

FINANCE COMMITTEE MEETING
Special Budget Meeting to Prepare for Display Budget
October 5, 2016
5:15 P.M.

MEMBERS PRESENT

Jay Dunn
Kevin Greenfield
Patty Cox
John Jackson
Tim Dudley
Greg Mattingley

COUNTY PERSONNEL PRESENT

Lisa Wallace, Auditor's Office
Carol Reed, Auditor

MEMBERS ABSENT

Linda Little

Jeannie Durham, County Board Office

CALL TO ORDER

The meeting was called to order by Chair Dunn, at the Macon County Office Building.

APPROVAL OF MINUTES

Ms. Cox made a motion to approve minutes of prior meeting, October 3, 2016, seconded by Mr. Mattingley and the motion carried 6-0.

CITIZEN REMARKS – PUBLIC COMMENT - None

FY17 Budget Action

General Accounts - Ms. Reed explained that the estimated revenue for insurance reimbursement had been lowered, but the cost has also been lowered by a little. That is the group hospitalization. It will come in around \$6 or \$6.1 million this year and a \$300,000 increase has been allowed for next year. The insurance rates will not go up until July 1 anyway, so there would only be 5 months at a new rate.

Line 3810 – FSA Revenue – Flexible spending plan. There is \$60,000 in revenue along with \$60,000 in expense. It is a pass-thru. Money is collected from employees and then paid out.

The animal control contribution has been taken out. \$95,000 had been contributed for their operations and it is no longer necessary.

Postage has been reduced by \$5,000.

A fee study from last year was removed.

The CPA costs (7170) – A new quote from MCK for the audit was received and it went up to \$98,500 which is up a little. There is \$105,000 budgeted which also includes an actuarial evaluation of \$4,000. Total expenses should be around \$102,000 with \$105,000 budgeted.

Chair Dunn asked about line 3810, FY15 actual. Ms.Reed said it was just started 1/1. Mr. Dunn asked how many people were taking advantage of it. Ms. Reed said around 40 with two participating in the daycare part of it.

This budget has a reduction of \$202,000 in expenses. Most of it is from the animal control reduction. It is a 2.9% reduction.

Mr. Dudley asked about the insurance and if there was something out there indicating it might raise by 15%. Ms. Reed said it is just based on what other people have said theirs has gone up. Mr. Malachowski has not indicated anything like that yet. He is still talking 4% to 6%. If it goes up 15%, we will have to look at other options. We had a 9% increase two years ago and this last year it was about 4%.

Capital Project / Capital Vehicle Fund –

Fund 16 – Capital Projects – for things like copiers, office equipment, computer leases. There are currently 8 outstanding leases. \$100,000 was used to start that. There is money there to continue to do this.

Capital Vehicle Fund – There is one vehicle currently on that lease plan. The Public Defender has about 1 ½ years left to pay. That started with \$200,000. There is plenty of money if people want to use this fund.

Insurance Fund –

Due to the fact that there was a death at the jail and a few other things, Travelers has dropped us for Law Enforcement Liability and the Public Entity Umbrella. We are having to seek elsewhere for that coverage. Bids are being requested.

The General Liability (7750) number was raised from \$498,000 to \$705,000 just because it is unknown what the premium will be. The tax levy for that will be going up too.

There were a few workers comp claims and there is someone out on total temporary disability now. There have been a few things this year. A police car burned and that is not covered because it is under the \$25,000 limit.

Fund 097, 098, 099 Grants -

These are agency accounts where the money is brought in from the HGB Foundation where it sits until it is dispersed to whatever grant fund gets it. Exactly what is brought in is spent out.

Retirement Fund –

The IMRF rates are going down next year. That is some good news. The regular rate for most employees is 11.2% this year and it going to 10.3%. That is considerable savings. The SLEP rate went down from 25 to 24 and ECO from 49 to 42. We got a little savings there which should give a little cushion. Chair Dunn asked for an explanation as to why the IMRF rate is going down. Ms. Reed said partially the investments. In 07, when the retirement buyout was

done, it caused the rate to go up quite a bit. It is now coming back down. That is where a lot of it comes from. The levy was left the same. Payroll is estimated to go down a little next year.

Chairman Greenfield asked if the IMRF change would help the balance sheet and the underfunded issued with the IMRF. Ms. Reed said no, this won't change that. They actuarially go out so many years to calculate the liability going forward. This is just the liability for the coming year based on the wages paid now. The accelerated payments are still an issue, but we've not had too many of those. That is if somebody leaves and their wages were bumped up more than 6% in the last 4 years, we have to pay a payment. There have been a couple of those, but it shouldn't be a problem. The fund balance in the retirement is \$885,000. We are ok where we are, but we don't want to move that levy until we know about next year.

Retirement & Social Security

The levy is estimated to be the same. Employee contributions have been lowered a little as well as the county costs.

Decatur Building Commission Lease Fund

Payments are coming out of 8220, 8230 & 8250. They are all coming due 12/1 & 1/1/17. The money is there for those so they will be paid in the next fiscal year. The lease expires 12/1/17. We don't have a new lease negotiated yet. Based on the lease O&M payment of \$5,914,000 and calculating an increase of 6% because that is what the prior lease did, the levy will be \$6.8 million. Last year it was \$5.9. We also have to pay a little of the Health Department agreement. Mr. Jackson asked if the 6% is pretty much standard from year to year. Ms. Reed said she thought 6% might be a little high and they are hoping it will not be anywhere near that. She said she just wanted to be prepared, just in case.

Chair Dunn asked Ms. Reed if all the other budgets are ok. Ms. Reed said they had all been accounted for and summarized. If the DPBC Lease is excluded, the levy is being increased by 2%. Ms. Reed said she would check with the County Clerk to see if it needs to be included. If we go more than 5%, we have to have a Truth in Taxation Hearing like last year. We are at the max on the General Fund.

The bottom line shows \$67 million budgeted in revenue and \$70 million in expenses, so we are budgeting \$3 million more in expense than in income. A lot of that is from various funds which have fund balances. The one that does not is the general fund and we are at about \$1.2 million in a deficit for that one. Chair Dunn said they had asked the department heads and office holders for a \$1.5 million cut and we came in at about \$1.9 so that was a nice surprise. Chairman Greenfield said, but we are still short \$1.2 million. Ms. Reed confirmed saying that it is mainly because our revenues projected about a million less in revenue overall than what we budgeted this year. Some of it was because our budgeting may have been a little high this year, but part is not expecting any increase in sales, income, etc. taxes. It is pretty much flat at this point. Our general fund levy is maxed out, so we are relying on other fees to increase and it is not happening very quickly.

Ms. Reed commented that the county was just chosen for an IMRF audit which will be coming up in October. The last one was in 2012. It went both ways a little bit. They look for people

that should be on IMRF, but are not – maybe based on hours and they also look for people like vendors that are being paid to see if they should be employees. We should be fine.

Ms. Reed distributed a sheet showing the summarized budget showing \$70 million expenses and \$67 million in revenue.

Approval of Budgets for Display

Mr. Dudley made a motion to approve passing the budget on to Display, seconded by Mr. Jackson, and the motion carried 6-0.

OLD BUSINESS - None

NEW BUSINESS – None

CLOSED SESSION - None

NEXT MEETING –

Chair Dunn explained that most times, the budget is voted on at the board meeting which is 11/10, but the LEST question is on the ballot for the 8th, so a finance committee meeting on the 9th may be needed or else the budget could be moved back.

Monday, October 31 - Regular Finance Committee Meeting

Chair Dunn thanked everyone saying it has been a tough year, but there have been about 10 in a row now and it just keeps getting worse.

ADJOURNMENT

Motion to adjourn made by Ms. Cox, seconded by Mr. Mattingley, the motion carried 6-0, and meeting adjourned at 5:45 p.m.

Minutes submitted by Jeannie Durham, Macon County Board Office