

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE

Thursday, January 8, 2009

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

MEMBERS PRESENT: Chris Doenitz, Brad Jones, Brendan McGinty (Chair), Steve O'Connor, Michael Richards, Giraldo Rosales, Barbara Wysocki

MEMBERS ABSENT: Tom Betz, Steve Moser

OTHERS PRESENT: Kat Bork (Administrative Secretary), Andrew Buffenbarger (Nursing Home Administrator), Deb Busey (County Administrator of Finance & HR Management), Susan McGrath (Senior Assistant State's Attorney), Elizabeth Murphy (RPC Chief Financial Officer), Alan Nudo (County Board Member), Lt. David Smalley (Sheriff's Office), Dan Welch (Treasurer), C. Pius Weibel (County Board Chair)

CALL TO ORDER

McGinty called the meeting to order at 7:00 p.m.

ROLL CALL

Bork called the roll. Doenitz, Jones, McGinty, O'Connor, Richards, Rosales, and Wysocki were present at the time of roll call, establishing the presence of a quorum.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Wysocki to approve the agenda and addenda; seconded by Richards. McGinty requested the committee's consent to reorder the agenda to address items concerning the Sheriff's Office and the Regional Planning Commission first. The committee agreed. **Motion carried.**

APPROVAL OF MINUTES

MOTION by Jones to approve the Finance Committee minutes of November 6, 2008 and the Legislative Budget Hearing minutes of August 25, 2008; seconded by Wysocki. **Motion carried.**

PUBLIC PARTICIPATION

There was no public participation.

BUDGET AMENDMENTS/TRANSFERS

Budget Amendments #09-00007 and #09-00008

MOTION by Doenitz to recommend to the County Board approval of Budget Amendment #09-00007 from Fund 085 County Motor Fuel Tax – Department 060 Highway for increased appropriations of \$104 for the Taxable Auto Allowance line with no increased revenue and Budget Amendment #09-00008 from Fund 083 County Highway – Department 060 Highway for increased appropriations of \$6,100 for the Radio Equipment line with no increased revenue; seconded by Wysocki.

Richards asked why the Finance Committee was giving over \$6,000 to the Highway Department just because they did not spend it last year. Busey stated the money is County Highway funds that were appropriated to purchase radios in FY2008. The radios were not received last year, hence the need for a budget amendment to re-encumber the County Highway Fund to pay for the purchase this year.

Motion carried.

Budget Amendment #09-00010

MOTION by Richards to recommend to the County Board approval of Budget Amendment #09-00010 from Fund 075 Regional Planning Commission – Department 743 Domestic Violence Training for increased appropriations of \$9,300 for the RPC Police Training Instructor Travel line and \$46,200 for the RPC Police Training Instructor Contingency line with increased revenue of \$55,500 from the HHS-Family Violence Prevention line; seconded by Wysocki.

Wysocki asked what RPC program provides law enforcement and domestic violence advocate training. Murphy explained the budget amendment represents a new grant supplemental to RPC's normal police training grant from the state. RPC applied for this program on behalf of sixteen counties in east central Illinois. RPC receives administrative money from the state training board to administer the multi-county grant. The program allows RPC to call in domestic violence experts to provide the training. Murphy thought RPC was successful in applying for this grant because they applied with a group and were asked by the other mobile training units to administer the grant. The budget amendment represents revenue coming in and the expenditure going out. Weibel asked if the training was for municipalities who usually do not have domestic violence training. Murphy could not answer, but was willing to find out.

Motion carried.

Budget Transfer #09-00002

MOTION by Doenitz to recommend to the County Board approval of Budget Transfer #09-00002 from Fund 080 General Corporate – Department 036 Public Defender for a transfer of \$30,000 to the Attorney Fees line from the Regular Full-Time Employees line; seconded by Richards. **Motion carried.**

Budget Amendment #09-00011

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #09-00011 from Fund 092 Law Library – Department 074 Law Library for increased appropriations of \$1,725 for the Social Security-Employer line, \$1,555 for the IMRF-Employer Cost line, \$77 for the Workers' Compensation Insurance line, and \$398 for the Unemployment Insurance line with no increased revenue; seconded by O'Connor.

Wysocki asked if the budget amendment represented fringe benefits for one person. Busey confirmed that was correct and the expenditure is coming out of the Law Library Fund, not the General Corporate Fund, for the employee. Busey remarked this was the first year this individual prepared the budget and that individual neglected to include the fringe benefit expenses in the budget.

Motion carried.

Budget Amendment #09-00014

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #09-00014 from Fund 081 Nursing Home – Department 448 Speech Therapy and Fund 081 Nursing Home – Department 445 Physical Therapy for increased appropriations of \$203,965 for the Professional Services line and \$23,393 for the No-Benefit Full-Time Employee line with no increased revenue; seconded by Richards. **Motion carried.**

Budget Amendment #09-00012

MOTION by O'Connor to recommend to the County Board approval of Budget Amendment #09-00012 from Fund 080 General Corporate – Department 042 Coroner for increased appropriations of \$4,415 for the Medical/Health Equipment line with increased revenue of \$2,415 for the Illinois Department of Public Health-General Revenue Grant line; seconded by Wysocki.

Wysocki inquired about the death certificate surcharge. Busey stated this item concerns a grant Coroner budgeted for and has been informed he will receive. Richards noted the amendment was not revenue neutral and asked how the Coroner uses the grant. Busey said it pays for medical equipment. The Coroner does not know if he will receive this grant or how much it will be when he prepares his budget. The grant averages around \$2,000, so Busey agreed the Coroner should include \$2,000 of revenue and \$2,000 of expenditure in his budget with the understanding that he would not spend the \$2,000 unless he received at least that much in grants funds. When the Coroner prepared his FY2009 budget he put in the revenue, but failed to include the expenditure, which is why this was not revenue neutral. The Coroner is receiving \$4,415 through the grant and had included \$2,000 in anticipated revenue in his budget, but no expenditure.

Motion carried.

Budget Amendment #09-00009

MOTION by O'Connor to recommend to the County Board approval of Budget Amendment

#09-00009 from Fund 080 General Corporate – Department 040 Sheriff for increased appropriations of \$20,000 for the Equipment Less Than \$1,000 line with increased revenue of \$20,000 from the DOT-State/Local Highway Safety line; seconded by Wysocki. **Motion carried.**

COUNTY ADMINISTRATOR

General Corporate Fund FY2008 Revenue/Expenditure Final Report

Busey distributed the final General Corporate Fund FY2008 Revenue/Expenditure Report to the committee. Busey received the final information yesterday and stated it is not a good picture. The committee has known the entire year that FY2008 would be deficit budget year. On the revenue side, the Non-Business Licenses & Permits came in \$421,355 less than budgeted. It was anticipated this revenue line would underperform because it represents real estate transactions dropping off. Most of the sales taxes came in fairly well. But State Reimbursement line is down about \$410,000 as a direct result of the state not paying the County since July for any of the salary reimbursements for criminal justice system position. The General Government Fees & Fines lines came in less than budgeted. Busey informed the committee there was some trouble projecting the General Government line with the switch to the JANO System in July that resulted in a slowdown in the posting of criminal justice system revenues. This is about a \$600,000 shortfall and Busey had never projected the shortfall would be that substantial. The total revenue collected in FY2008 was \$33,792,543 or 99% of the budget.

On the expenditure side, the budget was only under spent by \$1,053,799 million, so 97% of the budget was spent. Most of the savings was in the Personnel line with some savings in the Services line. The total expenditures in FY2008 were \$34,732,523, creating a deficit of \$940,000. Busey reminded the committee that the General Corporate Fund paid almost \$900,000 in FY2008 on a capital project whose revenue had been received in FY2007. With the outstanding loans to the Nursing Home, the General Corporate Fund balance is just \$1 million or 3%. Busey stated the low fund balance is a significant problem and a critical issue that the Finance Committee will have to address this year. The General Corporate Fund cannot afford to have expenditure in excess of revenue in FY2009. The fund balance of 3% is probably not adequate to maintain cash flow. Busey believed the Finance Committee should look at recommendations for an amended budget in February. The County's October revenue has not been received, but the City of Champaign has informed Busey their sales tax revenue was down 9%. Busey stated the revenues need to be reviewed and the projections adjusted based on the reality seen in FY2008. The committee also needs to address how to cut expenditures. If the committee was in agreement, Busey suggested the goal of adopting amendments to the FY2009 budget in March after looking at recommendations and projections in February.

McGinty stated he has never been a proponent of across the board cuts because the County has a strategic plan and goals for a reason. He encouraged the committee to use the goals to be selective about what will be done. McGinty spoke about doing a kind of internal audit on comparing where the expenditures are and where the County is heading goal-wise according to the strategic plan. He stressed the committee would have to act on very serious issues next month. Busey emphasized that there are no bad ideas and anyone with any ideas about revenue or expenditures should feel free to share them with her or the committee. Busey will be meeting with the departments heads before the February Finance Committee meeting. This situation can present opportunities with regard to really looking at the County's operations and making sure they are as efficient as possible. The department heads have been instructed to not spend the \$32,000 that was appropriated in merit money and Busey

has spoken with the Recorder about cutting her budget because her expenditures are being cut. McGinty said now is the time to budget to outcomes.

Jones asked if Busey was giving consideration to reducing positions. Busey stated it is a possibility, but she would like to meet with department heads first. She agreed with McGinty's perspective of looking at the performance indicators and outputs. The first thing to look at is whether the County needs all the positions it has. Busey did not believe anything about an across the board change would be advisable. She thinks the County needs to identify where efficiencies can be found and where changes and cuts can be implemented without doing an across the board cut. Jones asked if there was any consideration of rescinding some of the 3% increases instead of cutting positions. Busey said anything was on the table at this point. Savings can also be achieved by making employees take unpaid days off. The County Board can only adopt that change for its non-bargaining employees and Busey had a difficult time believe the bargaining agents would agree to it in the middle of contracts. McGinty noted the County could delay filling vacant positions to generate savings. Busey said they have already encouraged department heads to hold vacant positions open for a minimum of three months if an employees leaves. She believed there are only five full-time positions that are currently vacant. Wysocki asked if Busey would meet with the department heads collectively or one at a time. Busey confirmed she would be speaking with the department heads individually because many have some knowledge about revenues that directly impact their departments. The department heads need to be engaged in being very aware of their revenue as well as expenditures.

General Corporate Fund Budget Change Report

Busey distributed the report showing the final changes to the FY2008 budget. The County Board added \$2,135,040 million in expenditures and \$524,808 in revenue. Busey pointed out that \$1.3 million was considered one-time expenditures and \$800,000 in ongoing expenditures. The FY2009 budget has been adjusted to reflect the appropriate increase to cover many of the ongoing expenditures, such as those in the Coroner's Office, utilities costs, and health insurance costs.

MOTION by Jones to receive and place on file the County Administrator's reports on the General Corporate Fund; seconded by Doenitz. **Motion carried.**

NURSING HOME

Financial Report on the Nursing Home

Busey stated the report on the Champaign County Nursing Home was prepared by Mike Scavatto and given to her today because the committee meeting is early in the month. This report is also shared with the Nursing Home Board of Directors. The committee was encouraged to call Scavatto or Buffenbarger if there were any questions about the report. McGinty noted there have been significant improvements in the bottom line from month to month, but the Nursing Home still has a long way to go.

MOTION by Wysocki to receive and place on file the Champaign County Nursing Home Report dated January 7, 2009; seconded by O'Connor. **Motion carried.**

TREASURER
Monthly Report

Welch distributed his report and spoke about his extreme concern over the pressure on the General Corporate Fund. The last three pages of his report summed up FY2008 with the beginning and ending balances of all the different funds, this year's interest earnings compared to last year, and a graph showing interest earnings from 1983 to the present. This year's interest earnings were down 32% over last year. But Welch's focus was on General Corporate's condition. On December 31st, the General Corporate Fund showed a fund balance of \$279,000. This represented \$187,000 in cash and a \$92,000 investment used to pay a debt service coming due later in the year. The fund has already been loaned \$1.5 million from other funds to maintain cash flow. The General Corporate ending cash balance as of today is negative \$42,000. Welch reminded the Finance Committee that a single two-week payroll for the General Corporate Fund alone is over \$750,000 and there will be three payrolls in January. On Page 5 of the report, he reviewed the fund's borrowing from 2001 onwards. In 2001, General Corporate did not borrow any money from other funds during the fiscal year. The General Corporate Fund borrowed \$1 million from the Public Safety Sales Tax Fund in 2002, \$200,000 in 2003, \$0 in 2004, \$300,000 in 2005, and \$1,500,000 in 2006 and 2007. In 2008, the General Corporate Fund borrowed \$1.8 million from various funds. The borrowing increased significantly in 2006 and began to occur earlier in the fiscal year. The fund has already borrowed \$1.5 million in the current fiscal year. The \$3 million the General Corporate Fund has given to the Nursing Home over time is a big problem, having significantly decreased the fund balance. The General Corporate Fund only has about \$1 million in loan authority left out of the Public Safety Sales Tax Fund this year. Welch was not sure what the fund will do when the interfund loan capacity is exhausted, which he expects could happen in January. He was not sure what the next step would be. Some options include tax anticipation warrants and reviewing funds to see if there might be any more capacity. The only reasons the General Corporate Fund has a fund balance is because it is in a combined account with the Capital Improvement Fund. Welch as rarely been as concerned about the County's financial position as he is now and urged the committee to look at the fund's cash flow each month. The State of Illinois cannot be relied on to make its payments, as it is already \$300,000 behind in salary reimbursements and a month behind on delivering income tax revenue to the General Corporate Fund. Welch, with all due respect, stressed the importance of the Finance Committee's authority and oversight. He noted budget amendments are submitted to the committee from departments who do not appear at the meetings to justify the additional expenditures. He urged the committee to scrutinize any budget amendments that are not revenue neutral or revenue position. The Public Safety Sales Tax Fund year end balances were reviewed on Page 12 and Page 11 recapped all the outstanding interfund loans. Welch offered to answer any questions.

MOTION by Jones to receive and place on file the Treasurer's December 2008 monthly report; seconded by Richards. **Motion carried.**

AUDITOR
Purchases Not Following Purchasing Policy

No list of purchases was provided because the Auditor was not present.

Monthly Reports for October 2008 and November 2008

MOTION by Richards to receive and place on file the Auditor's October 2008 and November 2008 monthly reports; seconded by O'Connor. **Motion carried.**

CHAIR'S REPORT

There was no Chair's report.

OTHER BUSINESS

Sheriff's Request to Increase Contract Price for Inmate Meals with Aramark

MOTION by O'Connor to approve the Amendment to the Operating Agreement with Aramark for Food & Commissary Services at the County Jail; seconded by Wysocki. **Motion carried.**

Determination of Validity of Resolution No. 5712

An opinion on the validity of Resolution No. 5712 Setting the Per Diem Rate for County Board Members was provided from Senior Assistant State's Attorney David DeThorne in advance of the meeting. It was not clear that there would be discrepancy when the County Board approved the resolution, so the vote was void. The \$45 per diem will be reinstated for all County Board members. Busey stated the action is voided because County Board voted on a resolution that was inaccurate and what the Board believed it was voting on was not actually what it was voting on. If the Board wished to increase the per diems for all members at a future time, a change to the per diem would have to be voted on by May 2012. Weibel thought there should be some discussion on how County Board members should refund a portion of the \$100 per diems that have been paid and asked if future per diems could be prorated. Busey said the County could withhold money from next two payrolls for the Board members who received the \$100 per diem. Weibel asked for this item to be included on the County Board agenda as a discussion item under Finance and McGinty agreed. Jones asked when the change would take effect. Busey explained the County now knows the resolution is void so all the per diems from this week will be paid at the \$45 rate. The \$100 per diems will be considered a payroll error and future per diems will be withheld until the money is paid back. Busey will be fine-tuning the process in a meeting about payroll tomorrow.

DESIGNATION OF ITEMS TO BE PLACED ON COUNTY BOARD CONSENT AGENDA

McGinty designated agenda items 6A-H and 12 A for the consent agenda.

Wysocki encouraged Busey to begin meeting with department heads next week in light of the information she and Welch shared so the committee has something to respond to at its February meeting. The committee is at a point of urgency and needs to move with some deliberate haste to prevent a further bind. Busey planned to meet with departments between now and the February meeting to hopefully have a list expenditure cuts from budget. If that is not enough, the County Board will have to look at giving additional direction on what should be cut or eliminated. McGinty encouraged the committee to send Busey any feedback or ideas on procedure or strategy. Nudo stated that payroll represents \$22 million out of a \$34 million budget. This is a key area where the County

Board needs to focus and consider what is fair by area to both bargaining and non-bargaining employees. His opinion of the economy is that the sales taxes derived from consumer spending are really in jeopardy, regardless of a federal stimulus package.

ADJOURNMENT

Meeting adjourned at 7:40 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.