



## COUNTY OF WINNEBAGO

Office of the County Auditor

**County Administration Building**  
404 Elm Street, Room 201  
Rockford, Illinois 61101

**WILLIAM D. CROWLEY**  
County Auditor  
Phone (815) 319-4206  
bcrowley@wincoil.us

March 12, 2019

To: Nancy McPherson, Winnebago County Recorder  
Marilyn Hite Ross, Winnebago County State's Attorney  
Frank Haney, Winnebago County Board Chairman  
Carla Paschal, Winnebago County Administrator

From: William D. Crowley, Winnebago County Auditor

A handwritten signature in blue ink, appearing to be "W.D. Crowley", written over the printed name.

RE: Winnebago County Recorder Automation Fund Meeting

As a follow up to my letter dated February 7, 2019 (attached) a meeting was hosted by the State's Attorney's Office to discuss the recommendations contained in the letter. The meeting was attended by the County Recorder, State's Attorney, County Board Chairman, County Administrator and the County Auditor.

I believe the following items were unanimously agreed upon by all parties present at our meeting:

- 55 ILCS 5/5-1106.1: mandates that "the fee must be paid to the county treasurer and deposited into a fund designated as the County Automation Fund: except in counties with a population exceeding 3,000,000, the fee shall be paid into a fund designated as the Recorder's Automation Fund." Therefore, certain revenue streams currently being deposited into the Recorder's Automation Fund are more appropriately deposited into a countywide automation fund and the General Fund and that several steps as indicated below are required to comply with the Statute.
- Pursuant to 55 ILCS 5/5-1106.1 a fund designated as the "County Automation Fund" will be created effective April 1, 2019. This fund should be used only for countywide automation projects such as the maintenance and advancement of the countywide IT infrastructure.
- The following activity currently being recorded in the Recorder's Automation Fund will be recorded in the County Automation Fund beginning on April 1, 2019.
  - Subscription revenue relating to the use of the Laredo database with the exception of print revenue
  - Associated expenses of subscription revenue billed to the County as "Laredo Usage" by a Fidlar Technologies.
  - 3<sup>rd</sup> party revenue sharing dollars received by the County Recorder from Fidlar Technologies in the form of invoice credits with the exception of print revenue if it can be separately identified by the vendor. As indicated below print revenue should be recorded in the General Fund.
- The following activity currently being recorded in the Recorder's Automation Fund will be recorded in the General Fund beginning on April 1, 2019:

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- Subscription revenue relating to prints
- 3<sup>rd</sup> party revenue sharing relating to prints
- Any expenditures associated with providing for equipment and supplies for subscriber prints
- The balance in the Recorder's Automation Fund as of September 30, 2018 was \$1,039,360. To correct the retroactive activity between the Recorder's Automation Fund and the County Automation Fund it was agreed to be reasonable to allocate 50% or \$519,680 to each fund.
- The Recorder's Automation Fund will continue to collect \$9.25 per document recording as authorized by Illinois State Statute and Winnebago County Board Ordinance.

Implementation of the above items will require the following actions:

- Preparation and presentation of a budget amendment to be completed by the County Administrator by April 1, 2019.
- Accounting related modifications to be completed by the Finance Director in consultation with the County Recorder and the Deputy County Auditor by April 1, 2019.

Finally, I would like to recognize the County Recorder for her efficient use of the Recorder's Automation Fund in advancing the document recording function in Winnebago County that allows for significant resources to remain available for other projects. Additionally, the County Recorder should be commended for entering into advantageous revenue producing agreements with 3<sup>rd</sup> parties that can be used to offset some of the cost of maintaining the countywide IT infrastructure.

Please let me know if you have any questions or comments at 815-319-4206 or bcrowley@wincoil.us.



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February 7, 2019

To: Marilyn Hite Ross, Winnebago County State's Attorney

From: William D. Crowley, Winnebago County Auditor

RE: Winnebago County Recorder Automation Fund

My office has issued an internal audit of Winnebago County Recorder's Office. In our report dated October 23<sup>rd</sup>, 2018, we noted that the County Recorder's Office is receiving annual revenue of approximately \$200,000 - \$250,000 from the sale of compiled electronic data and prints. This revenue is currently being deposited into the Recorder's Automation Fund.

55 ILCS 5/5-1106.1 addresses the issue of revenue from the sale of electronic data in bulk or compiled form and states that "the fee must be paid to the county treasurer and deposited into a fund designated as the County Automation Fund; except that in counties with a population exceeding 3,000,000, the fee shall be paid into a fund designated as the Recorder's Automation Fund."

I believe this statutory language indicates that in Winnebago County the proceeds from the sale of electronic data and prints received by the County Recorder should be deposited into a fund titled County Automation. Acceptable uses for this fund would then include countywide automation projects rather than being restricted solely to Recorder's Office automation related expenses which is the case with the Recorder's Automation Fund.

You asked me to provide a series of proposed steps to be considered to address this issue. My recommendations are as follows:

- Create a new accounting fund titled "County Automation Fund".
- Deposit all future proceeds relating to sale of compiled electronic data and prints into the newly created fund. Continue to deposit the appropriate recording fee into the Recorder's Automation Fund.
- Transfer 50% of the September 30<sup>th</sup>, 2018 fund balance in the Recorder's Automation Fund into the newly created County Automation Fund. The September 30<sup>th</sup>, 2018 fund balance in the Recorder's Automation Fund was \$1,039,361 and is currently under audit. This transfer will require a budget amendment to be approved by the County Board.
- Administration may choose to specifically identify individual accounting activity to reclass from October 1, 2018 to current but isn't necessarily recommended.

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We are recommending a 50/50 opening fund balance allocation between the Recorder's Automation Fund and the County Automation Fund based on the following:

- The Recorder's Office processes a high volume of revenue transactions therefore making it difficult and time consuming to retroactively investigate all receipt activity and determine the proper fund.
- The projects that have been historically funded from the Recorder's Automation Fund could have hypothetically been funded from either the Recorder's Automation Fund or the County Automation Fund had it existed. Therefore, specific allocation of the historical expenditures between the two funds is impossible.
- Our 50/50 proposed fund balance allocation provides for corrected balances of \$519,680 in each fund. We believe this is a reasonable compromise that allows the Recorder's Office maintain sufficient resources to fund the needs of the office and also provides for substantial resources for the County Board to address countywide automation project needs.

Please let me know if you have any questions or comments at 815-319-4206 or [bcrowley@wincoil.us](mailto:bcrowley@wincoil.us).