

COUNTY BOARD STAFF/FINANCE COMMITTEES
Minutes - June 22, 2015

Call to Order. County Board Staff Committee Chair Podzilni called the joint meeting of the County Board Staff Committee and the Finance Committee to order at 8:00 A.M. in Conference Room N-1/N-2 on the fifth floor of the Rock County Courthouse-East.

Committee Members Present County Board Staff Committee – Supervisors Podzilni, Kraft, Arnold, Brill, Bussie, Mawhinney, Peer and Thomas. Finance Committee – Supervisors Mawhinney, Kraft, Fox and Podzilni.

Committee Members Absent: Supervisor Sweeney (County Board Staff); Supervisor Beaver (Finance).

Staff Members Present: Josh Smith, County Administrator; Randy Terronez and Nick Osborne, Assistants to the County Administrator; Sherry Oja, Finance Director; Sue Prostko, Nursing Home Administrator; Joanne Foss, Comptroller/Accounting, Rock Haven; Vicki Brown, Treasurer; Charmian Klyve, Human Services Director; Jeff Kuglitsch, Corporation Counsel; Jodi Timmerman, Deputy Corporation Counsel; Kate Flanagan, Mental Health/AODA Division Manager, Human Services.

Others Present: None.

Approval of Agenda. Supervisor Mawhinney moved approval of the amended agenda, second by Supervisor Bussie. ADOPTED.

Citizen Participation, Communications and Announcements. Supervisor Peer passed along greetings from past Supervisor Adam Peer.

Supervisor Bussie informed the Committees that she would be at a Highway conference in Waukesha and will not be at the July 20th meeting.

Bills/Encumbrances

County Board	\$ 47.00
Corporation Counsel	66.37
Corporation Counsel – Consulting Svc.	133.60

Supervisor Mawhinney moved approval of the above Bills and Encumbrances for the County Board Staff Committee, second by Supervisor Kraft. ADOPTED.

Transfer None.

Pre-Approved Encumbrances None.

Resolutions.

Creating a 1.0 FTE Human Services Supervisor II Position and Amending the Budget

“NOW, THEREFORE, BE IT RESOLVED that the Rock County Board of Supervisors duly assembled this _____ day of _____, 2015 does hereby create one Human Services Supervisor II position.

BE IT FURTHER RESOLVED that the 2015 Human Services Budget be amended as follows:

...”

Supervisor Peer moved to approve the above resolution, second by Supervisor Arnold.
ADOPTED.

To Ratify the 2015 Labor Agreement between Rock County and the Correctional Officers in the Sheriff’s Office

“NOW, THEREFORE, BE IT RESOLVED, that the Rock County Board of Supervisors duly assembled this _____ day of _____, 2015 does hereby ratify the terms and conditions of the 2015 labor agreement between Rock County and the Correctional Officers Association.”

Supervisor Arnold moved approval of the above resolution, second by Supervisor Brill.
ADOPTED.

General Review of County’s Financial Position as it Relates to the 2016 Budget. Ms. Oja handed out and went over the following reports:

Schedule of Monthly Cash Balances, Other Than Construction Funds. Ms. Oja said this shows the County’s cash position at various points in time. The County co-mingles the cash from all funds and diversifies how it is invested to enhance investment yields and cash flows. Page 2 shows where the funds are invested.

Interest Earned on Investments. Ms. Oja said we continue to see low interest rates, which means interest earned on investments is still very low. All interest earned (less the amounts credited to specific trust funds) are credited to the County Treasurer’s budget and offsets the tax levy.

Delinquent Tax Balances. Ms. Oja said the total amount of delinquent real estate taxes increased steadily from 2007 to 2010, seems to have leveled off for 2011, and started dropping in 2012. State Statutes requires the County to buy out delinquent real estate taxes, making the school districts, cities, towns and villages whole. This leaves the County responsible for the collection of all delinquent real estate taxes.

Interest & Penalty Collected on Delinquent Taxes. Ms. Oja said the amount of interest and penalty the County Treasurer has collected on delinquent real estate taxes is a revenue source and reduces the county tax levy.

Foreclosed Properties. Ms. Oja said after real estate taxes are delinquent over two years the county has the statutory authority to take title to the property through court action called in REM procedure. Currently there are 42 67 delinquent parcels the county may take title to this fall.

Analysis of Tax Levy and Rate. Ms. Oja said the 2014 tax levy to fund the 2015 budget increased by .88% while the tax rate decreased by 3.05%. The decrease in the tax rate is due to the 4.05% increase in equalized value combined with the tax levy increase.

County Sales Tax Budgets and Collections. Ms. Oja said if we collect more sales taxes than we budgeted for, then we assign this excess revenue to be used for future capital items.

Outstanding Debts. Ms. Oja said the County's outstanding principal on debt issues had a jump in 2011 due to the large bonding we did for Rock Haven. The County's total statutory debt allowed is 5% of our equalized value or about \$487 million. Our debt is quite low, only 8.7% of our allowable debt limit. We also repay our debt quickly. Our normal debt issues are for only 10 years, while Rock Haven was for 15 years. These are factors used by the rating agencies in their determination of credit ratings and they look very favorably on how we manage our debt.

Moody's and S&P. Ms. Oja went over the ratings from Moody's and Standard & Poor's, which are "Aa1" and "AA".

Ms. Oja said the County is in excellent financial condition. The fund balance policy requires 10%-17% in unassigned reserve. In 2013 our fund balance was 21.7% and in 2014 it is 20.9% of expenditures. If we don't use the General Fund it is looked on very favorably by the Rating Agencies. We will probably want to look at updating our General Fund Policy, maybe increase it. Excess sales tax revenue can be used for capital projects.

Mr. Smith said it looks like we will still be at 0% of net new construction in 2016 for levy limits, though it is still a bit early; the State budget mantra is "if you don't get cut be pleased"; transportation budget is still pending; and Family Care looks like it will be put off for a while yet. He said the excess sales tax could be used for items such as Courthouse security. The General Fund balance has been increasing, and as Ms. Oja said, we will probably need to look at updating the policy. Mr. Smith said, in 2015, we may need to look at asking for funds for Housing, overtime for the Sheriff's Office, and Human Services AODA shortfalls.

Mr. Smith said Health Insurance and Wages are another large part of the County's budget. The health insurance projections continue to look good and feels this is in a large part due to our preventative health program.

Review and Discussion of Preliminary 2016 Budget Projections and Program Information - Rock Haven. Ms. Prostko handed out an informational packet and went over the history of Rock Haven, which started out as the Poor Farm and Alms House in 1854, became the Asylum in 1881, the County Hospital in 1893, County Home in 1911, and Rock Haven in 1963, with the new facility opening in May 2013.

Ms. Prostko said they ended 2012 budget having to transfer \$255,000 from net assets for the Rock Haven construction project, but also added \$767,326 to net assets leaving a net balance at year-end of \$4,087,084.

Ms. Prostko said the July 1, 2013 to June 30, 2014 estimate was an estimated \$1,310,300 in supplemental payment provided by the federal government for losses incurred on Medicaid residents; the actual supplemental payment for 2013 was \$1,353,700; in addition Sherry Gunderson worked

with CMS and was able to acquire \$266,819 for participating in the Nursing Home Value Based Project; additional transfers were made for the building project in 2013 working with General Services Committee; the final audit showed Rock Haven net assets at \$4,005,741.

Ms. Prostko said the utilities for 2014 came in at a cost of \$223,310 of which \$9,476 was natural gas, \$199,888 was electricity, and \$13,946 was water and sewer charges. Assessments from the survey were \$88,628. Rock Haven ended the 2014 year with \$3,755,226 in net assets, pending the final audit.

Ms. Prostko said supplemental payment calculations are 33,308 Medicaid days (based on 2014); July 1, 2015 to June 30, 2016 estimate is $\$35 \times 33,308 = \$1,165,780$ reimbursed back from the state.

Ms. Prostko said for the 2016 budget planning they took into consideration: 1) in 2015 approximately 76% of the resident stays were covered by Medicaid; 2) Medicaid reimbursement covers about 62% of actual cost of care; 3) Rock County taxpayers cover the remaining costs; 4) current Medicaid rate is \$186.89 per day (as of 4/7/2015); and 5) current Medicaid loss is \$113.11 per day.

Ms. Prostko said the Subsidy History (i.e. use of tax levy to balance the budget) is:

<u>Year</u>	<u>Budgeted</u>	<u>Actual</u>
2010	5,928,076	5,690,694
2011	5,863,758	5,637,323
2012	5,137,022	4,436,969
2013	4,437,817	4,519,160
2014	4,208,100	4,208,100
2015	4,271,221	
2016	4,356,645 (estimate based on a 2% increase)	

Ms. Prostko said the facility rates were increased in 2013 with no anticipated increase for 2016; 2014 private daily room rate is currently \$300; intense skilled private rate was increased to \$337; this was a 3% increase across the board for the first time in 4 years; Medicare is projected to have a 1.6% increase on 10/1/2015; Medicaid is projecting no increase by the state; of the 128 certified beds we are looking for a census mix of Medicaid – 93, Medicare – 15, Private Pay – 12 and Hospice – 8.

Ms. Prostko said the 2014/2015 State budget provides up to \$39.1 million of supplemental payment to governmental homes to compensate for Medicaid losses. Our supplemental payment for 2014/2015 is projected to be \$1,282,259. The supplemental payment for State fiscal year 2015/2016 is anticipated to be \$1,165,780.

Ms. Prostko said their goal for the 2016 budget is to maintain cost control on their day to day expenses; improve census case mix through marketing initiatives and working with other departments for referrals; increase revenues by increasing private pay, hospice and Medicare census; and complete a comparison of competitors to see if private room rates could be increased.

Ms. Prostko said some new initiatives for possible reduction of levy are: they plan to eliminate diet restrictions from residents, thus reducing the high cost of specialized diets while allowing residents more freedom of choice and reduce the cost of food; cost and price of durable medical equipment to offset the high cost of rental for such items as wound vac, c-pap and bi-pap machines to allow for acceptance of Medicare clients they currently have to turn away; bed expansion kits to allow their current beds to be expanded to a bed and half; meeting and establishing working relationships with the local hospitals for ease of transitions for new admissions; and reviewing the state survey team recommendations for a new door alarm system.

Ms. Prostko said their plan for Rock Haven has not changed: they plan to control costs while providing services to those in need within our county.

Ms. Prostko said some of the things they are looking into is: to have internships through Herzing University to address staff turnover; looking at block scheduling to address staff issues; and doing the Minimum Data Set (MDS) Focused Survey - they may be chosen to be 1 of 11 homes within the state for this.

Ms. Prostko said the electricity utilization may be due in a large part to not being able to turn lights off in the hallways. This may be something that can be looked into.

Mr. Smith said there should be a status meeting with the consultant before end of the month on the Pathway Consultant Study.

Mr. Kuglitsch said there was a mediation session related to Rock Haven construction earlier this month, it was agreed to continue, and there is no meeting scheduled at this time.

Ms. Prostko thanked the Committees.

Set Future Meeting Dates. Chair Podzilni said the next scheduled meeting is set for July 13th at 8 A.M. in N-1/N-2 for the Developmental Disabilities Board and Health Department.

Adjournment: Supervisor Fox moved adjournment at 9:36 A.M., second by Supervisor Bussie. ADOPTED.

Respectfully submitted,

Marilyn Bondehagen
Confidential Administrative Assistant

NOT OFFICIAL UNTIL APPROVED BY COMMITTEES.