

FINANCE COMMITTEE MEETING
Special Finance Committee Meeting
October 4, 2017 @ 5:15 P.M.

MEMBERS PRESENT

Kevin Greenfield
Jay Dunn
Patty Cox
Tim Dudley
Debra Kraft

MEMBERS ABSENT

Greg Mattingley
John Jackson

COUNTY PERSONNEL PRESENT

Ed Yoder, Treasurer
Josh Tanner, S of A
Lisa Wallace, Auditor's Office
Carol Reed, Auditor
Jerry Lord, DPBC
Mike Baggett, State's Attorney's Office
Jeannie Durham, County Board Office

CALL TO ORDER

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

APPROVAL OF MINUTES

Motion to approve minutes of prior meeting on 10/2/17 was made by Mr. Dunn, seconded by Ms. Kraft, and motion carried 5-0.

CITIZEN REMARKS – PUBLIC COMMENT - None

FY18 Budget Proposals

Auditor & General Accounts

Ms. Reed explained that there are 2% increases for all positions except the Auditor. The HR position used to be 70% paid by Auditor and 30% Insurance. Now, the HR position will be moved to be 40% Auditor and 60% insurance fund. EDP has been reduced by \$11,500. Part of that cost is being shifted to the Wind Energy Fund for the completion of the software conversion. That enables the budget to be reduced by the 6.2%. Salaries are 92.8% of the Auditor's budget. Combined reductions in the Auditor & HR budgets was \$23,867 or 6.2%.

General Fund / General Accounts revenue includes the health insurance, reimbursements from other funds for printing supplies, phone, etc... The expense goes to group hospitalization insurance, CPA fees, Network EDP, etc. The biggest change there for this year is the moving of the print shop supplies (\$58,000) and equipment (\$1,000) to the County Board. The amounts are being reduced to \$40,000 and \$1,000. The reductions came from the moving of the print shop lines. The Health Insurance was kept the same and the plan is to increase the revenue by a little. There are some cuts, but it is nowhere near the 6.2%.

The Retirement levy was bumped up a little last year not knowing if property taxes would be frozen, etc. There is a pretty good fund balance so it is being brought down this year. The retirement rates paid to IMRF have dropped. This year we are paying 10.7% which is going up by .14 next year to 10.84%, but the Law Enforcement Safety Retirement is dropping from 24% to 23% and the Elected County Official Retirement is dropping from 42% to 23% which is a

pretty big decrease. There are only a few people in that plan, but it is sizable. The levy is being dropped and expenditures are being dropped a bit too so we should come out ok on that one.

Social Security is being dropped a little too just because we raised it last year and it is just being brought down a little bit. It has a decent fund balance – not a lot of extra, but enough to keep us going. The calculations of wages for the amount we will owe for social security went up to \$1.75 million and this year we have it about \$1.685. It is going up a little, but we have plenty in there.

Mr. Dudley asked about dropping the levy and how much it would be dropped. Ms. Reed said it would only be about \$86,000 for social security. Mr. Dudley said he understood, but in past years when that had been done, they wound up paying the piper later, especially on the pensions. Ms. Reed explained that social security is pretty much steady at 7.65% across the board. If you know what the salaries are, you can project that. Retirement is a little bit different because you don't know the mix. Mr. Dudley said that he just didn't know that it would be enough, especially with the 6.2% cut across the board. He said he just wasn't sure lowering the levy is the thing to do with the way pension systems are right now. Ms. Reed said that IMRF is one of the best funded and very safe. We know what our rate will be for next year. With the fund balance in the retirement fund being good, she said she knows we are ok for the next year. Mr. Dudley said he understands, but remembers when the thought was that it was OK, and then wound up paying a bunch of money back in and got kind of behind. He said he did not want to get into a scenario of where cutting the levy a little bit could cause trouble later. Ms. Reed said that what is levied there has to be for that purpose. She said that the question then is, what is a safe fund balance to carry. When is it excessive? Mr. Dunn asked what Ms. Reed would consider a good fund balance – 6 months or a year? Ms. Reed explained that when you levy, you have to have the money there, because it comes out each month, to get you through to the next time taxes are collected. She said she thought 6 months would be plenty. Three months is what they tell you to have on hand for other things. She said she would feel more comfortable with 6 months for this. Mr. Dudley asked if we have 6 months. Ms. Reed confirmed, saying social security's fund balance is \$971,000 which is about half of our expense or 6 months. On retirement, there is even more. It is about \$1.4 million. Mr. Dunn said he thought Mr. Dudley was referring back to a few years ago when the market went south and the pension fund, IMRF, took a pretty good hit in the market. He said the rates went up quite a bit. Ms. Reed agreed and said they were pretty high for a while, but they've come back down. Mr. Dudley said if it crashed, we could end up in the same boat again. Ms. Reed said she'd have a chart with all the levies they could look at at the end.

The insurance fund levy was raised last year and will keep it there because the insurance fund had had some change in insurers and we want to be safe. Also, the workers comp expense has been pretty high this year so that levy will stay the same. That should be enough to cover us this year. We have to estimate what the premium will be. It is due December 1, so we have to have the money there and ready. Mr. Dunn clarified that that covers half this year and half next year so you have to guesstimate where you think the rates are going to be. Ms. Reed agreed. Right now in the general liability, for 17, it was \$540,000 and there was \$705,000 in the budget. There was a lot of uncertainty last year going to a new company. This year it has been upped to \$600,000 taking it down from last year, but up from what it actually cost us. She said she thought it would be ok. We don't know what the premiums are yet. There is a chance that if it goes up more than 5% to 10%, we will be hurting. It is only expected to do 5% or less.

Decatur Public Building Lease Fund rent payments are known as to exactly what they will be next year. We are actually levying now for FY19. We know exactly what that will be. There is a new lease that is going to be coming before the board this month. That one is set and it is coming down from what it was last year because we did not have a lease signed at that time.

Mr. Baggett asked to confirm that the amount includes the \$45,000 for the parking lots. Ms. Reed confirmed that it does. It also includes the \$17,000 for the Health Department that is the County's portion.

Capital Projects Fund funds departments that want to buy copiers or computers. It has not been used as much. There are a lot of leases that are coming down and ending. Next year, the proposal is for less income. The fund has \$100,000 in it. That money is mostly available to fund any department that would like to use it. The word has been spread and departments are encouraged to use it. People do use it, but some have the money in their budgets to purchase outright. Capital Vehicle fund had \$200,000 in it when it was started about 5 years ago. There was one lease for the Public Defender's purchase of a car in there, but it is finished this year. There is currently nothing in the Capital Vehicle Fund, so the full \$200,000 is pretty much available.

Funds 97, 98 & 99 are grants which are multi year grants. The At Risk Services grant is on year 2 or 3 years. It was a million five hundred thousand dollar grant. This year, \$602,000 will be paid out to the Sheriff and Probation. Fund 98 started in August, 2014. It was a four year grant so after this year, there will be one year left on it or basically half a year. Fund 99, Economic Development, is a pass through to the EDC to fund their marketing program.

Wind Energy, Fund 19, permit fees are pretty much done, so only interest is coming in. The election equipment for the County Clerk is being paid from this. There is another payment of \$100,000 coming on that. There is \$16,000 in there to complete the software purchase for the Auditor's office. The current fund balance is about \$2.8 million. We've been pretty good about keeping those funds and not spending too much.

Ms. Reed distributed a page showing the levies and explained that we are at the max on the general fund. The retirement and social security are the two that were reduced. Highway was adjusted and the lease fund went down by a million five. The total reduction in the overall levy is .55% excluding the building lease. She said it was not a great number, but it is something. Chair Greenfield asked what the number from being balanced was. Ms. Reed said about \$600,000. Mr. Greenfield said the question then is Mr. Dudley's question on the reduction of the social security and other levies. Mr. Dudley said he would defer to Ms Reed on it. He commented that he was just questioning it because he did not want to run into what they had before. Ms. Reed said as long as there is an ability to raise it next year, she knew it would be fine. If things get frozen somehow . . . Ms. Cox asked if it could be foreseen where the Governor might cap these off. Mr. Dudley said anything is possible. Ms. Reed said she hadn't seen anything lately. Mr. Dudley said it seems like, in the last few years, the government has not paid, slow paid, short changed us on things so we've had to become more self-sufficient. That causes us to raise levies. We ran into that situation discussed earlier with IMRF when the stock market went crazy and we had to make that up. He said he felt that we are still in volatile times and he just asking to be cautious. He said he would hate to cut back and then have to ask

for more. Chair Greenfield asked if there was a penalty for having too much in the fund. Ms. Reed said she did not know and deferred to Mr. Baggett asking if as much could be carried in the fund balance as you want. At some point the taxpayers may question why you have so much money sitting there. Mr. Baggett said he did not know the answer either. Mr. Dudley said he just felt the situation is volatile and said he knows that we are always scraping and scratching for money. In the past 4 to 5 years, we've lowered a lot of levies and have saved the taxpayers a lot of money by making the cuts, but the pension and insurance things and the ones that sink a lot of municipalities and entities. They have trouble paying insurance and pensions. We've been very fortunate in Macon County that we've kept up on it. This is just a caution because Mr. Dudley said he has been through a couple of these like when the stock market crashed and IMRF lost a bunch of money and our rates got raised. Ms. Cox asked if that didn't have something to do with the buyouts we did. Ms. Reed agreed that they had done some early buyouts and that was part of it. Mr. Dudley said he just wanted to question it because he's been through some things and maybe he'd feel better about it next year, but he would defer to Ms. Reed because he trusts Ms. Reed and that she does a good job. Ms. Reed said she is more comfortable with the retirement one that is going down \$400,000. She said the social security one could go either way. It is only \$86,000 reduction. Chairman Dunn asked why there would be such a swing on social security. Ms. Reed said it depends of whether wages go up. Chair Greenfield asked if the wages had been factored into the social security figures. Ms. Reed confirmed saying they have a calculation they do. Chair Greenfield asked if Ms. Reed felt comfortable with the \$86,000 reduction. She confirmed. Mr. Dudley said he was ok and willing to defer to the Auditor's expertise. She does a great job.

Mr. Dunn made a motion to approve forwarding the budgets on to Display, seconded by Ms. Kraft and the motion carried 5-0.

NEW BUSINESS -

Macon County Board Resolution Approving the Renewal, Amendment, and Restatement of the 2005 Multiple Facilities Lease between Decatur Public Building Commission and the County of Macon, Illinois, Effective December 1, 2017

Mr. Baggett explained that they (Jerry Lord, Mike Baggett, & John Cobb, Counsel for the Public Building Commission) have been in negotiation for the better part of 18 months, but really heavily involved in the last couple of months. Mr. Lord and Mr. Cobb have been enormously helpful in helping Mr. Baggett put everything together. There have been multiple drafts back and forth. A final draft has been prepared for passage. This will be a 20 year lease on this building (County Office Building), the Courthouse, the Law Enforcement Center, parking lots on either side of the Courthouse that are owned by the county, the Highway Department will be included in the lease as the City did approve the acquisition of the Highway Department by the Public Building Commission at their meeting on Monday night, and Animal Control. This is otherwise known as the Multiple Facilities and will be incorporated under one lease. The Highway Department and the two parking lots are the new additions to the lease. This will include basically all of the county's properties with the exception of the Health Department which isn't technically the County Board's property. That belongs to the Board of Health. The substantive changes to the lease: obviously the 2005 lease which is what this is a revision, amendment, restatement and renewal of was basically a bond document, a security agreement. We don't have a bond anymore. The bonds have been retired. So, all the language

regarding the bond repayment has been excised and it has been made into a more conventional lease between the Public Building Commission and the County. It will be a 20 year lease expiring on November 30, 2037 with an option to renew for up to 30 years which the County Board at that time will decide. There are no real substantive changes to the lease provisions. The amounts have been provided to the Auditor and they were factored into the FY18 budget. There is a schedule of rent amounts that go up 3% per annum from now until 2037. There are options built into the lease wherein if the Building Commission and the County want to build new facilities, add on to facilities, make modifications to existing facilities, that can be accommodated. If necessary, the rental amounts can be modified depending on whether what we ask them to do will cost more than the rent will accommodate. There is an exhibit to the lease wherein they will become responsible for provision of security services at both the Courthouse as well as the County Building. The services will still be provided by the Macon County Sheriff as required by Statute, but the Building Commission will be responsible for paying for the services.

Chairman Dunn said security had been added to the County Building and asked if it was included in Court Security costs. Mr. Baggett confirmed. He said there were some minor changes to the language, but the exhibit which incorporates court security aspect for both the Courthouse and the County Office Building is basically a renewal an restatement of the addendum that is currently in force and that was adopted in April, 2016. There is no change, it was incorporated into the lease as an ongoing year to year obligation. Mr. Dunn asked if the number is locked in or can change from year to year. Mr. Baggett said it can change from year to year based on the needs of the sheriff. If it changes or goes up more than 3% in any given year, it would give the commission the right to come to the county board and ask for an increase in the rental amount. If the County Board was not agreeable to the increase in rent, then the sheriff's budget would have to be revised accordingly so the 3% increase would not be exceeded. Basically, it leaves the ability to make that decision solely on the County Board. Chair Greenfield asked Mr. Baggett if both he and Mr. Cobb were both comfortable with the lease and the legal agreements and language in it. Mr. Baggett said he thought that he, Mr. Lord and Mr. Cobb were all very happy with where it ended up. He said none of them ever had any doubts as to the fact that they would get to a place where everybody was comfortable with it. It wasn't that hard. It was just a matter of trying to turn a very complicated security agreement into a lease. That turned out to be the biggest problem. Chair Greenfield asked when the Building Commission would vote on it. Mr. Lord said it would be tomorrow morning.

Mr. Dudley made a motion to forward the resolution on to the full board with recommendation to approve, seconded by Ms. Kraft and the motion carried 5-0.

APPROVAL OF BUDGET FOR DISPLAY

Chair Greenfield announced that everything has been done, sent, sealed, delivered. Keep in mind that there will be officeholders from time to time throughout the next year coming to the Board for some help. Some of them have made cuts that have put them on the bare edge, so when they run out of money or into problems, they will have to come and they will expect help. Mr. Greenfield thanked the committee members for their help. It has been a tough year. Hopefully, things will improve a little and next year we won't be in this same position. Who knows what the future brings?

Mr. Dudley made a motion to approve and put the budget on display, seconded by Ms. Kraft, and the motion carried 5-0.

OLD BUSINESS - None

CLOSED SESSION - None

NEXT MEETING - Monday, October 30, 2017 Regular Finance Committee meeting

ADJOURNMENT - Motion to adjourn made by Mr. Dudley, seconded by Mr. Dunn, the motion carried 5-0, and meeting adjourned at 5:50 p.m.

Minutes submitted by Jeannie Durham, Macon County Board Office