms. McNeil replied that there are no applications at this time.

Ms. McNeil pointed out that Victory Enterprises is currently at default for April, May and June. She noted that the last payment was received in May. Ms. McNeil indicated that she has contacted Victory Enterprises to advise them of the status of their loan. She added that they have only 18 payments remaining.

Mr. Caisley asked if Victory Enterprises will complete their payments. Ms. McNeil responded that they are consistently late, but they do make their payments.

Chairman Owens asked if there are penalties for being late. Ms. McNeil responded that the penalty is very vague on the loan agreement. She indicated that she had Mr. Eric Ruud, retired First Civil Assistant State's Attorney, review the agreement. The penalty appeared to be a percentage-type of late payment depending on the amount of days it is late. Ms. McNeil added that a penalty has never been enforced on the company, rather late notices are sent to Victory Enterprises. She advised that she would like to see the establishment of a flat fee penalty for delinquent payments.

Motion by Caisley/Rackauskas to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending June 30, 2009, as submitted.

Motion carried.

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

Mr. Robert Kahman, Supervisor of Assessments, reviewed a report on Sample Acreage Land Sales across McLean County, March and April 2009. He noted that he has been following land sales as part of his overall watch on the state of real estate value in McLean County during the recession.

Mr. Kahman indicated that the farmland sales have consistently been coming in at \$6,000 per acre for farm use. Development sales range from the \$27,000 per acre for raw farmland sale in Normal to \$40,000 per acre for a tract in Heyworth that has site improvements and roads.

Mr. Kahman concluded that these sales across the County demonstrate that land in McLean County remains desirable for both farming and development.

Mr. Caisley asked what would be the assessment on the section of land that sold on Route 136 for \$6,229 per acre under the Farmland Assessment law. Mr. Kahman replied that it would be assessed at approximately \$320 per acre.

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

Mr. Lee Newcom, County Recorder, presented his General Report. He noted that there is nothing specific to point out.

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



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Mr. Matt Riehle, Administrator of the McLean County Nursing Home, reviewed his Monthly Report, noting that there was nothing new to report.

Mr. Caisley pointed out that the census appears to be stable. Mr. Riehle responded that the census in Nursing Homes is on a downward trend for the next two to three years. However, the Baby Boom population will begin to hit the Nursing Home population in the next few years.

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

Chairman Owens presented the June 30, 2009 Finance Committee bills for review. The Finance Committee bills include a Pending Total of \$21,904.39 and Prepaid Total of \$785,403.96 for a Fund Total of \$807,308.35.

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Motion by Moss/Butler to recommend approval of the Finance Committee bills as of June 30, 2009 as recommended by the County Auditor.  
Motion carried.

The Nursing Home bills include a Pending Total of \$135,813.95 and a Prepaid Total of \$433,027.59 for a Fund Total of \$568,841.54

Motion by Butler/Caisley to recommend approval of the Nursing Home bills as of June 30, 2009 as recommended by the County Auditor.  
Motion carried.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the meeting at 5:09 p.m.

Respectfully Submitted,

Judith A. LaCasse  
Recording Secretary