

FINANCE COMMITTEE MEETING
Special Meeting – Budget Meeting
October 8, 2014
5:15 P.M.

MEMBERS PRESENT

Keith Ashby, Chair
Jay Dunn, Vice Chair
Kevin Greenfield
Linda Little
Tim Dudley
Patty Cox

COUNTY PERSONNEL PRESENT

Josh Tanner, SofA
Sheriff Schneider
Lt. Tony Brown, Sheriff Dept
Carol Reed, Auditor

MEMBERS ABSENT

Susanna Zimmerman

Jeannie Durham, County Board Office

CALL TO ORDER

The meeting was called to order at 5:15 p.m. by Chair Keith Ashby at the Macon County Office Building.

APPROVAL OF MINUTES

Motion to approve minutes of the prior meeting on 9/29 was made by Jay Dunn, seconded by Linda Little and motion carried 6-0.

CITIZEN REMARKS – PUBLIC COMMENT

None

Budget Action

Auditor's Office

Carol Reed explained that the Auditor's budget was presented at an earlier Finance Committee meeting and nothing has changed. She asked if there were questions. There were none.

Insurance – This fund takes care of the general liability, unemployment, vehicle insurance, etc... Auditor Reed said they felt a need to raise the tax levy a little. In going through the expenses, there are two partial salaries that come out of this fund. One is a reduction from the prior year due to a different person now doing the work comp administration. The other one went up due to contract. Health insurance for one person is included. County unemployment of \$45,000 (6011) is unchanged. Unemployment costs have been pretty steady as not too many people are laid off and getting unemployment. There are fringes on those. The major change is on Line 7750, general liability where there is an application pending for the insurance renewal for this year. Gallaher has informed of a 12% increase which they say is pretty close. That expense has been raised to \$455,000 from \$407,000. The County Officials Bonds is a known. Workers Comp & Self Insurance are pretty steady also.

Self-Insurance fund - Money is transferred from insurance to self-insurance so this goes along with the insurance fund and is kind of a wash. The Work Comp projection has been raised by about \$20,000. The Sheriff sends his Fitness for Duty over and there have been a few this year,

so there is an increase in for that. Mr. Greenfield asked what the cause for the increase was. Ms. Reed said it is mostly the fact that there are a few open cases now and the potential is there. Most of the increase in the insurance budget is due to the increase in the general liability insurance. Linda Little asked about the workman comps administration and said she understood someone else was now doing it, but questioned where the salary for the person is coming from. Auditor Reed explained that \$8,000 comes from workers comp. She said they had tried to estimate how much time it takes to do the job. Part of that person's salary comes out of the Auditor's Office as HR person and the rest comes from the insurance fund. This is due to a realignment and change in person doing it. Linda Little asked how much the increase in the levy was being suggested. Ms. Reed said she'd get to it later, but it needs to go up about \$90,000 according to her figures for the insurance fund.

Retirement (fund 5) – This is kind of hard to calculate. We know the wages in the budget and an estimation is done based on that. Things that keep moving include rate changes and wages. There is also an unknown. One of the contracts that was up this year includes a provision where sick time can be bought back. The intent here is to avoid very large payouts at the end of someone's career because those trigger an accelerated payment to IMRF which is the total of their change over 6% increase to their wages and it can be quite costly. It can be up to \$30,000 a person. One of the new contracts in the Sheriff's Office has a provision to buy back some sick time while they are still 4 to 6 years away from retirement. They are making lower wages now than they will be later and we hope to stay away from triggering that accelerated payment. A provision of \$200,000 to take care of any accelerated payments that may come up has been put into the budget. That is line 7710. Until we get a few years into it, this number may fluctuate, but we felt a need to get it included so the accelerated payments could be paid when they come up. These could also be triggered in another way. There recently was a union person that had the normal 2 ½ to 3% wage increases, but 3 years ago when they determined when they wanted to retire, they decided not to have the health insurance taken out pre-taxed anymore, but let it all be taxed so more goes into the IMRF. That triggered an accelerated payment of \$7,000 based on this person's future retirement because of that increase. There will be a few of those that come up during the year that we are not looking for and so just for that reason, it would be better having some money in there to handle it. This is a thing with IMRF. That is why we feel we'd like to take the levy up – because wages keep going up and this accelerated payment is kind of an unknown. Chair Ashby said that \$200,000 has been accounted for, but the increase is \$350,000 and asked what the other \$150,000 was. Ms. Reed said it was spread out with the 7700 line up \$160,000 to account for the increase in wages. Linda Little asked if line 4110 was estimated using the increase. Ms. Reed said the 2015 proposal is with the increase budgeted at \$350,000 more.

Social Security – This can stay pretty much the same. There is a little more leeway with a larger fund balance of \$889,000. No big changes there and it is doing better than budget.

General Fund - Carol Reed reported that there are a few changes here with the biggest one being group hospitalization insurance, 6010, where the insurance rates went up last year about 3% due to Obamacare and another 4% for 7% total increase. Expense is up and so are the reimbursements, but the reimbursements don't quite make up for everything.

Print Shop supplies, line 8020, went up about \$8,000. Those are supplies that we order for people and then resell through the storeroom. Some of that has been accounted for through the

increase in revenue. The difference is for things the print shop person uses in printing stuff and for print office supplies.

The big thing, 7182 Network EDP, has been budgeted at \$63,000 which is \$39,000 more than last year. That represents a different direction. Decatur Computers services this building. If we keep them doing the same thing they are doing now, that number would be \$27,000 instead of \$63,000. The bigger number takes a different approach and includes server monitoring, putting things in the cloud, and other things we are not currently doing. They monitor 68 desktops and 3 servers. This is a fixed price deal and we are sure to get good service. She explained that they put the highest number in the budget, but it can be lowered to the lower option if needed. Chair Ashby asked Josh Tanner if this was necessary for this year.

Josh Tanner said there is just a big difference. The way we currently operate is by the hour. They come in and however many hours it takes, that's how much it costs. Because of that, we tend to ration the hours and because it comes from the county's general fund, we can't let one department eat up all the hours. The different model they've proposed is for complete coverage which means if it takes 10 hours or 3 hours they have to come in and do it. It's like insurance. They cover our problems and the illness on them to do it as quickly as possible. If we pay by the hour, it's on us and we have to ration it out as to the time and place we need them. There's a good sized difference between the two plans. It is shifting the burden of who maintains the cost. Now, sometimes people wait for stuff. That's a productivity loss. Recently, we had a virus get through the system and shut a server down for half a day. They responded and they got it fixed, but it cost us. Either we pay them by the hour until we can't pay anymore. In the beginning of the year, we really ration it because we don't want them extra hours, but when it gets down to the end of the year, if we have hours left over, we can do things we put off. There is a risk to that. Mr. Tanner said he would like to try it. Mr. Greenfield asked if this was something that should be bid or if they were the only ones who could do it. Josh explained that Decatur Computers has been the supplier for a while. He said he could put it out to bid, but no one would do it cheaper and they are the only ones that are really local. There are others that say they are local, but when you call them, they're always coming from Champaign or Bloomington. Josh said this is something he'd like to try. The problem is that this line item has been held for 4 years. One year it was decreased. You just can't keep doing that. It either needs to be increased over time or you end up where we are now and the increase is big. We can increase it somewhere between where we are and where we are requesting, but we'll still be on the hourly model. We can pay for more hours, but we'll still have a limited number of hours. There is a cost benefit analysis curve where you can pay more and get more up to a certain point and then if you pay slightly more, you get unlimited. Josh said he wanted to bring it before the board and obviously they are recommending the safest option which is complete coverage. If we go somewhere in between, it's fine, but Josh explained that since he has gone to the Assessor's Office, the response time has gotten longer. Each department is getting less service because Josh has less time. We need them more whether we go unlimited or go hourly for more hours. He said he would bring a report back next year that would compare the number of hours we got service and if the Board feels that we are getting a good bang for the buck, we can continue and if not, we can go back down to the hourly method. Mr. Greenfield asked how long the contract is for. Mr. Tanner said it is annual. Mr. Greenfield said the price could go up next year. Josh agreed saying he was sure they came in as best they could, but they are gambling the same way. They are trying to make money too. That's why they want to install more of the monitoring tools so we can be more proactive. Right now, we react to what's

broken. If they know they're on the hook for it, they'll install monitoring software and if they see problems, they'll fix them before they get worse. We will have some extra expenses. We are moving the mail server to the cloud. We would have to pay by the hour for that. If we go unlimited, it's covered. Anything we do, they cover. Right now, we pay for each service we get. We pay for the anti-virus and backup disaster recovery. Mr. Greenfield asked how many computers would be covered. Josh explained that it would be 68 computers and 3 servers, but one server would go to the Cloud. If the unlimited option is chosen, we could just keep the 3rd one as a backup because it won't cost anything to maintain it. One of the nice things is, when you have unlimited time, you can have extra stuff done that you wouldn't normally do. Linda Little said that, depending on how the numbers all crunch out at the bottom, it sounds like a good idea, especially since next year a serious look will be taken at how IT is handled across the street. Josh said again that he would bring a report back next year and they could look to see if it is effective. He said he felt like maybe there is a little too much rationing.

Carol said the \$63,000 is included in the proposed budget. Linda Little asked what that would do to the general fund. Carol said the general fund is projected to be at about a \$2 million loss potentially this year. The fund balance right now is \$10 million. After this year, it will probably be down to \$8 million. We'd like to take it up, but not very much. We know it will probably be another \$2 million next year. She said they don't plan to take the general levy up much this year. Mr. Greenfield said he would like to see it left like it was last year taking the \$267,000 out. Ms. Reed said it was entirely up to the Board. She said the change was proposed to keep it down below 5% by bringing it up \$267,000. The ones that need to be brought up are the retirement fund and insurance fund. The DPBC lease fund will take care of itself when the surplus gets refunded to us. Linda Little asked, if none of the levies were increased, would we be eating into the ending fund balance by less than \$1 million. Carol said that the general fund would still be eating into the fund balance, even with this. Linda said if we didn't change any levies this year, then the total changes would be \$759,470? Carol said it would be that plus the \$2 million that we will already be in the hole. She said it would be nice not to increase the levy, but the retirement and insurance funds need a little bolstering.

Capital Project Fund – (16) this fund is for money that is set aside to buy copiers or computer equipment for the offices so they don't have to lease them & pay more. This is money in / money out. There are 13 leases currently with only one new one so far this year. In the 9040 account there is \$40,000 available.

Capital Vehicle Fund – (18) This is the new fund set up last year to enable offices to purchase a vehicle that they might not be able to purchase otherwise. That has one car in it currently.

DPBC Lease Fund – We know what we need to pay and then the surplus comes in later. It's set up about the same as last year. We project to need \$5.9 million. When they determine what the surplus is, we deduct it off and should end up needing about \$4.725 million which is what is on the budget proposal.

Jay Dunn commented that he knew that Mr. Greenfield would like to keep the general fund levy at the same amount as last year at 2.782. A \$2 million shortage is predicted for this year. He said he just wanted to make sure everybody understands, in looking at the fund balances, in FY13, we had \$10.286 million. Out of that, \$2.7 million is restricted money that there are quite a few hoops we'd have to jump through to spend that. We're really only talking about \$7.4

million unrestricted and if we cut that another \$2.4 million, we're down to \$5 million. He said he just wanted to make sure the Finance Committee understands that this cannot go on every year. If we do that this year, we will have some issues next year, but as long as everybody is willing to understand that and face it next year, he said he was fine with it.

Tim Dudley commented that the general operation is about \$2 million a month and the rule of thumb has always been to have at least 3 months reserves. That's \$6 million. If you go anywhere under \$6 million, you're starting to put yourself in a bind.

Kevin Greenfield made a motion to take Carol's recommendation on the insurance, retirement, DPBC Lease fund, but leave the general fund the same seconded by Jay Dunn, and motion carried with Greenfield, Dunn, Dudley, & Cox voting in favor and Little & Ashby voting opposed.

Sheriff Changes – Sheriff Schneider stated that as previously discussed at the last budget hearing, \$90,000 has been moved from the LEST 002-060-9060 to 001-060-9060 account. Original revenue minus expenditures comparison from FY14 to FY15 was \$92,338.12 less and it will now be \$2,338.12 less than FY14. This will assist with a more accurate prediction regarding LEST revenue for FY15

Tim Dudley made a motion to approve, seconded by Jay Dunn and motion carried 6-0.

Circuit Clerk Changes

Jay Dunn made a motion to approve the new budget as she did cut the general fund budget by \$36,000. Mr. Greenfield commented that after the finance committee meeting, the Circuit Clerk went back to her office and met with her Deputy Chief and they were able to saw out another \$36,000. He said Ms. Durbin had called him and said she wanted to work with the Finance Committee as best as she could. Mr. Greenfield said he'd like to commend her and let her and all the office holders know how much they are appreciated. The motion was seconded by Patty Cox, and motion carried 6-0.

There were no other budgets to review.

Jay Dunn made a motion to approve the budget for display, seconded by Tim Dudley and motion carried 6-0.

Mr. Dunn asked Auditor Reed when she would be able to have the budget on display. Ms. Reed said she would send it out to the Office Holders / Department Heads for review and then planned to put it on display on Tuesday, 10/14 if all goes according to plan.

Chair Ashby asked the auditor if she knew what the Circuit Clerk changes were. Ms. Reed explained that it is \$36,026. She said she had the line items where some salary is being taken from the general fund in the amount of \$22,620. Also the hospitalization for that person is being taken out. She is lowering jury fees. The Document Storage picked up additional expenses for salary, hospitalization and social security.

OLD BUSINESS

None

NEW BUSINESS

None

CLOSED SESSION

None

NEXT MEETING

Monday, November 3rd, 2014 @ 5:15 p.m.

ADJOURNMENT

Motion to adjourn made by Tim Dudley, seconded by Patty Cox, motion carried 6-0, and meeting adjourned at 6:00 p.m.

Minutes submitted by Jeannie Durham
Macon County Board Office