

Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, May 1, 2001 at 5:30 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Renner, Rodman, Arnold, Kinzinger

Members Absent: Member Berglund

Staff Present: Mr. John Zeunik, County Administrator; Ms. Lucretia Wood, Administrative Assistant, County Administrator's Office

Elected Officials/

Department Heads: Mr. James Boylan, Treasurer; Ms. Rebecca McNeil, Assistant Treasurer; Mr. Don Lee, Administrator, McLean County Nursing Home; Ms. Peggy Ann Milton, County Clerk; Ms. Jennifer Ho, Risk Manager; Ms. Julie Osborn, Staff Accountant, County Auditor's Office; Ms. Amy Davis, Public Defender; Mr. Bob Kahman, Supervisor of Assessments

Chairman Sorensen called the meeting to order at 5:30 p.m.

Chairman Sorensen stated that if there are no objections, the minutes of the April 3, 2001 meeting will be approved and placed on file as presented.

Mr. Don Lee, Administrator, Nursing Home, presented the General Report for the Nursing Home. He passed out a revised copy of the report to the Committee. There is a deficit of \$15,500 this month. However, the year-to-date statement of revenues and expenditures shows a positive trend. The census has increased. The average census last month was 126 residents. To date, there are 136 residents at the Nursing Home.

Mr. Rodman asked what is the daily private pay rate charged by the Nursing Home. Mr. Lee replied that the daily rate is \$99.00. This is lower than other area nursing homes because McLean County's daily rate is based on actual costs. The private pay rates are not increased to make up for the reduced reimbursement received for residents receiving Public Aid. Chairman Sorensen stated that the rate was established by the County Adopted Budget Policy Resolution.

Mr. Bob Kahman, Supervisor of Assessments, presented a Status Report for the Supervisor of Assessments office. The Board of Review has finished hearing all complaints. The final abstracts have been signed, completed and delivered to the Department of Revenue in Springfield to determine the State Equalizer. Once the State Equalizer is set, the second installment tax bills can be prepared.

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Mr. Sorensen asked how the number of complaints filed this year compares to the number of complaints filed in past years. Mr. Kahman replied that the overall quality of the assessments has improved. He explained that the B/R column on the report is the number of problems that are caught prior to a complaint being filed.

Mr. Renner stated that tax abatement for pre-1937 barns would require changing State statute. He will contact State Representative Dan Brady on the matter. Mr. Kahman stated that in Iowa, the building has to be in farm use. In Illinois, farm buildings are valued based on what the building adds to the farming operation. An old rehabilitated barn would probably not be valued as highly as a modern building. Most old farm buildings that are not used receive a "de facto" exemption.

Ms. Jennifer Ho, Risk Manager, presented the First Quarter Report as of March 31, 2001. The report shows the claim experience for the first quarter of the past five years. As of this report, the claims experience for the first quarter of this year has remained low.

Ms. Julie Osborn, Staff Accountant, County Auditor's Office presented a request for approval of an automatic transfer from the Capital Item Accounts to the Operational Accounts for all items valued from \$200.00 to \$999.00. This is due to the change in the threshold for recording capital assets on the fixed assets ledger. The automatic transfer will save time in that each department would not have to come before the department's Oversight Committee to request a transfer. Chairman Sorensen explained that this is a housekeeping matter due to the change in the threshold.

Mr. Rodman asked if the transfers would be completed all at once or as the invoices and expenses are received in the Office. Ms. Osborn replied that the changes could be made either way. With the Facilities Management Department, the transfers would be easier to make as the expenses come in because of the number of items.

Mr. Rodman asked how long the transfers would take if the work were done as the expenses came into the office. Ms. Osborn replied that it may take the balance of the year.

Motion by Rodman/Arnold to recommend approval of a request for Automatic Transfers from the Capital Item Accounts to the Operational Account for all items valued from \$200.00 to \$999.00. Motion carried.

Mr. James Boylan, Treasurer, and Ms. Rebecca McNeil, Assistant Treasurer presented the County Treasurer's report as of April 30, 2001, the Investment Report as of April 30, 2001 and the Employee Benefit Fund Report as of April 30, 2001. Ms. McNeil reported

that the Revenue on the Treasurer's Report is consistent with last year. Expenditures have increased.

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Mr. Arnold stated that the beginning fund balance is different on the three Treasurer's Reports. Ms. McNeil replied that the reports were generated at different times and adjustments had been made. Mr. John Zeunik, County Administrator, explained that the External Auditor is making adjustments in the "live file" as opposed to setting the adjustments aside until all of the audit work is completed. The beginning fund balance should remain constant until the outside audit is finished. Mr. Zeunik stated that he will talk to the manager on site and suggest that the fund balance be returned to the soft close beginning fund balance. Mr. Arnold agreed that should be done.

Ms. McNeil noted that the interest rates for investments have decreased. Rates have gone down a full point. Ms. McNeil noted that the HPA claims are dwindling.

Ms. McNeil presented a quarterly report on the CDAP Revolving Loan Fund. The report is filed with the State on a semi-annual basis, but can be submitted to the Committee on a quarterly basis if the Committee would like to see the status of the Fund more frequently.

Mr. Rodman asked if the Revolving Loans are interest free. Mr. Zeunik replied that the loans are not interest free. The interest rate is generally 125 to 150 basis points lower than the commercial loan rate.

Chairman Sorensen stated that the Committee would like to see the report quarterly or when a request is made of a revolving loan.

Motion by Kinzinger/Renner to accept and place on file the County Treasurer's report as of April 30, 2001, the Investment Report as of April 30, 2001 and the Employee Benefit Fund Report as of April 30, 2001.

Mr. Arnold noted that there is \$951,000.00 in the money market account. Ms. McNeil explained that there will be an accounts payable disbursement this week, which will lower the balance.

Motion carried.

Ms. Peggy Ann Milton, County Clerk, presented a request for approval of an Emergency Appropriation Ordinance amending the McLean County Fiscal Year 2001 Combined Annual Appropriation and Budget Ordinance for the County Clerk's Document Storage Fund 0164. In 2000, the County Board approved and authorized the County's Clerk to start collecting a \$2.00 automation fee for each record. The fees collected accumulate in the County Clerk's Document Storage Fee Fund. The Automation Fee can be used for

personnel as long as the personnel are used to help automate the office. Mr. Brian Hug, Civil Assistant State's Attorney, has approved the use of personnel for automation.

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Chairman Sorensen stated that this action would allow the County Clerk to use user-generated fees to fund a staff position to automate the office as opposed to using the General Fund, which is a tax levy supported fund. Ms. Milton replied that she has used the General Fund in the past for temporary staff.

Mr. Arnold asked what skill level someone in this position would need to have. Ms. Milton stated that this is a data entry position. The public can access records from prior to 1915. Currently, this information is on 3 x 5 cards. The individual would take the information off the 3x5 card and enter it into a database. A future goal is to have the information available on the Internet because no fee is charged prior to 1915. After 1915, there is a \$7.00 fee for the first record and \$4.00 fee for each additional record requested by a person. Mr. Renner suggested that in the future, an automatic payment system may be helpful.

Motion by Kinzinger/Renner to recommend approval of an Emergency Appropriation Ordinance amending the McLean County Fiscal Year 2001 Combined Annual Appropriation and Budget Ordinance for the County Clerk's Document Storage Fund 0164.

Mr. Rodman asked if the fees accrued so far would be exhausted this year. Ms. Milton replied that the funds would not be depleted because there will be more fees collected this year.

Motion carried.

Mr. John Zeunik, County Administrator, presented a request for approval of the Resolution Establishing the Fiscal Year 2002 Budget Policy. This is the time of the year that the Administrator's Office begins working with County offices and departments on the preparation of the Fiscal Year 2002 budget. The recommended budget is presented to the County Board in September.

The only change in this year's proposed Resolution is reflected in the personnel policy. In this budget cycle, offices will be able to submit request for reclassifications based on the methods used in the Position Appraisal Method used by Public Administration Services to complete the classification study.

Mr. Rodman stated that under the Enterprise Zone, the County Nursing Home charges less than the private pay Nursing Home. The County Nursing Home is subsidized by a transfer from FICA, IMRF, and Tort Judgement. Mr. Rodman suggested that the

Committee consider charging a comparable average rate to other nursing homes in the County, if the private pay rates are higher than the \$99.00 currently charged for the daily rate.

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Mr. Kinzinger stated that there are not comparable Nursing Homes in the County. The County Nursing Home services a different clientele.

Mr. Renner stated that the County Nursing Home is a not for profit facility. The cost rate does not factor in the lower Public Aid assistance. Mr. Renner suggested that the County Nursing Home charge a rate that is equal to the lowest rate charged by a private nursing home in the County.

Mr. Arnold stated that the County Nursing Home has a different mission than other nursing homes. Mr. Rodman stated that private pay individuals could choose which nursing home they would like to live in. This change would not effect the residents receiving Public Aid Assistance.

Mr. Arnold asked if the subsidy actually takes place every year. Mr. Zeunik replied that the IMRF, FICA and insurance programs are calculated at the end of each year based on the actual payroll expense and transferred to the Nursing Home. The amount of the subsidy is calculated at 85% of the budgeted expense. This is because the Nursing Home has 85% of its residents receiving public aid. Last year, the Nursing Home finished the year in the black, but the operating transfer improved the retained earnings.

Mr. Arnold asked if a two tiered pricing system could be put in place. Mr. Zeunik replied that the rate reimbursed for Medicare and Medicaid is well below the actual cost rate, so, in that sense the rate is already tiered. Private pay nursing homes load the costs that are not covered by Medicare/Medicaid onto the costs of the private pay residents. The County does not do that.

Mr. Rodman stated that the operating loss is being subsidized by tax dollars.

Mr. Sorensen stated that some counties do not have facilities nursing home any longer.

Mr. Renner stated that as long as the County has a Nursing Home with 85% of the residents receiving public aid, the County charges private pay individuals the actual cost.

Mr. Arnold stated that the private pay individuals are being hit twice.

Chairman Sorensen stated that they are because of the property tax support from FICA, IMRF, and the Tort Judgement for services provided to the public aid recipients.

Mr. Rodman asked how many nursing homes are in the County and would it be difficult to calculate an average private pay rate. Mr. Zeunik replied that Mr. Lee probably knows the costs.

Mr. Kinzinger asked if the issue could be revisited next month. Mr. Zeunik replied that the Nursing Home could be revisited next month, but the proposed Budget Policy needs to be approved.

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The Committee agreed to discuss the Nursing Home policy next month. Mr. Zeunik stated that he would contact Mr. Lee and ask him to be prepared to discuss this issue with the Committee at the June meeting.

Mr. Rodman asked if any departments would be asking to continue grants that are ending. Mr. Zeunik replied that the Violent Crime Defense Grant in the Public Defender's Office expires in July 2001. Ms. Amy Davis, Public Defender, is requesting that the Justice Committee review the grant and recommend the continuance of funding.

Mr. Rodman asked if the software expenses related to IJIS paid from in the unencumbered fund balance needs to continue in the policy. Mr. Zeunik replied that it is unlikely that the expenses would come from the fund balance because the Civil piece of the system is scheduled in FY' 2002. Funding for the purposed listed could not be accessed unless the fund balance in the General Fund is greater than 10% of the total operating budget. Mr. Rodman stated that at one time funds were taken out of it. Mr. Zeunik replied that was at the beginning of the project.

Mr. Arnold asked if the budget policy clarifies to which Oversight Committee department make requests. Mr. Zeunik replied that past policy is that when requests are made at budget time for new positions, the decision rests with the Oversight Committee which reviews the departmental budget. The Oversight Committee makes a recommendation to the Executive Committee.

Mr. Arnold asked why the same policy is not applied during the fiscal year. Mr. Zeunik replied that once the budget is approved, the Board's policy has stated that the Finance Committee should review all personnel requests.

Motion by Arnold/Renner to recommend approval of the Resolution Establishing the Fiscal Year 2002 Budget Policy as presented. The Committee will revisit the Nursing Home's calculation of the private pay rate at the June meeting. Motion carried.

Motion by Kinzinger/Renner to go into Executive Session to discuss Personnel Matters and Collective Bargaining issues. The following individuals are asked to remain in the Executive Session: Mr. John Zeunik, Ms. Amy Davis and Ms. Lucretia Wood. Motion carried.

The Committee went into Executive Session at 6:25 p.m.

The Committee returned to Open Session at 6:57 p.m.

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Motion by Rodman/Renner to recommend approval to apply the impacted position personnel policy to a position in the Public Defender's Office contingent on the approval of the Justice Committee. Motion carried.

Chairman Sorensen presented the bills, which have been reviewed and recommended for transmittal to the Finance Committee by the County Auditor.

Motion by Arnold/Renner to recommend payment of the bills as presented by the County Auditor. Motion carried.

There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 6:59 p.m.

Respectfully submitted,

Lucretia A. Wood
Recording Secretary