

## **Minutes of the Finance Committee**

The Finance Committee of the McLean County Board met on Wednesday, February 4, 2015 at 4:30 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members O'Connor, Gordon, Erickson, Robustelli and Schafer

Members Absent: Member Rankin

Other Members Present: None

Staff Present: Mr. Bill Wasson, County Administrator; Ms. Hannah Eisner, Assistant County Administrator; Ms. Judith LaCasse, Recording Secretary, County Administrator's Office; Mr. Don Knapp, First Assistant Civil State's Attorney; Ms. Jessica Woods, Assistant Civil State's Attorney

Department Heads/  
Elected Officials

Present: Ms. Cindy Wegner, Director, Nursing Home; Ms. Becky McNeil, County Treasurer; Ms. Jennifer Ho, Risk Management; Ms. Marshall Thomson, Manager, Animal Control

Others Present: Mr. Scott Gima, Vice President, Management Performance Associates (MPA)

Chairman Owens called the meeting to order at 4:30 p.m.

Chairman Owens presented the minutes of the December 16, 2014 Stand-up Meeting. Since there was no Finance Committee Meeting in January, there are no January minutes to consider for approval.

Motion by Schafer/Erickson to Approve the Minutes of the December 16, 2014 Stand-up Finance Committee Meeting.  
Motion carried.

Ms. Cindy Wegner, Director, Nursing Home, and Mr. Scott Gima, Vice President, Management Performance Associates (MPA); presented the Nursing Home December 2014 Monthly Report.

Mr. Gima pointed out that the census report format has been updated. He indicated that if Committee Members don't like the new format, it can be changed. Mr. Gima noted that the first page provides the average daily census, monthly breakdown chart going back the entire 2014 fiscal year. He stated that the average daily census has

been stable with little change, except the Nursing Home census increased to 136.2 in November and back down to 134.6 in December. The current census is 129 residents. Ms. Wegner noted that there are five pending admissions. Mr. Gima reported that the Medicare census is at six residents, which is a very solid number.

Mr. Gima reviewed the two charts on the second page of the report. The first report shows the Average Daily Census by Payor. He noted that in 2014 the census was at 133 residents, which is down from the past couple of years. The Medicaid number is 83.8, Private Pay is 45.3, and Medicare is 3.9. Mr. Gima stated that the positive aspect of this chart is the Private Pay census growth. He indicated that the Nursing Home's lower rates, quality care and reputation make it the "biggest bang for the buck." Mr. Gima cautioned that it is important in future years to be aggressive with Private Pay rates to keep revenue coming in to cover expenses. He expressed concern with the drop in Medicare over the years.

Mr. Gima reviewed the Payor Mix on the second chart on page 2, which reflects a strong growth in Private Pay. Medicaid is at 63%, which is the lowest Medicaid percentage since 2009 and before. The Private Pay mix is up to 34% of all the residents in the building. He expressed concern with the Medicare percentage which is down to 2.9%. The Medicaid mix dropping from 74.5% to 63% is a positive thing from a financial standpoint.

Mr. Gima reviewed the charts on the third page. The first chart reflects the admission and discharges per month per year. Mr. Gima pointed out that, in December, there were three Medicare admits, and three non-Medicare admits, which include Private Pay, Medicaid and VA. Over the course of the winter months there has been a decrease in admissions, and there were 16 separations in December. Mr. Gima reminded the Committee that there are five admissions pending. The final chart is the Annual Admissions and Discharges 2012-2014 report. He advised that the number of admissions has dropped significantly, which is concerning. Mr. Gima noted that the number of discharges has been larger than the admission. He stated that it is important to work with the hospitals to get back on the radar screen so the beds can be filled.

Ms. Schafer asked if there is a plan to increase the admissions. Mr. Gima replied that an Admissions Coordinator position was added to the budget. This person will be working with the hospital discharge planners, and going out in the community to market the Nursing Home.

Mr. Robustelli commented that he appreciates the graph reports, but noted that the Committee receives them in black and white which makes them more difficult to read.

Mr. Erickson asked if there are other reasons the admissions are going down besides marketing. Ms. Wegner replied that part of the issue is that the County facility does not belong to the Nursing Home preferred providers list, which other providers such as Manor Care, Heritage and Martin Health Care do belong, so they are the first three homes that hospitals push their admissions towards. She indicated that the Nursing

Home has some areas to work on in order to change its star rating to become a member of those preferred provider organizations.

Ms. O'Connor arrived at 4:40 p.m.

Mr. Erickson asked what needs to be done to improve the rating. Ms. Wegner replied that it is necessary to increase the Nursing Home's star rating by improving quality measures, staffing and survey history with the Department of Public Health. The Nursing Home currently has a two star rating in those areas. Mr. Erickson asked how long it will take to get preferred status with the hospitals. Ms. Wegner replied that the staffing and the quality measures can be turned around in a matter of months, but the survey history only comes once a year when they come to survey the facility, so it may take two years to turn that part around. She noted that there are five areas that are reviewed and each area is weighed differently.

Mr. Gima advised that steps are being taken to improve the scores on the quality measures. Mr. Gima stated that those get updated every month internally, and the Nursing Home Compare Website is updated on a quarterly basis. He indicated that we can have immediate impacts on the quality measures as new quality protocols are put in place. Mr. Gima noted that the staffing is a once a year snapshot where payroll information is shared to CMS. He believes that the information that was submitted to CMS was incorrect and maybe incomplete, so it is possible to send amended payroll reports, which would get updated immediately. Mr. Gima concurred with Ms. Wegner that the Survey History takes the longest time because it is a three-year rolling look-back period on annual surveys. He indicated that the last annual survey can be improved upon. Moving forward, it is important to make sure that surveys are as deficiency-free with the lowest scope in severity as possible.

Mr. Erickson asked if there is a projected goal of what to see by the end of 2015. Mr. Gima replied that realistically going from two stars to three stars is appropriate for this year, but it will take three years to get to a five star rating, and he believes it can happen.

After additional discussion, Chairman Owens thanked Ms. Wegner and Mr. Gima.

Ms. Becky McNeil, County Treasurer, reviewed her Financial Reports for the period ending January 31, 2015.

Ms. McNeil reviewed the County Treasurer's Summary of Tax Revenue Sales, Local Use, Income and PPRT. She advised that the total revenue in January 2015 was \$910,414.37 as compared to \$348,217.54 in January 2014. Since this is the first month of the year, there is not a lot to analyze. Ms. McNeil noted that the Monthly Comparison is down 4% and Year to Date is down the same. She indicated that she would like to see \$913,000 in the Budget Comparison, but the receipts of \$910,000 is \$3,400 short of that goal.

Ms. McNeil provided a comparison of the last four years 12-month picture. She pointed out that between February 2012 and January 2013 the County received 6.8% more in revenue over the prior period. There was an increase in revenue February 2013 through January 2014 of 4.1%. From February 2014 to January 2015 there was a decrease of 1.3%. Ms. McNeil stated that the reasons there was no growth is because for six months of that 12 month period, revenue in Sales Tax was lower than the prior month in the prior period. She indicated that, typically, there are only three or four months where that happens.

Ms. Schafer asked if the sales tax on Amazon purchases will impact the County. Mr. Wasson replied that it is hoped that the County will benefit from any collection of State sales tax by internet merchants. He advised that he is encouraged that Sales Tax and Local Use Tax have increased in 2015 over 2014. The concern is the decrease in Income Tax, which will need to be watched. Mr. Wasson noted that the Executive Committee will be reviewing a Legislative Program next week, and one of the items included in that is a program to provide Sales Tax information to the County. He pointed out that, this year, municipalities were granted authority to enter into agreements with the Illinois Department of Revenue for the purpose of obtaining specific business information and data relative to those sales tax revenues, including confidentiality agreements. Mr. Wasson advised that the County is supporting a Legislative Amendment to extend that authority to counties so that we can look at that very specific data to see where changes in sales tax revenue are originating.

Mr. Gordon asked if other counties have that authority. Mr. Wasson replied that there is no provision for any county to access that information. He added that the argument is that if municipalities can gain access to this information that counties should as well.

Ms. McNeil stated that things started to turn around at the latter part of 2014, and, hopefully, revenue should begin to come back up.

Ms. McNeil reviewed the Treasurer's Investment Report. She advised that the total of all funds is \$40,437,556.23.

Motion by O'Connor/Erickson to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending January 31, 2015, as submitted.  
Motion carried.

Ms. McNeil noted that the Treasurer's Office is currently in the process of closing the year out for the Auditing process.

Chairman Owens asked if there were any questions or comments. Hearing none, he thanked Ms. McNeil.

Chairman Owens presented the County Clerk's Monthly Reports, as submitted by Ms. Michael, County Clerk, who was unable to attend the meeting. There were no questions on the reports.

Ms. Jennifer Ho, Risk Management, presented a request for approval of the proposed insurance program for Policy Year 2015. She advised that the total PY'2015 program costs are 6.12% over PY 2014, at \$601,297, but remains under budget by \$56,915. Ms. Ho indicated that significant to the increase is the inclusion of a cyber-liability policy, which increased underwriting values.

Ms. Ho stated that the County's broker, Arthur J. Gallagher Risk Management Services, has worked to provide different loss financing scenarios on savings vis-à-vis different levels of risk assumption for our consideration. Based on the evaluation of these proposed options, the renewal proposal for PY 2015 is as given below:

1) **Property insurance – Unchanged.** Chubb Insurance Company remains the County's carrier. It was expected that our premiums will increase as a result of our loss experience. However, our broker was diligent in securing competitive proposals to keep premiums level. A higher deductible option of \$25,000 did not yield the savings to justify assuming a higher level of risk. Furthermore, coverages offered by Chubb were better suited to the County's exposures.

2) **Excess Liability Insurance** – Argonaut Insurance Company continues to offer a competitive program. The 4% increase over PY 2014 was in part due to market conditions and an increase in the County's underwriting exposures. The County will continue to benefit from access to Alteris's online training resources, and also for excess premises liability insurance coverage for the Nursing Home, at no additional costs.

3) **Cyber Liability Insurance** - AIG provides the most comprehensive program for coverage and value-added risk management services, in comparison with bids from two other carriers. This is a new addition to the County's program. The need for this coverage is necessitated by two underlying facts:

- a) The certainty that a cyber-event will occur.
- b) Other agencies, such as the State of Illinois, are requiring this coverage of the County.

In addition to securing this coverage, the County will be augmenting its cyber resiliency by undertaking the necessary risk management protocols from budgeted funds.

4) **Nursing Home Liability Insurance** – CNA remains competitive for renewal at a 3% increase in premiums.

5) **Excess Workers Compensation Insurance** – Safety National Casualty Company remains the County's carrier with a 6% increase in premiums. The Illinois workers

compensation arena remains a difficult market for public entities with law enforcement exposures. As a result of this challenge, law enforcement classifications have retention of \$600,000, while non-law enforcement job classes have retention of \$500,000. These retention levels remain unchanged since PY 2013, as a result of our comparatively favorable experience.

6) **Theft and Bond Insurance** – Hanover Insurance Company will now provide the County's blanket fiduciary policy which is prepaid for three years, effective 3/1/2015, with a premium savings of 7% over PY 2012 costs. The inclusion of Faithful Performance for Public Officials has been a boon to the County in terms of administrative efficiency and costs savings.

7) **Brokerage Services** – Arthur J Gallagher Risk Management Services remains the County's broker. Into the 7th year of engagement with our broker, we retain a high level of satisfaction with their services. Included with the service agreement are loss control and safety resources which have been beneficial to the County. By contractual agreement, costs are increased by 2%, with the County reserving its rights to cancellation, with advance notice.

8) **TPA Services** - This is the second year of a renewed contract with Brentwood Services Administrators. Brentwood became the County's TPA effective 1/1/2010, following an RFP selection process approved by the Committee in December 2009. This will be the 6<sup>th</sup> year of partnership with Brentwood.

Motion by Robustelli/O'Connor to Recommend Approval of  
the Proposed Insurance Program for Policy Year 2015.  
Motion carried.

Ms. Ho reviewed her Fourth Quarter FY'2014 Management Fund Report. She stated that the County's claims experience as of December 31, 2014 provides a positive outlook as we move into FY 2015. Overall claims experience can be deemed as being stabilized or improving.

Ms. Ho advised that in the area of work injuries, the County recorded 47 work injuries, matched by the low of 47 work injuries in FY 2011. The County also recorded a fifty percent (50%) reduction in incurred losses for auto physical damages, and has no outstanding auto liability claims. The sole open auto physical damage claim is from an accident towards the end of the year, from which the County will subrogate against the third-party driver involved. The County has not recorded other liability claims that would present a financial threat to the County.

Ms. Ho stated that, at the end of this fiscal year, the County has a net of 44 open claims, compared to a net of 51 claims at the end of FY 2013. Reserves increased by \$230,971 since FY 2013, mostly from work injuries sustained by law enforcement employees. However, measures taken to address the care of mentally challenged individuals will aid in reducing injuries to law enforcement employees.

Chairman Owens asked if there were any questions or comments. Hearing none, he thanked Ms. Ho.

Ms. Marshall Thomson, Director, Animal Control, reviewed her Monthly Report, including percentages of dogs and cats euthanized, adopted, returned to owners, died at the facility, or were requested to be disposed by their owners.

Mr. Erickson asked how the euthanasia and adoption statistics compare to other facilities in other counties. Ms. Thomson replied that our return to owner rate is exceptional compared to other facilities. The euthanasia rate is 25%, but is not sure how that compares. She noted that there is current an over-population of cats that they have been dealing with.

Mr. Erickson asked how these figures compare historically. Ms. Thomson replied that yearly statistics have not been kept well in the past due to inadequate computer programs. The current program is being used to create better records and will become a baseline for future reports.

Mr. Robustelli left at 5:15 p.m.

Ms. Thomson reported that their overall client registration compliance has gone up, and she is hopeful that compliance will be 95% in 2015, with a 100% long-term goal.

Ms. Thomson stated that their Facebook page has been very successful with over 13,000 views since the page was started, and it is averaging about 3,000 views per day. She indicated that they are making an effort to reach out to the community to show the compassionate side of Animal Control.

Ms. Thomson advised that the Webpage is about 50% completed and efforts have been made to make it more user-friendly. She hopes to have it completed by the end of the month.

Ms. Thomson indicated that they have received applications for the volunteer program, which will be instituted when the insurance portion in the County policy is determined.

Ms. Thomson stated that the program is progressing in a positive way and she is very enthusiastic about the future of the Animal Shelter. She thanked Mr. Wasson and Ms. Eisner for their guidance and assistance.

Ms. Schafer asked how the Saturday hours are working. She replied that the Tuesday evenings and Saturday hours have been a little slow, but more effort has been made to advertise the extended hours on the Webpage and Facebook. Ms. Thomson added that inclement weather has also been a factor. She noted that staffing for those hours has not been a problem.

Chairman Owens asked if there were any questions or comments. Hearing none, he thanked Ms. Thomson.

Mr. Wasson presented the action items from the County Auditor's Office, as submitted by Ms. Michelle Anderson, Auditor, who was ill and could not attend the meeting. He indicated that the two items are the encumbrance cleanups from the 2014 budget to the 2015 budget. He reviewed some of the highlights, as follows:

- \$40,000 in the County Coroner's Office is for x-ray equipment. We budgeted for new digital x-ray equipment for FY'2014 due to the transition that took place in the Coroner's Office;
- \$89,000 in Parks and Recreation encumbrance is for capital project costs for the Route 66 Trail. It is a project that is budgeted on an annual basis and then carried forward so that when the expenditures actually occur, the funds are available;
- Health Department has a couple computer expenditures relative to both hardware and software;
- Highway Department amount for \$3 million is the pending and remaining amount that is available for highway projects. These funds are provided by IDOT.

Mr. Wasson presented the two items together, as follows: request for approval of an Ordinance of the McLean County Board amending the 2014 Combined Annual Budget and Appropriation Ordinance; and request for approval of an Ordinance of the McLean County Board amending the 2015 Combined Annual Budget and Appropriation Ordinance.

Motion by Gordon/Schafer to recommend approval of an Ordinance of the McLean County Board amending the 2014 Combined Annual Budget and Appropriation Ordinance; and to recommend approval of an Ordinance of the McLean County Board amending the 2015 Combined Annual Budget and Appropriation Ordinance.

Motion carried.

Chairman Owens presented the January 31, 2015 Finance Committee bills and transfers for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$1,198,452.09 and a Fund Total that is the same, and there is a transfer of \$3,800 in the County Treasurer's Office for upgrades to video surveillance in the Treasurer's Office.



Motion by O'Connor/Gordon to recommend approval of the Finance Committee bills and transfers as of January 31, 2015 as recommended by the County Auditor.  
Motion carried.

Chairman Owens presented the January 31, 2015 Nursing Home bills and transfers for review and approval as transmitted by the County Auditor. The Nursing Home bills include a Prepaid Total of \$246,939.42 and a Fund Total that is the same.

Motion by O'Connor/Gordon to recommend approval of the Nursing Home bills as of January 31, 2015 as recommended by the County Auditor.  
Motion carried.

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There being nothing further to come before the Committee at this time, Chairman Owens adjourned the Finance Committee at 5:29 p.m.

Respectfully Submitted,

Judith A. LaCasse  
Recording Secretary

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