

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE

Thursday, June 5, 2008

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

7:00 p.m.

MEMBERS PRESENT: Doenitz, Gross, Jones, McGinty (Chair), Nudo, O'Connor, Richards, Weibel, Wysocki

MEMBERS ABSENT: None

OTHERS PRESENT: Carol Ammons (County Board Member), Kat Bork (Recording Secretary), Andrew Buffenbarger (Nursing Home Administrator), Deb Busey (County Administrator of Finance & HR Management), Lloyd Carter (County Board Member), Tony Fabri (Auditor), Denny Inman (County Administrator of Facilities & Procurement), Susan McGrath (Senior Assistant State's Attorney), Dan Walsh (Sheriff), Dan Welch (Treasurer), Donald Kibler, Mike Lehman, Rachel Schwartz, Margaret Wright

CALL TO ORDER

McGinty called the meeting to order at 7:02 p.m.

ROLL CALL

The Recording Secretary called the roll. Doenitz, Gross, Jones, McGinty, Nudo, O'Connor, Richards, Weibel, and Wysocki were present at the time of roll call establishing the presence of a quorum.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Wysocki to approve the agenda and addendum; seconded by Gross. **Motion carried.**

APPROVAL OF MINUTES

MOTION by Wysocki to approve the Finance Committee regular session minutes of May 8, 2008; seconded by Doenitz. **Motion carried.**

PUBLIC PARTICIPATION

Donald Kibler said his mother has been a resident at the Champaign County Nursing Home (CCNH) for over three years. Kibler heard an ex-County Board member say at a meeting a year ago that CCNH had been a cash cow in past days. Kibler thought it was unconscionable if one of the goals is to make CCNH profitable, but a goal to break even was acceptable. He has not heard discussions of changing the County's spending priorities of outside of the CCNH. He thought it would be worthwhile to consider shifting funds from other County departments to the CCNH.

McGinty clarified that it is not the County Board's goal to make money with CCNH or has that been stated, it is the goal for CCNH to break even.

Mike Lehman stated there has been spin in the newspaper about the finances at CCNH. He said both political parties have failed to support CCNH though the public gave a clear mandate to the County Board. Lehman was willing to have his tax bill doubled or tripled to support CCNH because he is not getting any younger. He felt CCNH had such support in the community because a publically supported nursing home is the cheapest health insurance that anyone can find. He questioned where the Medicaid residents were going to go if CCNH does not exist. He claimed the forces of mismanagement drove CCNH into the ground and the County Board should not blame the union.

Rachel Schwartz, an associate professor at Washington University who teaches auditing and financial statement analysis, distributed a document she prepared about CCNH's contract therapy expenses. She spoke about CCNH's cash flow and questioned if there are any big ticket items that have not looked at for savings. She researched CCNH's contract therapy services and learned CCNH uses one vendor for all transactions, a private firm in Austin, Texas. She asked why CCNH uses one vendor for contract therapy services, but uses multiple vendors for contract nursing services. She pointed out the total contract therapy expenses increased from 2007 to 2008. Schwartz explained CCNH's accounting system inputs expenses when they are paid instead of when they are incurred. She offered to look at any records at CCNH to help figure out what exactly is going on and could do so within a week. She suggested the Finance Committee look at the contract therapy and urged them to defer making a decision on the loan to CCNH until after she is allowed to look at all of CCNH's records.

Margaret Wright stated she was a prior business owner and knows good decisions require sound data. She was told the accounting system used by CCNH is a modified cash/accrual system that records revenue before it is actually received and payables are only recorded when they are paid. She thought this has resulted in the Finance Committee making decisions based on unsound information. She read past minutes and saw the committee was told the problems at CCNH were getting better in 2006 and 2007. Wright was not saying something nefarious is going on, but thought CCNH's accounting system is a problem. She has talked to some of the nurses about CCNH's increased contract nursing based on an inability to retain nurses. Wright did not know why CCNH could not retain nurse, but felt this question should be answered. She felt the County Board has a mandate from the citizens to keep CCNH open, but before additional funds are allocated the County Board has a responsibility to ferret out where the problems are at CCNH.

BUDGET AMENDMENTS/TRANSFERS

Budget Amendment #08-00058, Budget Amendment #08-00059, Budget Amendment #08-00060, Budget Amendment #08-00061, Budget Amendment #08-00062, Budget Amendment #08-00063, and Budget Transfer #08-00010, Budget Amendment #08-00065, and Budget Amendment #08-00066

MOTION by Richards to recommend to the County Board approval of
Budget Amendment #08-00058 from Fund 612 Sheriff Drug Forfeitures – Department 040 Sheriff for increased appropriations of \$15,000 for the Radio Equipment line with no increased revenue;
Budget Amendment #08-00059 from Fund 676 Solid Waste Management – Department 011 Solid Waste Management for increased appropriations of \$1,528 for the Contributions & Grants line with increased revenue of \$225 from the Other Miscellaneous Revenue line, \$200 from the Village of Savoy line, \$200 from the Champaign City line, \$100 from the Village of Mahomet line, and \$773 from the Urbana City line;
Budget Amendment #08-00060 from Fund 679 Children's Advocacy Center – Department 179 Children's Advocacy Center for increased appropriations of \$4,500 for the Professional Services line with no increased revenue;
Budget Amendment #08-00061 from Fund 090 Mental Health – Department 053 Mental Health Board for increased appropriations of \$10,417 for the Contributions & Grants line with increased revenue of \$10,417 from the Public Health Fund 089 line;

Budget Amendment #08-00062 from Fund 091 Animal Control – Department 047 Animal Control for increased appropriations of \$2,990 for the Medical Supplies line with increased revenue of \$2,990 from the Private Grants line;

Budget Amendment #08-00063 from Fund 105 Capital Asset Replacement Fund – Department 140 Correctional Center for increased appropriations of \$17,538 for the Furnishings, Office Equipment line with no increased revenue;

Budget Transfer #08-00010 in Fund 080 General Corporate – Department 141 State’s Attorney Support Enforcement for transfers of \$2,500 to the Furnishings, Office Equipment line from the Temporary Salaries & Wages line and \$4,300 to the Furnishings, Office Equipment line from the Regular Full-Time Employees line,

Budget Amendment #08-00065 from Fund 080 General Corporate – Department 042 Coroner for increased appropriations of \$795 for the Medical/Dental/Mental Health line with increased revenue of \$795 from the Court Fees and Charges line; and

Budget Amendment #08-00066 from Fund 476 Self-Funded Insurance – Department 118 Property/Liability Insurance for increased appropriations of \$40,000 for the General Liability Claims line with no increased revenue. Motion seconded by Wysocki.

Weibel asked about Budget Amendment #08-00066. Busey explained it represents a negotiated settlement for which the County Board previously gave its authority. Wysocki asked what escalation of expenditures necessitated the Children’s Advocacy Center dipping into its fund balance. Because no one was present from the CAC, Weibel offered to check with Mike Williams and forward the answer to the County Board.

Motion carried.

Budget Transfer #08-00011

MOTION by Weibel to recommend to the County Board approval of Budget Transfer #08-00011 in Fund 081 Nursing Home – Department 430 Nursing Services for a transfer of \$100,000 to the Contract Nursing Service line from the Temporary Salaries & Wages line; seconded by Wysocki.

Wysocki asked for the status on contract nursing. Buffenbarger said CCNH spent more than expected on contract nursing in first part of the year. The contract nursing in April was about half of what it was in December. He said the condition is improving. Nudo asked if CCNH has hired additional nurses. Buffenbarger stated the last nurse was hired in March. Gross asked when the expenses were incurred that would be paid by the \$100,000 transfer. Buffenbarger did not know what time period this transfer covered. Gross asked if the contract was still higher than anticipated. Buffenbarger said no, the contract nursing is now below what is budgeted on a month-to-month basis. Gross inquired how Buffenbarger proposed to deal with the contract nursing issue in the future because she has seen it continually increasing during her four years on the County Board. Buffenbarger explained that staffing patterns in healthcare are cyclical. He reported they are working on developing nursing scholarships through the Parkland Foundation. These scholarships would enable CCNH staff to go to school for their nursing license with the agreement to work for CCNH for a while. Gross asked what Buffenbarger was doing to retain the nurses he does hire. Buffenbarger stated the nurse retention over last year has been outstanding. The problem has been finding nurses to come in. Gross asked what positions were being referred to when they talk about nurses. Buffenbarger said the nursing staff is LPNs and RNs. CNAs are not nurses. His retention effort is the standard approach to retaining any staff. CCNH offers an outstanding benefits package, outstanding wages, provides training to staff, and gives staff constant attention.

Nudo added to Buffenbarger’s comment that the scholarship initiative with Parkland has gone pretty far down the road. Tom Ramage and Carl Meyer have met with Busey, Buffenbarger, and Nudo. Joan Dickson, Director of the Community Foundation, has found matching funds from the Joliet casino. Nudo, Busey, and Buffenbarger also met with Dawn Kingston at Carle on the international front for Filipino nurses. Nudo wanted

to share that the Nursing Home Board of Directors is working on both long-term and short-term efforts to help resolve the contract nursing problem.

Fabri provided a memorandum with a five-year history on contract nursing expenses at CCNH. He said the numbers do not show a cyclical expense, they show a steadily increasing expense since 2003. Fabri said the contract nursing expenses were almost as high in 2001 and 2002 as they are now. He drew attention to the 2008 figure on his memorandum, stating \$792,857 is the amount paid so far this year on contract nursing. There are outstanding bills to contract nursing firms that the Auditor's Office has but has not yet paid. Fabri calculated CCNH has spent \$947,255 on contract nursing to date in 2008 with the incurred expenses.

Ammons asked if the money for the transfer comes from the savings generated by the layoffs. Busey explained transfers due to increases in contract nursing almost always come from the Personnel line because the need to hire contact nurses stems from the fact that CCNH does not have its own staff to fill the nursing positions. Ammons asked about the hiring of ten nurses that was dealt with two County Board meetings ago. Buffenbarger explained CCNH requires thirty positions, it has ten, ten were added, and ten more are needed. The ten positions cut the costs in half.

Richards asked Buffenbarger to reconcile the Auditor's report that \$947,255 has been spent so far this year on contract nursing and \$899,350 was spent on contract nursing in 2007 with his previous statement that contract nursing use was decreasing. Buffenbarger said CCNH actually spent \$1.2 million on contract nursing in FY2007 and \$500,000 had been spent through April. Buffenbarger was not sure where Fabri got the \$947,255 figure, but he will confer with the Auditor's Office to find. Richards asked how much CCNH would spend on contract nursing this fiscal year at the pace it is going. Buffenbarger said it would run \$60,000 a month from now on. He estimated CCNH would spend a total of \$900,000 on contract nursing in FY2008, but Fabri's figures already show CCNH having exceeded that expense so he will find out where that discrepancy lies. McGinty asked Fabri to clarify these numbers. Fabri explained Buffenbarger was correct that the actual services CCNH contracted for in FY2007 and had to pay for came to \$1.2 million. About \$300,000 in contract nursing expenses that were incurred in FY2007 were paid in FY2008 and Fabri listed this FY2007 expense in his figure for FY2008. Busey clarified that the actual expense for FY2008 to date is \$300,000 less than what Fabri's memorandum lists because Fabri grouped the contract nursing expenses according to the fiscal year they were paid, not the fiscal year the expenses were incurred and the contract services actually used. Busey stated difference is that Buffenbarger is talking about the contract nursing services that he is using in the current fiscal year the Auditor's numbers reflect a collection of services used in the last fiscal year and the current fiscal year.

Wysocki asked how many contract nursing agencies CCNH uses. Buffenbarger answered that seven agencies are used. The agencies are local except for the ones in Peoria, Bloomington, and Decatur. Wysocki asked if there was a competitive advantage to working with this many agencies. Buffenbarger said that many agencies are needed to draw enough nurses for CCNH, especially on an emergent basis because regular employees are absent for assigned shifts.

Jones asked about CNAs and contract nursing. Buffenbarger said what he has shows the contract nursing total for RNs, LPNs, and CNAs combined was \$137,000 in January, \$111,000 in February, \$83,000 in March, and \$60,000 in April. The CNA agency expense was \$50,000 in January, \$47,000 in February, \$37,000 in March, and \$24,000 in April. Both the contract nursing and contract CNA expense has decreased since the beginning of this fiscal year. Jones has asked how much of the contract nursing expense is caused by regular CCNH employee absenteeism. Buffenbarger had told him in an email there was about 1,200 hours or about \$25,000 in absenteeism costs just for the CNAs in April. Buffenbarger said the agency expenses for CNAs are entirely caused by employee absenteeism because CCNH never preschedules agency CNAs. Jones noticed CNA absenteeism was costing the CCNH upwards of \$300,000 a year.

Wysocki asked if any progress had been made in reducing the occasions for calling in contract nursing because of employee absenteeism. Buffenbarger stated the absenteeism follows the guidelines within the collective bargaining agreement and the only progress that can be made will be at the bargaining table. Gross asked if the absenteeism is predictable and if scheduling a floater or two was possible. Buffenbarger said some absenteeism is predictable and scheduling a floater is already one of CCNH's routine practices. He noted that CCNH employees each have five to seven weeks of paid time off a year, so the number of full-time employees does not allow scheduling a floater every day. He has to accommodate a lot of regular employees taking time off. Gross stated the amount of allowable time off requires CCNH to hire more FTEs to actually staff the nursing home. Buffenbarger concurred and said it also has to be balanced against revenue because CCNH is paying the employees who are taking time off. Gross asked why CCNH uses seven contract nursing agencies and only one contract therapy agency. Buffenbarger explained the contract nursing agencies are designed to fill an emergent need related to a vacancy. The contract therapy is by design and the expense is reimbursed by Medicare, so the more CCNH uses these services the more they earn from Medicare. CCNH contracts with a therapy agency to provide physical, occupational, and speech therapies because it does not have therapists on staff. CCNH has three restorative therapy assistants on staff. The contract therapy provider was selected through an RFP and every dollar CCNH spends is returned in Medicare A. The cost of contract theory has increased, but the revenue from Medicare has increased.

Motion carried with Doenitz and Jones voting against the motion.

SHERIFF

Contract to Provide Special Police Services to Village of Savoy

MOTION by Jones to approve the expanded contract to provide special police services to Village of Savoy; seconded by Weibel.

Sheriff Walsh described the contracts he has with villages to provide additional patrol services for reimbursement by the villages. The Village of Savoy approached the Sheriff with the request to substantially increase the Sheriff's Office presence in the village. Because the Sheriff did not have manpower for additional presence, he negotiated with Savoy for an expanded contract. Dick Helton informed the Sheriff the Savoy Village Board unanimously approved this contract last night. The contract is for more than three years. Savoy will pay for the Sheriff's Office to hire two additional deputies, train the deputies, get them working, and then after the thirty-third week (when it is anticipated the new deputies will be fully trained) the deputies will begin patrolling. At this point the expanded contract kicks in and Savoy will be patrolled by three deputies. The cost to Savoy is calculated based on twelve-year deputies because the signup is based on seniority and senior deputies will likely take this patrol. Savoy will provide the upfront PPI cost, two patrol car costs, and equipment costs. Sheriff tried to include every possible cost in the contract and make it fair to Savoy without additional costs to the County taxpayers. Once the expanded contract kicks in, Savoy will be paying the County for the cost of the third patrol car less the anticipated resale value at the end of three years. The expanded contract continues for three years and contains a clause that requires Savoy give the County twelve months of notice if they do not wish to renew. This would enable the Sheriff to reduce his deputies through normal attrition. The Sheriff has Savoy covering the costs upfront so the County does not have to expend its money. The Sheriff explained the payment schedule with Savoy. There is a slight difference between revenue and expenditures in the budget amendment because of the SLEP costs. Busey explained the fringe benefits costs are paid out of other funds than the Sheriff's budget. The IMRF, Social Security, and health insurance for the two additional deputies will be paid through the other funds and that revenue will not added to the Sheriff's budget though the County is receiving money from Savoy to cover these costs. The Sheriff put an inflation rider of 3% on commodities and 5.5% on salaries in the contract. Savoy will be paying for its own gas directly when the expanded contract kicks in so the County does not have to worry about increasing gas costs.

Gross asked if the Sheriff includes an overhead rate for the administration work involved in the cost charged to villages. The Sheriff said he did not. He explained that his office is required to answer calls in Savoy even without village reimbursement, so he felt there is some incentive from him to have this contract. Gross asked if the County is required to provide police service to a municipality that chooses not to pay to have its own police force. Sheriff Walsh said yes, his office is obligated to provide police service throughout the entire County.

Weibel asked if Savoy will have twenty-four hour patrol with three deputies. Sheriff Walsh no, that would take at least seven deputies. Weibel asked about an overtime component. The Sheriff explained he figured in the cost of holidays, the average overtime, and court overtime in the year. The Sheriff will not provide a replacement deputy to Savoy if one of the assigned Savoy deputies calls in sick. His office will respond to a call, but would not provide extra patrol services for that day. Wysocki asked if the two additional deputies would be County employees. The Sheriff answered affirmatively. Wysocki would like Savoy to think about establishing its own police force instead of contracting for two County deputies to be assigned to Savoy exclusively. She agreed it is fortunate this contract is crafted well enough to benefit the County, as well as Savoy. She was concerned with long-term development. Weibel asked if this was a staffing jump. Sheriff said it will add two deputies, but his offices loses one to three deputies a year through retirements so he is used to hiring fresh deputies during the year.

Motion carried.

Approval of Change to Sheriff's Office Staffing Budget from 41 Deputy Sheriff Positions to 43 Deputy Sheriff Positions

MOTION by Jones to approve the change to Sheriff's Office staffing budget from forty-one Deputy Sheriff positions to forty-three Deputy Sheriff positions; seconded by Doenitz. **Motion carried.**

Budget Amendment #08-00064

A revised budget amendment was distributed to the committee.

MOTION by Richards to recommend to the County Board approval of Budget Amendment #08-00064 from Fund 080 General Corporate – Department 040 Sheriff for increased appropriations of \$37,670 for the SLEP Regular Full-Time Employee line, \$8,200 for the Conferences & Training line, \$54,000 for the Automobiles, Vehicles line, \$4,000 for the Uniforms line, and \$18,096 for the Police Equipment line, \$10,622 SLEP Overtime line with increased revenue of \$145,703 from the Local Government Reimbursement line; seconded by Richards. **Motion carried.**

NURSING HOME

Financial Report on the Nursing Home – Current Outstanding Accounts Payable

Buffenbarger distributed the accounts payable aging, cash flow statement projecting through the end of the current fiscal year, and cash flow statement projecting through FY2009. The accounts payable aging shows the CCNH accounts payable running from zero to 120 plus days at \$838,851. This amount only includes an estimated amount for May 2008 because all of the invoices have not been received. The FICA and IMRF are currently sitting at \$305,552. The total CCNH accounts payable including FICA and IMRF is \$1,144,403. The CCNH has outstanding loans from the County in the amount of \$1,373,134. Buffenbarger offered to answer any questions.

Busey asked the amount of current cash CCNH has available to offset these expenses. Buffenbarger said CCNH has about \$300,000 in current cash.

Nudo expressed concern about CCNH's accounting procedures, especially the amount of accounts payable that is over sixty days out and the amount that is over ninety days out. He knows the County's relationships with vendors have suffered because of lack of payment in timely manner. He felt this is one of biggest administrative issues that needs to be addressed.

Request for Loan from the General Corporate Fund

McGinty opened discussion on a loan of \$592,000 to bring the CCNH accounts payable up to thirty days. Buffenbarger confirmed that amount would bring the accounts payable to thirty days out. During the last two months, he has spoken of a \$460,000 loan, but that was discussed was a projection. McGinty wanted the Finance Committee to be regularly updated on where CCNH actually was with its accounts payable. He did not want Buffenbarger returning to the Finance Committee later this year for another loan. He felt the A/P should be brought up to thirty days to not lose vendors and to get CCNH through the end of the year. McGinty understands that amount of money needed to do so is \$592,000. Buffenbarger stated the \$592,000 loan would carry CCNH through the remainder of this year and CCNH would carry over a loss balance of about \$200,000 at the end of the year. Buffenbarger will request CCNH moves to tax anticipation warrants at the beginning of the next fiscal year so he can address the chronic cash flow problems. CCNH receives property tax revenue at a time in the year that does not always match when its cash is shortest. Buffenbarger requested a loan of \$592,000 and to look at tax anticipation warrants at the beginning of next fiscal year.

McGinty asked what Buffenbarger's confidence level was with keeping the A/P at thirty days and wanted a report to the Finance Committee on the A/P status with Buffenbarger's monthly report. Buffenbarger said the finances at CCNH are always subject to change, but his current predictions indicate a loan of this size would allow A/P to hold at thirty days. McGinty stated this needs to be close because the committee does not want Buffenbarger to return asking for more money so if CCNH will need more this fiscal year, they need to know now. Buffenbarger understood. McGinty asked how far the \$592,000 will last. Buffenbarger said it would get CCNH to the beginning of next year, though they will carry over a deficit, and with tax anticipation warrants allowing CCNH to use money already budgeted, CCNH can survive through FY2009 on this single loan.

McGinty asked for Welch's opinion. Welch said everyone needs to understand the General Corporate Fund is in trouble and this loan adds to the problem. He foresees the burden falling on the other General Corporate Fund departments for a way to re-establish the fund balance. Welch did not think it is a good idea to loan \$592,000 to CCNH, but he does not see another way in the current situation. He wants to see CCNH succeed, but he has a real problem when the CCNH burden will fall on the other General Corporate Fund departments and the other General Corporate Fund employees. He does not believe there is any connection between the General Corporate Fund and CCNH. All the General Corporate Fund has been is a bank for the CCNH. When the General Corporate Fund first loaned CCNH money, they thought the loan would be repaid and it has not happened. Champaign County has managed to get its tax bills out on time, but Welch questioned what would occur if next year's tax bills are late and CCNH has already gotten a distribution of tax revenue. The volatility in the account with the cash flow is a great concern for him. In Welch's opinion, the County Board will be asking the other General Corporate Fund department heads to cut their budgets in this fiscal year to prop up the General Corporate Fund's balance because it is at least \$1 million short of where it needs to be just to carry through the year. This action by the County Board will result in more than eight months of borrowing from the Public Safety Sales Tax Fund and also tax anticipation warrants for the General Corporate Fund. This would change the way General Corporate does business. Welch said the County Board makes this loan at their own peril, though he understands there is not a lot of choice based on what he has heard.

Nudo spoke in response to some of public comments to explain that CCNH has to make money from private pay and Medicare residents to pay for the care of the Medicaid residents, just like hospitals do. He

wanted the public to understand this body has to be fiscally responsible. Nudo wanted to put benchmarks on CCNH if the loan is passed to require efficiencies to improve the financial condition because the General Corporate Fund no longer has the money to loan CCNH. He could not support a referendum with an inefficient operation at CCNH, so internal changes are needed first. Nudo agreed that these bills have to be paid, but they have to get greater efficiency to get the bills down from where they are now. He believes CCNH is capable of running on its own, but it will need help from a lot of others, including the union.

Doenitz concurred with Nudo and his concern about the General Corporate Fund's position. The General Corporate Fund went from a \$3-4 million fund balance to a projected \$1.5 million balance as of today. Doenitz said this has got to stop, and while that has been said before, it has not occurred. Doenitz stated being 190 days out on accounts payable was ridiculous and he did not know a business that could survive with that practice. Doenitz did not think any other County department head could cut 3-5% out of their department budgets. He would not support a referendum without making changes to CCNH.

Ammons asked if the pull on the General Corporate Fund was a direct result of the failing of CCNH. Welch said General Corporate's position is factored by lot of things. The CCNH is the biggest problem of the diminishing General Corporate Fund balance. The economy is not as robust as it was and this affects the fund. Things are improving within General Corporate and the fund is not as bleak as it was two months ago, but it remains grim. Busey added that over the last three years the General Corporate Fund has been self-sustaining while the loans have been made to CCNH. Without making the loans to CCNH, the General Corporate Fund would have been revenue positive every year. Even with a projected deficit this year, General Corporate would have ended with a 12.2% fund balance of about \$4.2 million if the loans to CCNH had not been made.

Ammons asked about Schwartz's comments regarding therapy services during public participation. Buffenbarger said Medicare reimburses CCNH for these services and runs about sixty days behind, so CCNH pays its therapy bills sixty days late. The therapy company understands they will be paid when a nursing home receives state reimbursement. The therapy service is one of few profitable services at CCNH.

Gross does not think the committee had any choice but to loan the money because CCNH has outstanding bills. She is uncomfortable with tax anticipation warrants because the County could not charge interest. Gross is frustrated that she has not seen analysis of changes that need to be made in CCNH's accounting function, leadership, or attitude. Gross is concerned with invoices not being entered promptly and not being up-to-date. She asked if the County is receiving money from Medicare and Medicaid at this time. Buffenbarger said yes, the state is paying us. Gross said the state is not paying the County for residents that entered CCNH after in March. Buffenbarger said the date was April 16th. Buffenbarger gave some perspective on the A/P, saying that CCNH received an invoice this week for March services, so not all invoices are received exactly one month after the services are provided. CCNH has consolidated billing agreements with the hospitals. Gross did not like that the CCNH's accounting software was not up-to-date and that it is so separated from the Auditor's Office. She noted the outside auditors have reported problems with getting information from CCNH. If the County Board is going to ask the voters for more money, then CCNH needs to have its house in order.

McGinty pointed out where Busey's report shows the impact of a \$592,000 loan on the General Corporate Fund. Busey projected the General Corporate will end this fiscal year with \$675,000 deficit, of which \$557,000 is a carryover expense from last year for the ILEAS remodeling project. The revenue for the remodeling project was received in the previous fiscal year. The General Corporate Fund is looking fairly balanced for operating expenditures against its revenue, but there is a true deficit. CCNH already owes the General Corporate Fund \$741,000 in outstanding loans, which means with the additional \$592,000 loan will decrease the General Corporate Fund balance to \$1.3 million or 3.79%. This is the lowest the General Corporate Fund balance has ever been to her knowledge. With a \$1.3 million balance, neither Busey nor Welch think they will be able to manage cash flow with just a loan from the Public Safety Sales Tax Fund. Busey

presented pages of figures documenting the impact on the General Corporate Fund balance. To maintain cash flow with a zero balance, which the fund cannot afford to do with its payroll expenses, the General Corporate will also need tax anticipation warrants to pay its bills.

Richards said he has no confidence in CCNH finances after he has heard that each loan will be the last and the budgets are fantasies. He will not vote for this loan unless something substantial is done about CCNH. Richards wanted to invite Schwartz or some accounting expert to look at CCNH's books and report on what condition they are in. He wants CCNH to succeed, but the County Board must stop acting as enablers by changing CCNH's structure.

Jones was worried when he learned the County Treasurer had to break a CD a month ago just to meet payroll. He will not watch the County budget go down the hole due to transfers to CCNH because the County Board was elected to shepherd the County's finances. Jones felt immediate action was needed and he is not seeing any action take place even though 40% of the contract nursing expense in April comes from CNAs not coming to work. He would not vote for this loan when problems have not been addressed. He asked if anything made been done with suggestions made two months ago about having two residents in a room, utilizing the previous child day care space, or utilities savings. He has not heard any plans or initiatives on these matters. Jones stated the County Board members have a responsibly to protect the County's finances above all else.

Ammons said she has not seen substantive changes at CCNH or a corrective action plan from the Nursing Home Administrator. She agreed the County Board needs to halt the constant rise in expenditures at CCNH without any actual reasons for the expenditures. They cannot continue to run a business this way. She acknowledged the Board has received reports and numbers, but they do not go to the issue of what is wrong at CCNH. She advocated the CCNH be reviewed by outside sources and supported Schwartz looking at CCNH's records for free.

Nudo wanted to put a benchmark on the loan approval that requires improvement in CCNH finances to be completed by no later than September. The Nursing Home Board of Directors is working on different areas, but they need some time to get some of the economies implemented. Plus, a lot of the issues will not be resolved until the negotiations are completed with the union in November.

MOTION by Nudo to approve a loan to the Nursing Home in the amount of \$592,127.32 from the General Corporate Fund with a benchmark requiring the Nursing Home to improve its annual net operating budget by at least \$300,000 by the September County Board meeting; seconded by O'Connor.

Buffenbarger asked if the committee was talking about a \$300,000 return by September or a \$300,000 return over a period of time. Nudo said he wanted \$300,000 in cuts or increased revenues identified and a statement of when it would come to fruition by the September meeting for presentation to the County Board. McGinty suggested the benchmark be set for August because of the possible referendum question. He wants the County Board to have done its due diligence, know the exact CCNH financial position, and how to control expenses or derive additional revenue if they will be asking for increased taxes for the CCNH operation. The committee discussed the benchmark and timeline for action.

Weibel asked about the plans to purchase software that Buffenbarger has spoken about improving. Buffenbarger said the software cost is not included in the \$592,000 amount. He expects the gains in the new software to offset its cost in matter of months. He issued an RFP and only received one bid, so the RFP is being rewritten. He did not know what the timeframe would be on purchasing and implementing new software. Inman said they would be sending the RFP back out and will come to the County Board in July or August. McGinty asked for a ballpark number on the software cost. Buffenbarger said it will be about \$60,000. Weibel asked about the status of the outside audit. Nudo said the County is waiting on the Bray Drake audit and there is a delay in getting the audit back. Karl Drake told Nudo that the full, regular audit will be done by June 23,

2008. The County Board approved having an outside auditor review the books after they are complete. After being invited by the County to give input, Tara McCauley, the AFSCME representative, identified three accounting firms who would be acceptable to the union to look at the books so everyone goes into negotiations feeling the numbers are accurate. David Hood is a partner in Martin Hood and a former nursing home owner who is considered an expert in the nursing home business. Hood has agreed to do perform the audit. It will not be a full audit and Hood will work from Drake's audit. This will be less expensive and Drake will help Hood interpret any additional audit material.

Carter asked what objection Nudo had to work done by Fabri and Schwartz. Nudo said he had no objection whatsoever. The issue is that the County is going into win-win negotiations with AFSCME and the County Board approved the outside audit. Carter claimed this did not have anything to do with a union. Several committee members attempted to explain the issue.

Richards offered a friendly amendment to instruct CCNH to open their books to Schwartz and instruct her to provide a report to the County Board in June. Richards stated this report would not be a substitute for the outside audit and noted Schwartz offered to provide this services for free. Weibel did not think it could be done because the County Board would have to vote on it at the June meeting. Busey explained the County Board approved a resolution for an accounting firm to review and analyze CCNH's accounts and that AFSCME and the negotiating team would agree on the selection of an accounting firm. In talking with the accountants, it was determined that it would be fruitless for an outside accounting firm to conduct an audit on CCNH before the formal County audit is complete because the County would be paying for the same work to be done twice. The decision was made to wait to engage the accounting firm until Drake has completed the County's audit because he has already done most of the work. AFSCME and the negotiating team have been moving forward on this as directed by the County Board. Richards asked when the County Board would get the audit report. Fabri said the audit should be completed by June 30, 2008 and sent off to the state. Fabri said this was the first he has heard that the financial audit of CCNH would be an audit of the CAFR. He thought it was supposed to be a real time look at CCNH revenues and expenditures. He thought this is what Schwartz was offering to do. Busey reported that Hood's position was that he would have to do much of the same work that Drake is doing, so by using Drake's audit he can avoid doing the same work twice.

MOTION by Richards to amend the original motion to instruct the Champaign County Nursing Home to open the books to Schwartz to issue a report, not an audit, to the Nursing Home Board of Directors by its July meeting; seconded by Gross.

McGinty requested some clarification on what is being asked and what is trying to be accomplished.

MOTION by Richards to suspend the rules so Schwartz could answer questions; seconded by Gross.
Motion carried.

Schwartz addressed committee to explain that she is offering to look at whether CCNH is being billed for real services at the right rate, it is not about accounting. Schwartz explained that auditors look at what you have done, not if you should have been billed a fair rate for real services. McGinty asked Buffenbarger if this was possible to provide the information Schwartz would need. Buffenbarger it is possible to provide the income statements, balance sheets, and cash flow statements. He mentioned the County just paid \$25,000 to Management Performance Associates to do something similar and has not received the report yet. Jones asked if there was someone at CCNH who checks that they are receiving the correct value for the services. Buffenbarger said that is him and the CCNH accounting team. Jones questioned if this was another attempt to criticize Buffenbarger. Richards did not think there was any harm in the report because it is free. He wanted to know if his concerns about the CCNH budget are correct and Schwartz's report should make that clear. The committee discussed analysis of CCNH's finances.

Busey suggested that, if Schwartz was willing to perform this service free of charge, the Finance Committee could make a separate motion that would not need to be on the County Board agenda so Schwartz could get started tomorrow and bring a report to the Board in July. Richards agreed. McGrath suggested the committee direct the Nursing Home Administrator to work with Schwartz.

Richards and Gross withdrew the motion. Weibel asked if Buffenbarger was agreeable to working with Schwartz. Buffenbarger said he absolutely was. Schwartz asked if she could look at the raw data. Buffenbarger said she is welcome to any data at CCNH, the only qualifier is that she would have to sign a confidentiality agreement because of the medical records. Schwartz agreed. The committee discussed the possibility of hold a joint Finance Committee/Nursing Home Board of Directors meeting. A straw poll indicted support to direct Buffenbarger to work with Schwartz on the report and so the committee directed him to do so.

Nudo and O'Connor agreed to friendly amendment to change the benchmark deadline to the August County Board meeting.

Weibel spoke to an expert on energy use regarding CCNH's utility bills and was told the Nursing Home's expenses are not out of order, but there was room for improvement. The committee instructed Buffenbarger to review the A/P to make sure it is not aging past thirty days in future months. McGinty wanted to know what will happen with unused 2,800 square feet that was built to house child daycare. Buffenbarger had previously recommended this space be used for outpatient rehab or an employee fitness center. Both suggestions were declined by County Board members. He could rejuvenate the outpatient rehab idea. Nudo explained that one of the suggestions that has been made is to use the space for classes to help prepare people for college, especially in connection with Parkland and the nursing scholarships that are being developed. The classes could be open to anyone and the County would share in the income. Buffenbarger noted the space was designed for child care and some changes will be made, such as installing adult-sized toilets.

Motion carried with two votes against from Jones and Doenitz.

Weibel exited the meeting at 9:20 p.m.

COUNTY ADMINISTRATOR

General Corporate Fund FY2008 Revenue/Expenditure Projection Report

Busey distributed her reports to the committee. There were no questions about the projections.

General Corporate Fund Budget Change Report

Busey provided the report on changes to the budget.

Legislative Budget Hearings Calendar

The Legislative Budget Hearings will be held on August 25th and 26th.

Request for Extension of Annual Audit for the Circuit Clerk's Office

MOTION by Gross to approve an extension until July 31, 2008 for completion of the Circuit Clerk's Office's annual audit; seconded by Wysocki. **Motion carried.**

TREASURER

Monthly Report

Welch said the real estate taxes are due on June 2nd.

MOTION by Jones to receive and place on file the Treasurer's June 2008 monthly report; seconded by Doenitz. **Motion carried.**

AUDITOR

Purchases Not Following Purchasing Policy

Fabri stated all the purchases on the list were 2007 purchases paid in 2008.

Monthly Report – April 2008

MOTION by Gross to receive and place on file the Auditor's April 2008 monthly report; seconded by Richards. **Motion carried.**

CHAIR'S REPORT

There was no Chair's Report.

OTHER BUSINESS

There was no other business.

CLOSED SESSION MINUTES

MOTION by Wysocki to approve the Finance Committee closed session minutes of May 8, 2008; seconded by Gross. **Motion carried.**

DESIGNATION OF ITEMS TO BE PLACED ON COUNTY BOARD CONSENT AGENDA

McGinty designated agenda items VI A-G & I-J, VII A-C, and IX D for the consent agenda.

ADJOURNMENT

Meeting adjourned at 9:24 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.