

CHAMPAIGN COUNTY BOARD  
**COMMITTEE MINUTES**

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**FINANCE COMMITTEE**

**Thursday, July 10, 2008**

**Lyle Shields Meeting Room, Brookens Administrative Center  
1776 E. Washington St., Urbana**

**MEMBERS PRESENT:** Chris Doenitz, Claudia Gross, Brad Jones, Brendan McGinty (Chair), Alan Nudo, Steve O'Connor, Michael Richards, C. Pius Weibel, Barbara Wysocki

**MEMBERS ABSENT:** None

**OTHERS PRESENT:** Carol Ammons (County Board Member), Kat Bork (Recording Secretary), Andrew Buffenbarger (Nursing Home Administrator), Deb Busey (County Administrator of Finance & HR Management), Lloyd Carter (County Board Member), Sgt. Dave Coffey (Sheriff's Office), Tony Fabri (Auditor), Mathew Gladney (County Board Member), Denny Inman (County Administrator of Facilities & Procurement), John Jay (County Board Member), Ralph Langenheim (County Board Member), Steve Moser (County Board Member), Duane Northrup (Coroner), Jenny Putman (County Board Member), Dan Welch (Treasurer), Karl Drake, Rachel Schwartz

**CALL TO ORDER**

McGinty called the Finance Committee meeting to order at 8:39 p.m. following the joint meeting of the Finance Committee and the Nursing Home Board of Directors.

**ROLL CALL**

The Recording Secretary called the roll. Doenitz, Jones, McGinty, Nudo, O'Connor, Richards, Weibel, and Wysocki were present at the time of roll call establishing the presence of a quorum.

**APPROVAL OF AGENDA/ADDENDUM**

**MOTION** by Jones to approve the agenda and addendum; seconded by Doenitz.

McGinty asked to take the item from the Sheriff's Office first because the deputy had been waiting. The committee agreed.

**Motion carried.**

**APPROVAL OF MINUTES**

**MOTION** by Doenitz to approve the Finance Committee minutes of June 5, 2008; seconded by Wysocki. **Motion carried.**

**PUBLIC PARTICIPATION**

There was no public participation.

## **OUTSIDE AUDITOR REPORT ON 2007 AUDIT**

Karl Drake of the firm Bray, Drake, Liles, & Richardson LLP was present to present the outside auditor report on the 2007 audit. Drake explained the Comprehensive Annual Financial Report (CAFR) is prepared by the Chief Deputy Auditor Carol Wadleigh. Drake's firm provides a few pages of it, mostly three opinions. He expressed thanks to the Chief Deputy Auditor for preparing the CAFR.

Gross entered the meeting at 8:45 p.m.

Drake gave an unqualified opinion and recommended the County Board members read the management discussion and analysis section, especially the footnotes, which contain useful information. He noted the CAFR takes a huge amount of the Chief Deputy Auditor's time and completing the onsite audit is a collective effort of many County departments. Drake thanked everyone who participated and helped, including the County Clerk, Treasurer, Circuit Clerk, and the Regional Planning Commission. Drake had no findings or question costs with regard to the single audit section. Champaign County qualifies as a low risk auditee under the federal definition. The separately issued management letter is combination of deficiencies, weaknesses, and comments. The new requirement is a significant deficiency letter rather than a reportable condition letter under SAS 112. The definition of a controlled deficiency and significant deficiency were in the second paragraph. Drake read the definition of a material weakness. Drake stated this report was not an opinion on the County's internal control; it was a report of deficiencies that the audit firm came across while they were performing the audit.

Drake's firm found four deficiencies at the Champaign County Nursing Home (CCNH). The first was accounts payroll not being recorded in the current period. Drake's firm had great difficulty coming up with the correct CCNH accounts payable, but he believed they finally got within the material differences of what the correct number is. This is a situation that increases the opportunity for intentionally misstating the financial statements and weakens internal control. Drake hopes Management Performance Associates (MPA) will improve the internal controls of the accounting process at CCNH. The second deficiency involved recording the receipts. All of the other County departments record receipts when the receipts are deposited with the Treasurer's Office. CCNH records receipts when they are received by the Nursing Home and this understates accounts payable and overstates revenue. The third deficiency was the considerable delay in Drake's firm being allowed to come in and perform the audit of CCNH. Normally, Drake is at work in CCNH as early as the second week of February. This year, his firm did not have access to CCNH until the third week of March. This delays the completion of the audit. Drake requested that his firm be allowed earlier access next year to do their job. Wsocki asked why the outside auditor was not allowed into CCNH until March. Drake said he was never given a clear answer. He has to schedule it through the accountant at CCNH and that is the earliest that she would let him schedule the audit. Because of CCNH's size and business activity, Drake has to go to CCNH to perform a lot of the auditing procedures. Another problem occurred with CCNH's fixed assets. Drake was effectively given four different versions of CCNH's depreciation schedule or fixed asset schedule. This caused both delays and additional audit time. He recommended the accounting functions and duties at CCNH be studied by MPA and some system be set up to regularly account for fixed asset deletions and additions. The fixed assets of CCNH are a significant amount with \$21 million in assets being added to CCNH this year from the bond fund. These four significant deficiencies are collectively a material weakness and they all concern CCNH.

Drake explained the other matters in his report do not constitute significant deficiencies or material weaknesses, but are presented to provide additional information to the Finance Committee. CCNH was issuing a significant number of payroll advances and this was resolved in 2007. The Recorder's Office could not find a significant number of copies of the Treasurer's receipts. The Recorder was only able to guess at the reason for this and it could not be tested. The Sheriff's Office did not make timely deposits, but Drake has heard this problem has been resolved. The final item was discussed in last year's audit letter and is an extremely frustrating issue to the outside auditor. As the outside auditor, Drake's job is to give an opinion on the financial

statements, which are representations of management. The footnotes are considered an intricate part of the financial statements. Drake cannot date or provide his opinion until his firm receives all of the financial statements. This year his opinion is dated June 27th. Drake's firm had one day to get the opinions to the Chief Deputy Auditor and she had less than one day to get the financial statements prepared because the deadline for continuing to get the certificate of conformance from Government Financial Officers Association (GFOA) was June 30<sup>th</sup>. Drake considers this a particular problem because he was told in early March that the footnotes were almost ready. Under reasonable standards, Drake should be getting the footnotes and financials statements at least two weeks before the audit deadline. Drake was only able to issue this opinion on the last possible day. He raised this issue last year and it is a day worse this year.

Richards asked why Drake is asking the County Board to violate state statutes because the County Auditor is constitutionally the person who has to give the outside auditor the financial statements. Richards said Drake should have looked at the state statutes before including this problem in his letter. Drake stated he was not a lawyer, he was recommending that someone be responsible who will get the materials to him on time. He predicted the County will lose its certificate if this practice continues because there may come a time when his firm is not able to stop everything they are doing to get the materials to Carol Wadleigh by the deadline because they were received on the last day before it was due. Drake did not care what the solution would be; he just wanted the statements and footnotes two weeks before the due date. Richards said that cannot be the solution and he hoped that Drake and Fabri would work it out if Drake's firm is used for the outside audit next year. Drake explained the management discussion and analysis could be done by someone other than the County Auditor. Fabri only does four of the footnotes. Richards said this would be an issue for the Auditor's Office. Drake would like the Finance Committee to solve this ongoing problem somehow because it is an extreme hardship and Drake cannot issue his opinions until he has a complete set of financial statements.

Wysocki asked what the consequences were of losing the certificate of achievement. Drake said the County has received the prestigious award for twenty-six years and there is no reason they should not continue to do so. It could lower the interest rates in the future on bond issues. Wysocki asked if the lack of a certificate would prevent the Auditor's Office from operating. Drake said the Auditor's Office per se has nothing to do with this, it is a matter of Drake not being given the information he needs to complete the audit in a timely manner.

Richards asked if the CAFR was submitted to GFOA on June 27<sup>th</sup>. Drake believed the CAFR was submitted electronically on June 30th because it was only way to get it to GFOA by the deadline. Putman asked about the confidentiality statement. Drake explained the confidentiality paragraph is required by government auditing standards, but his report is a matter of public record.

### **BUDGET AMENDMENTS/TRANSFERS**

#### **Budget Amendment #08-00067**

**MOTION** by Wysocki to recommend to the County Board approval of Budget Amendment #08-00067 from Fund 080 General Corporate – Department 071 Public Properties for increased appropriations of \$14,775 for the Temporary Salaries & Wages line with increased revenue of \$14,775 from the Tenant Reimbursement Building Improvement line; seconded by Weibel. **Motion carried.**

#### **Budget Amendment #08-00068**

**MOTION** by Weibel to recommend to the County Board approval of Budget Amendment #08-00068 from Fund 080 General Corporate – Department 071 Public Properties for increased appropriations of \$193,041 for the Gas Service line and \$201,336 for the Electric Service line with no increased revenue; seconded by Wysocki.

Doenitz asked how the budget could be off by \$394,000 even with the increasing costs of utilities and where the money is coming from. Busey reminded the committee that she has been projecting that the gas and electric services budget was underfunded by this amount every month since February. Busey requested the department prepare the budget amendment for what her projection stated would be needed to complete the fiscal year, as of last month. The projection improved slightly this month, primarily with gas service. The money will come out of the General Corporate Fund balance. This budget amendment has been anticipated for several months. Gross asked what actions are being taken to reduce these expenses. Busey has discussed the situation with department heads to make them aware and requested limiting the utilization of lights, telling employees to not use space heaters in individual offices, and turning off computers at night. Inman said the County is trying to maintain the efficiencies it has in place and buy the most energy efficient equipment it can. However, the downtown chiller is twenty-five years old and conditions such as this prevent maximum efficiency. The \$10,000 transfer later on the agenda is for repairs to the chiller. Inman said he will be trying to roll out an internal power policy in August or September. They are looking into reducing the emergency lights that do not have to be on and having the custodians make sure the lights are off at night. Consideration is being given to possibly join a gas consortium. Gross spoke about the extreme temperatures inside the meeting room, the amount of gas used to mow County property, and that fact that all the lights in the new Highway Fleet Maintenance Facility were left on at night during its construction. Inman stated the new Highway Fleet Maintenance Facility probably has the most energy efficient system for County building. He explained the contractors had all the lights wired to one switch, so either everything was on or everything was off. This was pointed out and Inman tried twice to get this changed. He said the facility's lighting is now divided into sections with switches for each section. Only the right amount of light for security will remain on. He will look at the gas usage for lawn mowers. The Brookens Administrative Center is the worst building for utilities because of the HVAC equipment's age. It will take about \$350,000 to fix and the County does not have the money at this time.

Richards asked if the energy usage has decreased. Busey expressed that the changes the departments have control over have a minimal effect because the weather is biggest cause of energy usage. Richards said he would make energy usage a big issue at the County Facilities Committee and encouraged his fellow Board members to chip in. Inman stated there was a presentation on the energy audit, which reported the majority of County facilities are energy efficient, at the County Facilities Committee meeting. But some of the operations are 24/7 such as the Correctional Center or the Nursing Home. The County was going to make every effort to stay ahead of cost, but the suffering is caused by the marketplace.

**Motion carried.**

Budget Amendment #08-00069

**MOTION** by Wysocki to recommend to the County Board approval of Budget Amendment #08-00069 from Fund 676 Solid Waste Management – Department 011 Solid Waste Management for increased appropriations of \$3,170 for the Waste Disposal & Recycling line with increased revenue of \$3,170 from the Other Miscellaneous line; seconded by Weibel. **Motion carried.**

Budget Amendment #08-00070

**MOTION** by Wysocki to recommend to the County Board approval of Budget Amendment #08-00070 from Fund 619 Tax Sale Automation Fund – Department 026 County Treasurer for increased appropriations of \$1,500 for the Professional Services line with no increased revenue; seconded by Doenitz. **Motion carried.**

Budget Transfer #08-00014

**MOTION** by O'Connor to recommend to the County Board approval of Budget Transfer #08-00014 in Fund 080 General Corporate – Department 071 Public Properties for a transfer of \$10,000 to the Main Street Jail Repair-Maintenance line from the Temporary Salaries & Wages line; seconded by Weibel.

Nudo asked for a description of the repairs. Inman said the twenty-five year old downtown chiller was undergoing its annual startup and a leak was found. The leaky component was bypassed and the chiller is running. If the weather hits ninety degree temperatures, they will be in trouble. Nudo asked if Temporary Salaries & Wages was a safe account for this transfer. Busey said it is likely to be under spent this year.

**Motion carried.**

ADDENDUM

Budget Amendment #08-00071

**MOTION** by O'Connor to recommend to the County Board approval of Budget Amendment #08-00071 from Fund 080 General Corporate – Department 042 Coroner for increased appropriations of \$67,500 for the Medical/Dental/Mental Health line, \$11,550 for the Laboratory Fees line, \$3,964 for the Temporary Salaries & Wages line, \$3,566 for the Automobile Maintenance line, \$2,684 for the Gasoline & Oil line, and \$1,365 for the Operational Supplies line with no increased revenue; seconded by Jones.

Weibel asked for breakdown on the expenses. Northrup explained that he submitted a budget amendment at the end of last year because of an increased caseload in FY2007. He did not end up using all of this money and returned it. Northrup did not anticipate the high caseload would continue in FY2008, but it has and the number of autopsies in FY2008 is already outpacing FY2007. Total deaths, traumas, homicides, and suicides are up this year, thereby increasing the number of autopsies for the Coroner's Office. Northrup did not prepare his budget for FY2008 based on the FY2007 figures because he assumed it was a rare high activity year. His office's caseload could continue to increase and the budgets for various line items such as toxicology tests are running out. His office is averaging three more autopsies a month over last year's statistics. Northrup assured the committee that his office does everything they can to keep costs down and he does not order an autopsy unless it is absolutely necessary. He even returned about \$7,000 out of his other line items to cover autopsy expenses in FY2007 so he could return money to the General Corporate Fund. Northrup noted the second budget amendment from his office is reimbursement from the state for an autopsy on an out-of-county inmate and expressed that he tries to recoup costs whenever he can. He has moved money from other line items to cover vehicle repairs, increasing fuel costs, and other needs in his budget rather than come to the Finance Committee with a budget amendment before now. His heavy caseload and increases in fuel costs have simply outpaced the budget.

Jones asked where an autopsy is performed. Northrup stated the physical autopsy is done in Bloomington. Jones asked if it would be cheaper for the Coroner to have a facility to perform the autopsies here when compared to travel costs and autopsies fees. Northrup estimated the costs would probably be a wash; he would have to look at the numbers. He pays a fee to have his autopsies done in Bloomington and he might get other counties to come to a Champaign County facility if we had one. Jones asked Northrup to put together an analysis for the legislative budget hearings on whether it would make sense to put money into a Coroner facility here rather than spending money to use the Bloomington facility. Gross asked if the Coroner performed the autopsies. Northrup stated that none of his staff was qualified to autopsy, so he hires a contractor who is forensic pathologist. Autopsy costs include paying for the pathologist, the pathologist's assistant, and the morgue fee. Wysocki inquired by the possible state legislation requiring an autopsy for anyone who dies in a nursing home. Northrup explained that the Illinois Department of Public Health wants every death in a nursing home to be reported to the Coroner. Champaign County already does this for the County Nursing Home

because any death outside presence of physician has to be reported to the Coroner. Busey noted that all of the General Corporate Fund departments have been instructed to prepare their FY2009 budgets with no program changes request unless absolutely necessary because of the General Corporate Fund is not in a position to fund anything, plus this was really a facilities issue and should not be considered isolated from other County facility issues.

**Motion carried.**

Budget Amendment #08-00072

**MOTION** by Wysocki to recommend to the County Board approval of Budget Amendment #08-00072 from Fund 080 General Corporate – Department 042 Coroner for increased appropriations of \$1,523 for the Medical/Dental/Mental Health line with increased revenue of \$1,523 from the Court Fess and Charges line; seconded by Jones. **Motion carried.**

**COUNTY ADMINISTRATOR**

General Corporate Fund FY2008 Revenue/Expenditure Projection Report

Busey distributed her report to the committee. She projected the General Corporate Fund should generate 100% of budgeted revenue and expend 99% of budgeted expenditures in FY2008. The middle of the page under services is where Busey has shown the gas and electric projections that were remedied by the budget amendment passed earlier this evening. Based on the projected deficit and considering the loans to the Champaign County Nursing Home, the General Corporate Fund will end FY2008 with a \$1.5 million fund balance or 4.5%.

General Corporate Fund Budget Change Report

Busey provided her report on changes to the budget.

**NURSING HOME**

Financial Report on the Nursing Home – Current Outstanding Accounts Payable

Buffenbarger said CCNH is paying down its accounts payable with the loan from the General Corporate Fund. Accounts payable is not yet under sixty days. Buffenbarger stated that FICA and IMRF costs are not part of the accounts payable and will continue to be delayed. He said they would have to consider again how they want to manage this sudden need for cash to pay the IMRF and FICA expense at the end of the fiscal year. Buffenbarger, Mike Scavatto from MPA, and Busey have talked about tax anticipation warrants to take care of the FICA and IMRF without leaning on the County. The cash flow sheet shows the May projections against actual May numbers. The cash ending balance for May looks stronger than it really is because CCNH withheld paying some accounts payable while they were waiting on the County Board's decision on the loan.

Weibel asked if Buffenbarger still anticipated that the \$592,000 that was loaned to CCNH in June would take them through to the end of November. Buffenbarger said he did, but warned it would be at the expense of another thirty days of accounts payable time, depending on the impact of the lost business during the Illinois Department of Public Health troubles. Nudo asked if that takes into consideration the tax warrants for IMRF and FICA. Buffenbarger that extension of accounts payable would be needed even with the tax warrants. Nudo asked if MPA knows Buffenbarger has to identify \$300,000 in reductions or increased revenues at the August meeting. Buffenbarger confirmed MPA was aware of this requirement.

**MOTION** by Weibel to receive the Financial Report on the Nursing Home and place it on file; seconded by Jones. **Motion carried.**

**TREASURER**  
**Monthly Report**

Welch stated CCNH has repaid part of the \$775,000 loan made for IMRF at the beginning of year. At the time of the loan, the Capital Asset Replacement Fund loaned CCNH \$405,000 and the Working Cash Fund loaned CCNH \$370,000. As of the end of June, CCNH had repaid all Capital Asset Replacement Fund loan. There is still an outstanding loan of \$325,000 to the Working Cash Fund. Welch announced that 53% (\$130 million) of real estate taxes have been collected and two distributions have been made. The real estate collections are going well. There is a new hotel/motel, The Sweet Dreams Bed and Breakfast, from which the County will receive tax revenue.

**MOTION** by Wysocki to receive and place on file the Treasurer's June 2008 monthly report; seconded by Weibel. **Motion carried.**

**AUDITOR**  
**Purchases Not Following Purchasing Policy**

Fabri distributed the list of purchases not following the Purchasing Policy. The only item that was not a previous year's expense paid in 2008 was the emergency purchase for the downtown jail chiller repair.

**Monthly Report – May 2008**

Fabri wanted to address outside auditor's report. He said the County Board should understand the CAFR was submitted electronically on the June 30<sup>th</sup> deadline. Fabri stated that the Auditor's Office is very proud of receiving the certificate of achievement, but not receiving it would not impact the County's finances. The state has a mandated deadline of July 27<sup>th</sup> that has been met. An extension was requested by Drake this year and was received because of the delays at CCNH. Fabri said that he and Drake do not see eye to eye on when certain things need to get to Drake. Fabri apologized for the friction with Drake, but at end of day, Drake does not set the deadlines for this County. Fabri said it is not the role of the outside auditor to make policy recommendations on how the audit is done to the County Board or the County Auditor's Office. State law gives audit functions to the Auditor and Fabri does not believe these duties can be reassigned. The CAFR takes months to prepare and it is a document everyone can be proud of. Fabri stated that most of the credit for the CAFR goes to Carol Wadleigh, the Chief Deputy Auditor, plus the other Auditor's Office staff, other County staff, and the firm of Bray, Drake, Liles, & Richardson. Fabri was proud of the CAFR and the work that was put into it.

O'Connor asked if there was any harm in the County imposing an accelerated deadline on itself to have the audit done ten days early. Fabri said that would be ideal, but he collects information from other departments for the footnotes he works on and he waits on other departments to get him information. He knew Drake was also waiting on letters from the outside attorneys the County does business with on the possible liability from current cases. Fabri said his office works on this for four months and got it out as soon as they could. Fabri mentioned Drake was on vacation for a week in June and Wadleigh is on a vacation now, so there are limits on when the work can be done. It is not one person anywhere that has the responsibility.

Wysocki pointed out this is second year that Drake has raised concerns to the Finance Committee about the audit. She would like to see some attempt made to correct and improve the process so the same errors or delay are not pointed out in next year's outside audit. Wysocki suggested thinking about different timetables or ways of contacting outside attorneys to avoid a last minute rush. Fabri said the outside attorney letters went out in the first part of June and the Auditor's Office was hunting down a half dozen letters on June 27<sup>th</sup> and 28<sup>th</sup>. Fabri did not want to be in this position next year, but he could not control what Drake ultimately puts in his

letter. Wysocki encouraged the Auditor and any official to be proactive on processes and procedures to be more efficient with County government instead of just doing what was done before. Fabri agreed.

Richards said the County should consider rotating the outside auditor and suggested looking into doing so for next year. Richards asked what day Drake returned from vacation. Fabri said Drake was gone through June 25<sup>th</sup> and Fabri gave him the information on June 27<sup>th</sup>. Fabri said most counties rotate their outside auditor every three years as a matter of good practice. Most counties will not give a subsequent contract to the previous outside auditor. Drake's firm has been the County's outside auditor for seven years.

Busey stated Drake was the outside auditor as the result of an RFP. He did have the previous contract. The Auditor and the Chief Deputy Auditor at the time of the RFP were key members of evaluating team for the outside auditing contract. Their recommendation was to hire Drake's firm for another five years. This contract will last for two more years. The issue of whether to rotate outside auditors has always been a serious consideration. It was at the request of the Auditor's Office that the contract period was increased from three years to five years. Busey advised that, to her understanding, the Governmental Accounting Standards Board (GASB) and accounting requirements are becoming so stringent that most accounting firms are specializing in one field. The County did not receive many competitive responses to the last RFP for the outside auditing contract. The evaluation team was interested in moving the contract to another firm, but there was not another local firm, the other options were considered cost prohibitive, and there was no reason to not re-engage Drake because his firm had done a good job for the County. McGinty asked how long Drake has worked with the County. Busey believed at the end of this contract it will have been ten years. Fabri spoke to his predecessor, Mike Frerichs, who told essentially the same story that Busey did about the few RFP responses and that Bray, Drake, Liles, & Richardson was the only local firm who submitted a proposal. As the County knows though hiring outside legal counsel, there are travel costs and additional hourly rates associated with non-local firms.

The Finance Committee encouraged everyone to work together to avoid this situation in the future.

**MOTION** by Gross to receive and place on file the Auditor's May 2008 monthly report; seconded by Weibel. **Motion carried.**

### **CHAIR'S REPORT**

There was no Chair's Report.

### **OTHER BUSINESS**

#### **ADDENDUM**

**Intergovernmental Agreement Between City of Champaign and Champaign County Sheriff for the JAG Program**

**MOTION** by O'Connor to approve the Intergovernmental Agreement Between City of Champaign and Champaign County Sheriff for the JAG Program; seconded by Richards.

Wysocki asked what the agreement would do with the City of Champaign. Sgt. Dave Coffey, who was representing the Sheriff's Office, said this program is a federal grant to the City of Champaign. The County receives a small percentage of the grant money, totaling \$1,575. The money would be used to purchase earless microphone pieces for the SWAT team. The grant money is required to be spent on making safer communities. Richards asked if the County was receiving or paying \$1,575. Coffey answered the County was receiving this amount.

**Motion carried.**

**DESIGNATION OF ITEMS TO BE PLACED ON COUNTY BOARD CONSENT AGENDA**

McGinty designated agenda items VII A-G and XIII A from the addendum for the consent agenda.

**ADJOURNMENT**

Meeting adjourned at 9:53 p.m.

Respectfully submitted,

Kat Bork  
Administrative Secretary

*Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.*