

FY2019 Mid-Year Budget Review

Cook County Clerk Office

Objective:

The Cook County Clerk's Office is committed to providing quality and efficient service to the public in our three major divisions, soon to be four, Vital Records, Real Estate & Tax Services, and Elections. In addition, we manage an Election Operations Center (EOC) which houses our election equipment. We have three funds, Corporate, Elections, and Automation.

The focus for the office for FY 2019, prior to our transition, included increase in revenue generation, increase in efficiency of customer transactions, and voter accuracy. We stayed on track with the plan. However, we are continuously assessing the office for operating efficiencies, economies of scale, and internal control enhancements to properly employ our fiduciary duties.

From a Human Resource perspective, overall, we are stable in our staffing across all divisions. Positions vacated due to retirements we plan to fill in order to maintain our operational efficiency.

Highlights of 2019 – Elections Goals and Objectives

Our Election Division is working immensely to meet its goals. Currently, Suburban Cook County has 1,603,193 registered voters which is its highest in history. New Voter equipment was piloted across 147 precincts in three townships. The new equipment has the robust technology and security measures making it easier for the voters to navigate. Our election infrastructure measures were effective throughout the Primary and Consolidated elections and we will continue to enhance them for the future.

Highlights of 2019 – Corporate Goals, Objectives and Fund Review

Vital Records-Increase in Revenue Generation

In March 2019, we enhanced our Genealogy On-line portal which allows us to better determine potential manual searching required by the team of three. Since the launch, 1,791 genealogy orders have been placed generating additional revenue.

Cashiering System-Improvement in Transaction Efficiency

We are working diligently with our two vendors to deploy the new Cashiering and Document Management systems by November 2019, or sooner, in three phases (i.e. Vital Records, Ethics, and Tax Services). By summer 2020, the systems will be fully operational across all three divisions. We should experience economies of scale by year end 2020. This will enhance our transaction processing in our two significant divisions, Real Estate & Tax Services and Vital Records. We are also in need of an upgrade to our Great Plains Accounting System which will also occur during this system implementation cycle. The system has not been updated since 2003 which creates a concern for potential revenue slippage.

Real Estate & Tax Services-Enhanced Taxing District Levy Submittals

Our online district portal has created an efficiency for the taxing districts by saving them time, money and effort by eliminating the need to travel to our location to file their taxing documents. They are able to receive immediate confirmation that documents were submitted in a timely manner meeting the established deadline.

FY2019 Mid-Year Budget Review

In December 2018 (by far the busiest month for levy filings) 49.79% of levy ordinances were filed via the online portal from more than 1400 taxing agencies. During Q1 & Q2 2019, 673 documents were filed via the online district portal (40.22% of the total for levies, budgets, and financial reports). It creates an efficiency that saves the Clerk's staff time and effort from scanning and making them easily assessable without manually handling paperwork.

Thus, our goal is to maintain efficiency towards the next tax-cycle which includes portal enhancements planned as part of the IPTS implementation and with stand-alone improvements to fully automate levy submissions.

I. Comparison of YTD budget (as of 5/31/2019) vs expense projections with explanations for major variances and corrective action steps

Operating Expenses	FY 2019 YTD Budget	FY2019 YTD Actuals	\$ Variance	% Variance
Personnel	\$5,065,167	\$4,691,078	\$374,089	7.4%
Contractual Services	\$191,453	\$162,177	\$29,276	15.3%
Supplies and Materials	\$16,971	\$15,261	\$1,710	10.1%
Operations and Maintenance	\$447,919	\$445,742	\$2,177	0.5%
Rental and Leasing	\$46,231	\$41,231	\$5,000	10.8%
Total	\$5,767,741	\$5,355,489	\$412,252	7.1%

As of May 31, 2019, our Corporate funds are below budget. Because this is a transition year, we were allowed to make changes to the budget we inherited. From experience, we noted that the Corporate supply budget is not sufficient to truly support the two divisions (Vital Recorders and Tax Services) that make up the combined Corporate budget. This may be one of the only line items in which we may incur an overage due to the operational need for scanners and microform readers. This overage will be reflected in our expected year end projection.

We had to incur an increase in our standard operating supplies to meet operational requirements with the new Clerk referenced on all security and certificate paper, in both vitals and tax services. For the remainder of the year, we will continue to monitor our expenditures. As part of our transition, we plan to do a full complete inventory of our in-stock supplies maintained at the EOC. This has not been performed since they transitioned into the operating center building in early 2018.

FY2019 Mid-Year Budget Review

II. Comparison of YTD budget (as of 5/31/2019) vs revenue projections (if applicable) with explanations for major variances and corrective action steps

Revenue	FY 2019 YTD Budget	FY2019 YTD Actuals	\$ Variance	% Variance
402150 - County Clerk	\$5,286,433	\$5,354,374	\$67,941	1.3%

The Clerk's Corporate revenue mix is 11% from Real Estate & Tax Services, 87% from Vital records, and 2% from Ethics. The purchase of Birth Records makes up 46% of Vital Records revenue contribution. For the two quarters combined Birth Records purchases amounted to \$1.1 M thus far. December through April, we noted a decline in Vital Records purchases compared to this same time in 2018. However, in May, we experienced a substantial increase in both Tax Services revenue due to the recent tax sale and Vital Records birth certificate request which placed us back on track for 2nd Quarter.

III. Year-End Projections (How do you believe you will end the year?)

Revenue	FY 2019 Adopted Budget	FY2019 Year End Estimate	\$ Variance	% Variance
402150 - County Clerk	\$10,610,000	10,554,000	(\$56,000)	(0.6%)

We believe we will end the year less than 1% below budget. Given the Annual and Scavenger Tax Sales being within two months of each other, we will experience an increase in Tax Services income from tax search request and redemption income. Vitals is experiencing an increase in the purchase of Death Certificates via our on-line portal.

	FY 2019 Adopted Budget	FY2019 Year End Estimate	\$ Variance	% Variance
Operating Expenses				
Personnel	\$10,460,762	\$9,548,320	\$912,442	8.7%
Contractual Services	\$235,986	\$225,430	\$10,556	4.5%
Supplies and Materials	\$29,500	\$35,232	\$(5,732)	-19.4%
Operations and Maintenance	\$590,814	\$589,914	\$900	0.2%
Rental and Leasing	\$46,231	\$41,231	\$5,000	10.8%
Contingencies and Special Purposes	(\$200,000)	\$0	\$(200,000)	100.0%
Total	\$11,163,293	\$10,440,127	\$723,166	6.5%

FY2019 Mid-Year Budget Review

Our standard operating supplies and materials expenditure is the only line item of concern. Due to the transition, we had to incur an increase in our standard operating supplies for Vital Records security paper and Tax Services certificate paper which is required for servicing.

FY2019 Mid-Year Budget Review

IV. Challenges/Opportunities to be addressed in FY2020 budget

Upon our transition, we noted that our Accounting processes require enhancements which will impact our Armor Car Services. We will be modifying our Armor Car courier service contract due to the expansion of our banking needs for increased efficiency. Thus, creating a 50% increase in this line item. We believe the 2019 budget did not adequately reflect our operational supply needs in servicing two distinctly different divisions, Real Estate & Tax Services and Vital Records. Thus, we will be ensuring that both divisions have the funds required for supplies and materials to adequately service the taxpayers.

In addition, as part of our transition review, we determined that a detailed finance review and risk assessment is needed to evaluate processes, procedures and internal controls that impact financial reporting. The FY2020 budget will reflect an increase in our professional services line item to allow for a full financial review of the Clerk's financial systems, policies, and procedures to ensure that we are establishing best practices to carry out our fiduciary responsibilities.

Within the last 6 months of our transition, we have noted an opportunity to educate taxpayers on the various services delivered by our office and better define our responsibility in the entire tax process. We plan to host various outreach sessions and roll out diverse tools to keep taxpayers informed of the services available to them before the need arises. Therefore, we are increasing our advertising to reach the underserved areas.

In FY 2020, we do not plan to create any additional fees, but build upon our current revenue streams services through our outreach opportunities.