

CHAMPAIGN COUNTY BOARD  
**COMMITTEE MINUTES**

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**LEGISLATIVE BUDGET HEARINGS**

**Tuesday, August 26, 2008**

**Brookens Administrative Center, Lyle Shields Meeting Room  
1776 E. Washington St., Urbana**

7:00 p.m.

**MEMBERS PRESENT:** Carol Ammons, Tom Betz, Chris Doenitz, Claudia Gross, Stan James, John Jay, Brad Jones, Ralph Langenheim, Brendan McGinty, Steve Moser, Alan Nudo, Jenny Putman, Jonathan Schroeder, C. Pius Weibel, Barbara Wysocki

**MEMBERS ABSENT:** Jan Anderson, Steve Beckett, Ron Bensyl, Lloyd Carter, Lorraine Cowart, Matthew Gladney, Kevin Hunt, Greg Knott, Carrie Melin, Steve O'Connor, Michael Richards, Larry Sapp

**OTHERS PRESENT:** Kat Bork (Administrative Secretary), Andrew Buffenbarger (Nursing Home Administrator), Deb Busey (County Administrator of Finance & HR Management), Denny Inman (County Administrator of Facilities & Procurement), Mike Scavatto (Management Performance Associates)

**CALL TO ORDER**

McGinty, as Finance Committee Chair, called the meeting to order at 7:00 p.m.

**ROLL CALL**

Bork called the roll. Ammons, Betz, Doenitz, Gross, James, Jay, Jones, Langenheim, McGinty, Moser, Nudo, Schroeder, Weibel, and Wysocki were present at the time of the roll call. McGinty declared a quorum and proceeded with the meeting.

**APPROVAL OF AGENDA/ADDENDUM**

**MOTION** by Betz to approve the agenda; seconded by Weibel. **Motion carried.**

**BUDGET PRESENTATIONS**

**Champaign County Nursing Home**

The Nursing Home budget document was distributed and Mike Scavatto began with a Power Point presentation on the Nursing Home's finances. Scavatto stated the Champaign County Nursing Home (CCNH) need to increase its census. Since Management Performance Associates (MPA) was hired by the County Board to manage CCNH, the census has risen by 22-23 residents and the goal is to have an average daily census of 208 residents. This goal is attainable if CCNH continues to achieve a

net increase of 10 residents a month. Scavatto advised the next few months are critical and he would keep the County Board apprised of the situation.

Putman entered the meeting at 7:02 p.m.

Scavatto explained an 86% occupancy rate is not the best, but it is a big step in the right direction. CCNH has a good mix of private pay (29%), Medicare (7%), and Medicaid (64%) residents. Medicaid still dominates the population at CCNH with an average daily census of 132. MPA thinks the length of stay for Medicare patients can be improved, based on the work that has been done to date. Scavatto did not know what more could be done with dementia. The dementia unit is fine and runs close to capacity. This demonstrates there is definitely a need in the community for dementia care and the capacity issue may have to be addressed in the future once the CCNH operation improves. Betz asked about the cost difference for the various payer options. Scavatto stated the Medicaid rate is \$110-\$111 per day and the average Medicare per diem is \$400. James asked what attributed to the census increase. Scavatto explained they are going out and talking to hospitals, as well as other sources. The hospitals have a large effect on the number of Medicare residents.

Scavatto reported CCNH's FY2009 budget will have total operating revenue of \$15.5 million. Champaign County is one of few facilities getting increase in its Medicare A rate of 3.4%, plus an adjustment to the wage and labor index. The increase amounts to a move from a \$385 to \$400 average daily per diem. Scavatto does not think CCNH can sustain the current level of Medicare Part B revenue activity, so the projected budget for this revenue is conservative. The intergovernmental transfer remains a wild card and he could not predict what would happen with it, aside from stating that he is in communication with the State of Illinois. Illinois is the last state in the nation with this intergovernmental transfer structure and it will change. MPA has taken some steps with CCNH's Medicaid costs reports to better show the facility's indirect costs in order to potentially increase the federal match. This could result in the Medicaid rate going up, but MPA is leaving it at the current number until the actual Medicaid rate is known. MPA has included the new building on the balance sheet as it represents \$22 million in depreciation plus associated interest.

Ammons asked if the County would have a huge bill from the state claiming CCNH was overpaid through the intergovernmental transfer in 2008. Scavatto answered yes and confirmed CCNH has received that notice. The Illinois Department of Healthcare & Family Services (IHFS) is aware this will create a financial hardship for nursing homes, so it is on the table as a matter for negotiations. It will be paid back, but may not have to be paid in a lump sum. Scavatto explained it is a reconciliation process and MPA will try to minimize the hit CCNH will take. Putman asked for an explanation of what Ammons was referring to. Scavatto stated that when IHFS restructured and implemented the intergovernmental transfer in September/October 2006, it miscalculated the Medicaid rate. MPA and several others kept asking IHFS for documentation of the calculation because it was not making sense, but they received the money. The state is now asking for the return of the money because of their miscalculation. The state can either withhold Medicaid payments from CCNH for several months or they can make an arrangement to mitigate the damage over a period of time. Ammons inquired if CCNH's FY2009 budget included repayment of the money. Scavatto replied the income statement does not because it is being recovered through a balance sheet transaction and the cash will go down. Wysocki asked when the details would be known. Scavatto could not be certain and has already been waiting for four months. IHFS will not tell the nursing homes until they are ready. Wysocki wanted confirmation this item was being included in the FY2009 budget even if the

concrete amount was not yet known. Scavatto said he put Medicaid revenue into the FY2009 budget at the current rate with no increase.

Scavatto continued to describe the private pay rate increases as based upon average rate increases for routine skilled care, lower risk dementia care, and higher risk dementia care by 3%. This is competitive with the marketplace. The adult day care is the total of charges and the grant of \$150,000. Scavatto noted CCNH is projected to receive \$946,000 in property taxes in FY2009. CCNH will issue about \$805,000 in tax anticipation warrants, which will be a balance sheet transaction and is not listed on the income statement. On the expense side, most non-labor expenses assume a 3% increase, but utilities and food are projected higher. The therapy costs are up because of the higher census and several variable items flex with volume of residents. The FY2009 budget does not include any depreciation, interest on the building, or interest on the long-term debt. There is a grant match that continues and is likely to change. The high agency labor costs persist and MPA is developing plans to reduce it. The current staffing pattern has been kept in place, with some changes possible over the year. The collective bargaining negotiations for the next contracts will occur in the future. Benefits or health insurance costs are projected at the current levels because these costs are unknown until the contracts are negotiated. Scavatto verified the true labor expense is understated in this budget because of the impact of the collective bargaining process. The total expenditure budget is \$16.1 million versus a total revenue budget of \$16.7 for CCNH in FY2009. Scavatto stressed the County Board should not assume a surplus because the Medicaid, collective bargaining, and health insurance costs are all unknown and will affect the budget.

James noted a repayment to the state for Medicaid could easily reduce any surplus by half. Scavatto described how the payback to the state would come from the balance sheet, not the income statement. He thought the actual expense has been recorded correctly, so it will be reduction of a liability and then reduction of cash. The actual expense that CCNH recognizes for the intergovernmental transfer is based on the actual days and the state pays on a different basis, so the difference is posted to the balance sheet. Moser asked how far behind the state is on Medicaid payments. Scavatto answered the state is behind 60 days in its payments to CCNH. The intergovernmental transfer has worked well for CCNH in this respect. He gave an example of the state payment situation of how nursing homes were granted a significant increase in their Medicaid rate in last budget round, but the state payments are 120 days late to many homes. Compared to this delay, CCNH is doing well in receiving its payments. James questioned whether CCNH is paying its bills in a timely manner or if any finance charges were being incurred on payables. Scavatto was not aware of any finance charges being incurred, though they might be. Cash flow is very tight at CCNH and some payables might be held for thirty days because there will be three payrolls in one month. He confirmed CCNH will not make a regular practice of holding its payables. James noted the County Board was presented with a list of CCNH's accounts payable at its last meeting and some of the expenses were very old. Scavatto thought those payables had been cleared out, but CCNH will have to recover its cash after paying out three payrolls in one month.

Jones asked at what point would CCNH need to rehire the laid off staff as the census increases. Scavatto stated there is a factor in the Nursing Department where labor hours are brought back on as the census increases. Buffenbarger explained they measure the number of nurses and CNAs that have to be on duty for every eight-hour shift to make sure CCNH's staffing patterns match the need. The pattern is designed to flux as the census changes. Management will look at non-nursing staff as the census grows. Employees are being rehired through attrition. Jones noted the projected budget for

contract nursing in FY2009 is \$1.5 million, an increase from FY2008. This did not seem to be controlling the situation and Jones inquired if remedial measures had been taken. Scavatto acknowledged the number has to come down, but this cannot happen until CCNH gets more of its own resources in place. A huge factor in making this happen will be increasing the census.

Ammons wanted to know if payment of the outstanding loans from the General Corporate Fund was factored into CCNH's operating expenses. Scavatto said that would be a cash transaction off the balance sheet and would not be included on the income statement.

In response to Putman's confusion of how a higher census would reduce the reliance on contract nursing, Scavatto stated the census provides a revenue base that can be used to generate cash to put programs into effect which will work on hiring full-time nurses. Of the \$1.2 million spent on contract nursing, approximately \$950,000 will continue to be spent on the salaries and benefits of full-time nursing staff as the nurses are hired by CCNH. The true difference between the cost of contract nursing and the costs associated with maintaining FTE nurses is about \$250,000. Nudo, who serves on the Nursing Home Board of Directors, noted that CCNH's benefit structure is 39% on top of the salaries, based on the information Scavatto provided. Scavatto pointed out that a cadre of registered nurses work at CCNH on a part-time basis as PRNs. The PRNs work up to the IMRF limit of 1,000 hours and then continue working at CCNH as contract nurses. Scavatto wished to draw attention to this because a lot of questions have been raised concerning life in the Nursing Department. There are a lot of people wanting to work at CCNH. MPA has seen a core PRN group who work full-time between part-time work plus agency work. He continued to emphasize the importance of obtaining more cash through a higher census to allow more flexibility in addressing the contract nursing situation. Langenheim asked about the resident occupancy versus capacity and the number of Medicaid residents. Scavatto stated the occupancy was project at 86% in the FY2009 budget. The mix of residents has stayed the same, even with the census increase. MPA is trying to get more hospital referrals to CCNH. James asked when Scavatto was hoping to reach that preferred census level. Scavatto stated the turnaround effort must be aggressive, but realistic. If the census does not change in the next thirty to forty-five days, they have to let the County Board know and try something else to fix the situation.

Putman inquired if the double occupancy rooms have been reinstated and if an extra charge is being applied for single occupancy rooms to increase revenue. Buffenbarger said some residents in private rooms that were converted from semi-private rooms have been left alone, but they are not creating any new private rooms. This budget does not account for any differential for the residents in the private rooms as almost all are on Medicaid.

Wysocki asked about the dementia unit and the revenue it generates. Scavatto confirmed the dementia unit is full, but 70% of those are Medicaid residents. Wysocki questioned if there was a way to expand the dementia unit's capacity since increasing the census is a critical concern. Scavatto said MPA will have to look into it, there are some later stage residents that can be moved to the general population to free up some dementia beds but change of that magnitude and nature comes slowly. This is a common treatment is nursing homes and Buffenbarger is working with staff on this approach.

Weibel asked if Scavatto had any news on the possibility of changing therapy providers to increase revenue. Scavatto thought a better service could be obtained and they are close to finding a new provider. The formal RFP process has been followed, interviews have taken place, and

Buffenbarger is finishing the reference checks. A detailed evaluation matrix was filled out on all of the respondents. A decision will be made soon.

**MOTION** by Betz to receive and place on file the Champaign County Nursing Home budget presentation; seconded by Weibel. **Motion carried.**

General Corporate, Public Safety Sales Tax, GIS, Capital Equipment, & Other Related Funds

Deb Busey distributed the General Corporate, Public Safety Sales Tax, GIS, Capital Equipment, & Other Related Funds budget presentation manual and provided an overview of the General Corporate Fund and related funds budget with a Power Point presentation. She reminded the County Board members about the financial policies established with Resolution No. 6533, which was approved this year to guide the preparation of the FY2009 budget. This resolution included directives for a balanced budget, 0% growth to non-personnel except where mandated or contractual obligations required an increase, a contingency line goal of 1% of the total expenditure budget, that one-time revenues be applied to one-time expenditures, that the General Corporate Fund balance goal is 12.5%, that the property tax follow the Property Tax Extension Limitation Law or tax caps legislation in developing revenue estimates for FY2009, that fees for services be analyzed in terms of being accurately reflective of the actual costs of services, and that revenues be estimated annually and through an objective and analytical process.

In the expenditure budget of FY2009 compared to FY2008, personnel costs increase from \$22,470,852 to \$23,906,618; commodities increase from \$2,176,110 to \$2,305,280; services increase from \$6,190,247 to \$7,064,410; capital decreases from \$2,123,240 to \$106,500; the interfund expenditures decrease from \$390,940 to \$219,915; and debt increases from \$299,892 to \$357,393. The capital line in FY2008 was so high because it included \$2 million for remodeling the old nursing home for ILEAS. The debt reflects that two debt obligations are now paid out of the General Corporate Fund. Busey provided a list of the amounts of the approved increases included in the budget as a result of Busey's meetings with the department heads. The summary section provides a detailed description of the approved changes. The changes were considered to be mandatory or absolutely necessary in order to have a budget that is reflective of reality. The changes included an increase to the Sheriff's gasoline and oil line by \$78,000. Busey also noted the Sheriff cut his vehicle budget by \$110,000. The METCAD and Correctional Center increases were contractual. The State's Attorney's Office received an increase to keep a position funded by a grant when the grant funding was stopped. The Coroner's Office received increases based on annual operating costs. The Physical Plant budget was adjusted to reflect the utilities costs and costs associated with building maintenance per square foot. The health insurance budget increased to accommodate an actual premium increase of 9%. No future capital asset replacements have been budgeted, resulting in a decrease of \$203,000. A total of \$1.9 million new expenditures were added to the budget with decreases totaling \$313,135. This amounts to a net recurring expenditure increase of \$777,308 in the FY2009 budget. The County Board-approved labor contracts and salary administration plan resulted in an increase of over \$1.4 million in personnel. The total expenditure increases of \$2.2 million create a FY2009 expenditure budget of \$33,960,116. Busey reviewed the General Corporate Fund's expenditures for the last three years. Personnel continues to be the largest cost, with commodities acting fairly stable, and services increasing mainly due to utilities costs.

On the revenue side, Busey reported positive property tax news with an EAV increase of 6.75% and a CPI increase of 4.1%, amounting to 6.78% allowable growth to the levy. Consistent with the budget resolution's guidance, additional authority was given to the General Corporate Fund to allow a levy increase of 9%. The additional levy authority comes from IMRF, because the IMRF rate did drop this year, and Social Security, which did not require the anticipated increase this year. The money generated by revenue stamps is down due to the slow down in the housing market. The 1% sales tax is up 14.5% this year, but Busey projected a conservative 3% growth next year. The ¼% sales tax is up 4% from last year, but again the projection for next year is conservative at 2.5% increase. The income tax is currently tracking at 7.5% up from last year and is projected at a 4% growth for next year. The state has caught up on its reimbursement payments, primarily for salaries in Court Services and the Juvenile Detention Center. The local government reimbursement has increased by \$211,519 and is directly attributable to the Sheriff's contracts with the villages for expanded law enforcement services. The fees and fines revenue is very flat. The total recurring revenue changes amount to \$1,226,927, resulting in a total FY2008 revenue budget of \$32,973,969. Busey also provided a three-year review of the General Corporate Fund's revenue.

Busey reported the FY2009 budget has a deficit of \$986,147. Some of the issues leading to this shortfall include declining or slow growth in key revenue areas, cost increases exceeding inflation, a limited ability to control health insurance, gasoline, utilities, and contracts for services costs. These costs have been growing at a faster rate than CPI. Busey stated strategies have already been implemented to address the shortfall, such as giving property tax priority to the General Corporate Fund, cutting the capital expenditures for FY2009 that were budgeted through the Capital Asset Replacement Fund, and decreasing the Sheriff's budget for replacement vehicles. Additional strategies that the County Board could consider to address the FY2009 shortfall include cutting the remaining \$100,000 from the Sheriff's vehicle budget, fully reimbursing the General Corporate Fund for utilities in the public safety buildings from the Public Safety Sales Tax Fund in the amount of \$500,000, and transferring the \$304,893 Nursing Home bond debt payment from the Nursing Home Construction Fund. Those changes will lower the deficit to \$81,254. The contingent line goal is 1% or \$339,601, but only \$248,170 is budgeted in this line in FY2009. This amount is equal to the County's liability of a potential property tax appeal rebate. If the County wins the appeal, this amount could be used to rebuild the fund balance if it is not spent during the year. The FY2009 General Corporate Fund balance goal is 12.5 % or \$4,245,015. The FY2009 anticipated fund balance is 4% or \$1,335,539, far below the fund balance goal. The fund balance assumed the \$1,333,127 in outstanding loans to CCNH will not be repaid. Busey made recommendations to restore the General Corporate Fund balance, including a transfer from the Public Safety Sales Tax Fund to cover the true utilities costs in public safety buildings and maintaining the contingent line if the property tax appeal is resolved in the County's favor. In FY2007 and FY2008, the utilities costs for the public safety buildings were \$995,642 more than what was transferred from the Public Safety Sales Tax Fund. Busey provided a five-year projection for the Public Safety Sales Tax Fund, which demonstrates how the fund can absorb the reimbursement for the true utilities expenses along with its other current obligations and still maintain an ability to provide loans to the General Corporate Fund during the year. There has been past discussions about the possible need to replace or build onto the County Jail. Busey spoke about the potential effect of issuing more bonds for jail construction in FY2012.

Weibel asked why the true utilities costs were not paid by the Public Safety Sales Tax Fund for the public safety buildings. Busey explained the reimbursement amount was set at \$608,900 and was not increased when the utilities costs rose substantially.

Busey explained how the Public Safety Sales Tax Fund reimbursement and maintaining the contingency line to replenish the fund balance would result in an adjusted General Corporate Fund balance of 7.6%. To the best of Busey's knowledge, the General Corporate Fund has never had a fund balance as low as 4%. Busey provided five-year General Corporate Fund forecasts based on average historical growth and historical worst case scenarios. The continuing challenges facing the General Corporate Fund are a need to identify recurring revenues to cover increases, determining appropriate fee increases, maintaining expenditure growth at the CPI or develop new revenue to accompany new expenditures, and adopting a balanced budget and keeping it for the next several years. Betz inquired about the potential for fee increases. Busey said the County may want to talk to Maximus about performing another cost analysis. It has been six years since the fees have been reviewed. The fees were increased in FY2003 after the last review showed the fees were not covering the actual costs of providing the services. Gross asked about the collections position that was added to the State's Attorney's Office. Busey replied that the position has definitely generated more revenue in collections than it has cost to have the position. Busey supported continuing the position and the State's Attorney has statistics to support the fact that the position is generating more revenue than it creates in expenditure.

Nudo asked if a possible settlement of the CCNH construction lawsuit had been factored into the budget. Busey suggested that any settlement money go directly to rebuilding the General Corporate Fund balance and paying the attorneys fees. If the settlement is substantial enough, the County Board might look at early repayment of some bonds to eliminate that debt obligation from the General Corporate Fund in future years.

Wysocki asked if Busey saw personnel savings resulting from retirements in the five-year projections. Busey indicated a number of management positions could likely retire within the five-year timeframe. She could not predict whether those retirements will translate into savings. Sometimes when a management position retires, the County pays a higher salary to the replacement employee. In the bargaining contracts, there are definitely salary savings when a long-term employee is replaced by a new employee, but there are also costs associated with training new employees.

Putman asked for more information on the sales tax revenue. Busey explained the ¼% tax is on target this year and historically generates an increased 3%-4% each year. The 1% tax is an anomaly and is only collected in businesses located in the unincorporated areas of the County. It is difficult to get a listing of those businesses from the Department of Revenue because it is proprietary information. The 1% tax performance fluctuates regardless of the ¼% tax's performance.

James asked for the Sheriff's response to the possibility of the remaining \$100,000 being cut from his vehicle budget. Busey reported the Sheriff was not happy about it, but the fleet could survive. A cut now might mean greater maintenance costs for the vehicles later. There is hope some savings will be generated with the Highway Department performing all of the County's fleet maintenance in its new facility. James expressed concern about cutting this funding because it could lead to other liabilities. Gross asked if the Public Safety Sales Tax Fund could be used to buy the Sheriff's vehicles. Busey advised that the fund was being used to the bare minimums if the recommendations are approved. Gross suggested maybe using \$50,000 from the fund so the Sheriff could replace some vehicles.

McGinty appreciated the details Busey provided on how to address the shortfalls. The transfer from the Nursing Home Construction Fund to cover the bond payment made sense to him rather than waiting for a possible settlement. He asked about moving \$81,000 out of the contingency line to balance the budget because it will come out of the General Corporate Fund if the tax case is not decided in the County's favor. He inquired about any other past strategies that have been effective in reducing costs. Busey advised that drawing the contingency line down to perfectly balance the budget would still be more proactive with contingency than the County Board has been in the past. In terms of cuts, a 1% budget cut would save \$339,000. But Busey's perspective was that most of the County's offices do not have more staff than needed to provide the services provided today. The citizens continue to require and demand more in services and staffing has not been added to most offices where those services are directly provided. When staffing comparisons have been performed with other counties, Champaign County's staffing levels are generally at the low end for counties of its size. A 1% for many offices would require cutting personnel. These offices have been asked to adopt budgets with 0% growth and this is a cut with the increasing costs, giving the office less to work with next year. The Sheriff's gasoline and oil line has been increased, but a number of offices who have to pay for gasoline and oil are not getting an increase. Therefore, Busey has tried to present the County Board with options that would not require cuts. McGinty agreed with a strategy to reduce costs while avoiding across-the-board cuts.

Jay asked, in the spirit of former Board member Scott Tapley, what would be done with the IMRF funds. Busey stated that IMRF is budgeted to exactly what is needed. Fortunately, the rate dropped and the County is fully funded. Jay noted there is not much growth outside of the municipalities because of pre-annexation agreements. Busey said the 1% sales tax revenue does fluctuate unpredictably.

Nudo inquired about the percent of increased personnel costs due to the contracts. Busey remarked the general personnel increase is 4% and the SLEP increase is 8.48%, of which 2% is adding new positions. SLEP is the law enforcement employees represented by FOP. Almost all the labor contracts end November 30, 2009, so the County will be negotiating labor contracts next year. Busey expressed that the recurring personnel costs will have to be brought more in line with the County's recurring revenue.

Jones was aware the General Corporate Fund is paying the debt obligation for the additional \$4 million bonds to construction the new CCNH facility. He asked what the other debt obligation was. Busey stated it is the \$700,000 for new Highway Fleet Maintenance Facility. This payment is for the portion of the facility to be used to maintain the County's general fleet, such as the Sheriff's vehicles and all the vehicles owned by General Corporate Fund departments. This is supposed to save the General Corporate Fund money in the long run. The annual payment is \$95,000 over ten years.

Busey pointed out the additional programs funded under the General County section of the General Corporate Fund. This budget includes \$40,000 for Soil and Water Conservation, \$25,000 for the Urbana Free Library Archives, \$2,500 to the Children First Program, \$24,720 to RPC Senior Services, \$42,000 for the Scottswood Drainage Project Special Assessment, and \$45,000 for the County Board of Health. The County Board of Health agreed to a \$50,000 cut in their grant this year. The County Board of Health is aware this funding will go away in the next year or two. The grant is being reduced gradually instead of being cut all at once. Another area of concern in the Special Revenues Funds section is the Tort Immunity Tax. The County has given all of the property tax that it

could afford to borrow from other levies to Tort Immunity. A 53% increase was required in FY2007 and a 14% increase was required in FY2008. Busey reported the good news that with this year's property tax growth the Tort Immunity Tax Levy is at a point where it can provide a balanced budget for the expenditures it covers. The fund itself has a deficit that is covered by Self-Funded Insurance. Busey was budgeting to the actuarial numbers and the anticipated insurance premium costs. The County still needs to rebuild fund balance in Tort Immunity.

Putman asked what effect the tax anticipation warrants the CCNH wants to issue will have on the County Board's financial standing. Busey stated that she does not expect to issue any more debt until the fund balance is in a better position. She expects the tax anticipation warrants will not reflect positively on the County and she would be concerned if the County had to issue bonds next year. As long as the County Board is taking proactive measures to correct the problems, this is taken into consideration with the rating agencies. There is nowhere else in County for CCNH to borrow money at this point and CCNH will need the cash to cover its year end expenses. She expects the County Board will be asked by CCNH to issue the warrants in November so it can get the money in December at a 4% interest rate.

Ammons asked how the tax anticipation warrants would be repaid if the loans from the General Corporate Fund to CCNH have not been repaid. Busey said the tax anticipation warrants will be repaid because those loans will come from banks. There are no funds left in the County that can be loaned to CCNH, so CCNH must borrow money from a bank. Ammons asked if the warrants were in opposition to a referendum question, in effect going to a bank instead of the citizens. Busey stated that was incorrect and that issuing the warrants is CCNH borrowing against the property tax it will receive next summer to help its cash flow this December. Weibel noted it is in effect a cash advance. James expressed that if the CCNH expenses keep rising, then CCNH will still be in financial trouble when it has to pay back the warrants. Nudo spoke about the many variables in the CCNH budget that were presented earlier in the evening and how the unknown quantities of the contract negotiations and contract nursing might affect the budget. The CCNH budget appears to have a surplus, but in actuality this money is needed for expenditures that cannot be quantified at this time. Busey confirmed Scavatto cannot put on paper at this time what the true staffing cost increases and other expenses will be. Busey fully expected the County Board would see the CCNH budget in another form before November. Nudo inquired how many revisions there would be to the budget before the final version is set. Busey hoped the General Corporate Fund and other related funds budget is close to being complete without substantial changes. The County has only received nine months of revenue to use as a base to calculate next year's revenue estimates, so some fine-tuning will occur to balance the budget and ensure it is the direction that the County Board wants to take. She advised that CCNH needs another sixty days to learn if the census growth will continue and she told Scavatto and Buffenbarger that the County Board could work on changing the CCNH budget until November. Nudo concurred with Putman's suggestion to seriously look at room rates for Medicare and private pay. He asked what the projected FY2008 CCNH year end loss would be. Busey could not answer the question at the meeting, but could find out the answer.

McGinty reminded the Board that committee meetings are scheduled for next week and encouraged all to pass on any ideas for balancing the budget to Busey and him or come to the Finance Committee meeting. Betz wondered if Busey's recommendations regarding the ¼% sales tax would be a matter for the Finance Committee or if direction should be given by the County Board tonight. McGinty confirmed those recommendations will be discussed again at the committee meeting due to

the timeliness of the budget issues. Busey said changes can be incorporated into the budget presented to the County Board without having to take separate Board action. She would appreciate knowing if there is a consensus amongst the Board members present regarding the recommendations and how they want to proceed with preparing the budget.

**MOTION** by Betz to recommend the Finance Committee adopt the specific recommendations from the County Administrator of Finance on Page 17 in the Overview Section of the budget presentation manual into the FY2009 Budget; seconded by James.

Moser said the Extension Board had not met or looked at their budget. Busey stated the Extension Board had met last week on Monday morning. Moser still thought the Extension Education levy should be reviewed. Betz said there was a motion on the floor and the discussion should be limited to the motion. Busey advised that Moser might be suggesting other avenue to save additional money. McGinty agreed to allow the discussion. Busey explained that all entities who receive property tax revenue anticipated receiving a 4% increase. The property tax numbers are not finalized until the second week of August. The Extension Office presented their budget based on a 4% increase instead of a 6.78% increase. This is a difference of about \$10,000. Betz asked if Moser was suggesting the Extension Education levy be decreased. Moser said he thought a lot of money has been contributed to the University of Illinois since it passed eight or nine years ago. It was promised for 4-H and 4-H frizzled away to almost nothing, so he wants the Finance Committee to look at the levy. McGinty agreed the committee could specifically look at the levy at a future meeting.

**Motion carried with two votes against by Jay and Doenitz.**

Betz recommended gathering information on Extension Education programs and salary increases for the levy discussion, so the Extension Office is not blind-sighted by a decrease. McGinty asked the Board members who voted against the motion to share what they believed the shortfalls were in the recommendations so they could be addressed. Doenitz was against cutting funding for the Sheriff's cars. Jay said he was not prepared to vote on recommendations to change the budget tonight.

**MOTION** by Betz to receive and place on file the General Corporate, Public Safety Sales Tax, GIS, Capital Equipment, & Other Related Funds budget presentation; seconded by Wysocki. **Motion carried.**

### **ADJOURNMENT**

Meeting was adjourned at 8:37 p.m.

Respectfully submitted,

Kat Bork  
Administrative Secretary

*Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.*