

*Note: These minutes are not official until approved by the Finance Committee at a subsequent meeting. Please refer to the meeting minutes when these minutes are approved to obtain any changes to these minutes.*

DeKalb County Government  
Sycamore, Illinois

***Special Joint Meeting of the  
Rehab & Nursing Center Operating Board & County Finance Committee  
October 6, 2021***

The DeKalb County Rehab & Nursing Center Operating Board and the County's Finance Committee of DeKalb County, Illinois met in a Special Joint Session on Wednesday, October 6, 2021, in the Legislative Center's Gathertorium in Sycamore, Illinois.

Madam Chair Rita Nielsen called the meeting to order at 6:00 p.m. Those Board Members present were Mr. Ferald Bryan, Mrs. Karen Cribben, Mr. Bill Cummings, Mr. Steve Kuhn, and Chair Rita Nielsen. Mr. Greg Millburg was absent. A quorum was established with five Members present and one absent.

Simultaneously, Chairman Bagby called the meeting to order at 6:00 p.m. Those Members present were Mr. Scott Campbell, Mr. Bill Cummings, Mr. Steve Faivre, Mr. John Frieders, Ms. Dianne Leifheit, Mr. Jim Luebke, and Chairman Tim Bagby. A quorum was established with all seven Members present.

Others present included Brian Gregory, David Berault, Robert Miller, Ellingsworth Webb, Sheila Santos, Kathy Lampkins, Becky Springer, Scott Gima, Suzanne Willis, Larry Lundgren, Roy Plote, Maggie Niemi, and eight other members of the public.

**APPROVAL OF THE AGENDA**

**It was moved by Chair Bagby, seconded by Mr. Kuhn and it was carried unanimously by voice vote to approve the Joint Meeting Agenda as presented.**

**PUBLIC COMMENTS**

There were no public comments.

**DEKALB COUNTY REHAB & NURSING CENTER FINANCIAL STATUS DISCUSSION**

County Administrator Brian Gregory thanked both the Operating Board and the Finance Committee for holding this Joint Meeting regarding the financial distress of the DeKalb County Rehab & Nursing Center. He noted that the Finance Committee has heard regular updates from Management Performance Associates (MPA) as a condition of the County's \$2,000,000 cash-flow loan made in April, 2021. *MPA are the managers of the DeKalb County Rehab & Nursing Center (DCRNC) and have been for the last 24 years.*

With the loan exhausted and continued cash-flow issues there have been questions as to the current status, the responsibility of the Operating Board vs. County Board, and what the options are moving forward, Mr. Gregory explained.

What is now called the DeKalb County Nursing Home was begun as a "poor farm" in 1853. Prior to that time when persons were in need of public assistance, due to financial or health reasons, they

were referred to the township overseers of the poor. The overseers would allocate available county resources to assist these people. The County Board of Supervisors felt that the poor of DeKalb County would better be served by a centrally located facility which ultimately led to the creation of the County Home in 1945. The 1960's were the beginning of many new concepts in health care for the elderly and chronically ill. Along with these new concepts came many new rules and regulations for the licensing of all health care facilities. Plans for an addition to the County Home was presented to the architect in 1966. The groundbreaking ceremony was held at 1:00 p.m. on May 8, 1968. The new structure consisted of a ground floor and three stories above that. A total bed capacity of 194 beds were available on three patient units.

MPA was hired to manage the operation in August of 1997. The DCRNC's current facility (Health Facility Campus, 2600 N. Annie Glidden Rd., DeKalb, IL 60115) was constructed beginning in 1998 and was officially occupied in March 2000.

Fast-forward in time, the County sold \$13,000,000 in bonds in August, 2020 to pay for the Rehab & Nursing Center Expansion project. Construction activity in 2019 and 2020 was funded with Rehab & Nursing Center cash reserves and internal borrowing. The bonds were issued for 30 years at an average interest cost of 2.23% and with all debt to be retired by operating revenues of the Rehab & Nursing Center. Annual debt service payments will range from a low of about \$624,000 to a high of about \$683,000. The bonds will not be fully retired until December 15, 2050, subject to a call provision beginning December 15, 2030.

In regarding to the Expansion Project, it was reminded that the project was suspended/closed last November due to the pandemic and the County received about a \$90,000 credit for the remaining work. With COVID-19 seemingly under control a few months back the Public Building Commission (PBC) inquired about finishing the remaining items in order to complete the Expansion Project. Ringland-Johnson Construction, the original General Contractor, was asked to provide an estimate of the cost to finish the interior work (a preference was for the original General Contractor due to familiarity with the project and warranty issues). The estimate that was provided was \$334,072. There are some COVID impacts but the majority of the materials are on site and no one expected that kind of a price jump. The PBC rejected the proposal and has put the project on hold until the environment is better for this type of construction.

As of September 30, 2021 the daily census at the DCRNC was 117 and has 66 full-time and 91 part-time employees.

Mr. Gregory proceeded to outline the DCRNC's recent financial challenges.

- **FY2019:** Budgets \$15,997,400 in Patient Service Revenue; Actual Revenue is \$13,905,290. This resulted in a \$2,092,110 short of budget projection.
- **August 2020:** The County sold \$13,000,000 in bonds for an expansion project at the DCRNC to be paid from operating revenues over the next 30 years. The debt service averages \$661,500 per year for a total of \$19,846,449.
- **FY2020:** Budgets \$16,654,000 in Patient Service Revenues; Actual Revenue is \$13,839,223. This resulted in a \$2,814,777 short of budget projection.

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- **March 15, 2021:** The Treasurer's Office noted cash flow issues with this fund.
- **April 21, 2021:** The County Board approves a Loan of \$2,000,000 for cash flow purposes.
- **September 1, 2021:** Loan Proceeds have been exhausted.

Mr. Gregory additionally reviewed the DCRNC's current financial position which is still a bit fluid. The DCRNC has lost hundreds of thousands of dollars in each of the last eight consecutive months (on a cash basis). Administration in conjunction with MPA are working to identify any expected receivables that are outstanding and hope to be able to share that information with everyone shortly. There are currently thought to be about \$2,000,000 in receivables that are less than 210 days old and potentially close to around \$3,000,000 that are 210+ days old. These receivables will need to be gone through with the respective Medicare and Medicaid agencies to identify what is and isn't able to be collected on at this point.

The financial history of the facility illustrated that the last profitable year was in 2018. DCRNC was profiting \$24,435/month on average and had an average daily population of 181.2. Currently, the facility is operating at a loss of (\$424,828)/month with an average daily population of 117.1.

Mr. Gregory shared that they are going to work diligently to research and evaluate all receivables. Next week, the Board will be requested to allocate additional interim cash-flow assistance. MPA and DCRNC Administration will continue to look for ways to increase census and reduce expenditures.

Lastly, Mr. Gregory stressed how dire this situation has become and that this needs to be the County Board's number one priority. He suggested taking the Finance Committee's monthly DCRNC Financial Updates to the Board's Committee of the Whole. Adding that this is an entire Board issue and everyone needs to be kept fully informed. He added that the DCRNC is part of the County and while the Operating Board makes decisions regarding the execution of contracts and has spending authority, ultimately if the bills cannot be paid, they will become the responsibility of the County.

Discussion ensued surrounding the outstanding receivables, staffing challenges, the increased costs with Agency Staff, as well as the increased costs County-owned facilities take on with having to pay benefits and IMRF. The current lower star rating was brought to light as well and what affect that may have on the public's perception of the facility.

Many Members of both parties commented that they have been disappointed in the fact that they did not know about this financial distress until the cash-on-hand was already exhausted. Newly appointed DCRNC Administrator, Maggie Niemi, expressed that she was not aware of just how bad the financial status of the facility was. She additionally noted that the staff is under a lot of stress and that they love what they do and want to be able to remain competitive, pay their vendors and staff, and did not feel MPA was being transparent with them.

Mr. Gregory assured the staff that were present that there would be no question they the County will make payroll. He will work with the County Board in coming up with a system to begin paying the vendors that have checks that have been held for many months in the County's Finance Office due to cash-flow issues.

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Finance Committee Member and County Board Chair John Frieders reiterated that this issue will be on the Board's forefront and that they need to be proactive in how they may be able to find solutions to the DCRNC's financial hardships. The Board is committed to reviewing all of the possible options in a timely fashion.

Both Chairs thanked each respective Board/Committee for participating in the Joint Meeting and while neither was able to leave with a good message, they were now all better informed of the situation and how they arrived to where they are today.

**ADJOURNMENT – Operating Board**

**It was moved by Mr. Cummings, seconded by Mr. Kuhn, and it was carried unanimously to adjourn the meeting at 7:22 p.m.**

**ADJOURNMENT – Finance Committee**

**It was moved by Mrs. Cribben, seconded by Mr. Faivre, and it was carried unanimously to adjourn the meeting at 7:22 p.m.**

Respectfully submitted,  
Tasha Sims  
Recording Secretary

# Joint Finance Committee and DCRNC Operating Board Meeting



October 6, 2021

6PM

# Purpose of Tonight's Meeting

- This “Joint Meeting” is for discussion only and brings together the Operating Board and Finance Committee.
- Finance Committee has heard regular updates from MPA as a condition of \$2,000,000 cash-flow loan.
- With loan exhausted and continued cash flow issues there have been questions as to the current status, the responsibility of the Operating Board vs. County Board, and what are the options moving forward?



# DCRNC History

- What is now called the DeKalb County Nursing Home was begun as a “poor farm” in 1853. Prior to that time when persons were in need of public assistance, due to financial or health reasons, they were referred to the township overseers of the poor. The overseers would allocate available county resources to assist these people. The County Board of Supervisors felt that the poor of DeKalb County would better be served by a centrally located facility which ultimately led to the creation of the County Home in 1945.
- The nineteen sixties were the beginning of many new concepts in health care for the elderly and chronically ill. Along with these new concepts came many new rules and regulations for the licensing of all health care facilities.
- Plans for an addition to the County Home was presented to the architect in 1966. The groundbreaking ceremony was held at 1:00 p.m. on May 8, 1968.
- The new structure consisted of a ground floor and three stories above that. A total bed capacity of 194 beds were available on three patient units.



# DCRNC History (continued)

- MPA was hired to manage the operation in August of 1997.
- The current DCRNC construction started in 1998 and occupied in March 2000.
- The County sold \$13,000,000 in bonds in August, 2020 to pay for the Rehab & Nursing Center Expansion project. Construction activity in 2019 and 2020 was funded with Rehab & Nursing Center cash reserves and internal borrowing. The bonds were issued for 30 years at an average interest cost of 2.23% and with all debt to be retired by operating revenues of the Rehab & Nursing Center. Annual debt service payments will range from a low of about \$624,000 to a high of about \$683,000. The bonds will not be fully retired until December 15, 2050, subject to a call provision beginning December 15, 2030.
- As of September 30, 2021 the daily census at the DCRNC was 117 and has 66 full-time and 91 part-time employees.



# Recent Financial Challenges

- **FY2019:** Budgets \$15,997,400 in Patient Service Revenue; Actual Revenue is \$13,905,290.  
**\$2,092,110 short of budget projection**
- **August 2020:** The County sold \$13,000,000 in bonds for an expansion project at the DCRNC to be paid from operating revenues over the next 30 years. The debt service averages \$661,500 per year for a total of \$19,846,449.
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# Current Financial Position

Bank Balance as 10/4:	\$69,000.00
Written Checks:	(\$1,282,038.37)
Liability on County Loan:	(\$2,000,000.00)
Receivables (less than 210 days):	<u>\$2,068,998.55</u>
	(\$1,144,039.82)
*Receivables (210+ days):	<u>+\$3,334,652.35</u>
Potential Balance:	\$2,190,612.53

\*Receivable pre-August 1, 2020 is \$2,662,092.22



# Recent Financial History (2018)

	January	February	March	April	May	June	July	August	September	October	November	December	13th (Accruals)	Total
Revenues	1,300,841	1,127,162	1,205,240	1,124,450	797,218	874,515	1,735,822	1,204,123	1,053,192	1,401,318	1,478,645	924,969	1,855,583	16,083,079
Expenditures	813,656	1,102,628	1,082,563	1,112,829	1,158,267	1,729,174	1,304,067	1,312,236	1,335,333	1,178,514	1,545,800	815,561	1,299,227	15,789,855
Net Gain (Loss)	487,185	24,534	122,677	11,622	(361,049)	(854,659)	431,756	(108,113)	(282,142)	222,804	(67,155)	109,408	556,356	293,224

Net Gain (Loss): \$293,224  
 Profit: \$24,435/month on average

Average Daily Census: 181.2

Medicare: 22  
 Medicaid: 93.2  
 Private Pay: 65.9

Monthly figures represent cash-basis; 13<sup>th</sup> accounting period picks up receivables, payables and depreciation.



# Recent Financial History (2019)

	January	February	March	April	May	June	July	August	September	October	November	December	13th (Accruals)	Total
Revenues	319,900	735,208	1,192,848	1,171,317	1,120,473	1,222,179	1,132,669	716,756	1,069,050	1,259,842	1,061,415	1,099,752	1,956,531	14,057,939
Expenditures	721,903	1,019,900	1,134,243	1,112,795	1,398,966	1,114,719	1,560,380	1,229,153	1,204,482	1,183,628	1,453,252	1,216,322	3,723,531	18,073,275
Net Gain (Loss)	(402,003)	(284,692)	58,605	58,521	(278,492)	107,459	(427,710)	(512,397)	(135,433)	76,215	(391,838)	(116,570)	(1,767,001)	(4,015,336)

Net Gain (Loss): **(\$4,015,336)\***

\*\$2 million from reserves used for expansion project; restated Gain/(Loss):  
**(\$2,015,336)**

**Loss: (\$167,945)/month on average (without \$2 million)**

Average Daily Census: 168.0

Medicare: 15.4

Medicaid: 101.4

Private Pay: 51.2

Monthly figures represent cash-basis; 13<sup>th</sup> accounting period picks up receivables, payables and depreciation.



# Recent Financial History (2020)

	January	February	March	April	May	June	July	August	September	October	November	December	13th (Accruals)	Total
Revenues	993,352	1,120,624	1,560,516	1,312,997	1,336,492	1,244,215	1,290,077	967,265	2,422,108	964,127	707,364	1,741,522	706,916	16,367,573
Expenditures	709,422	1,159,782	1,260,135	1,386,072	1,525,085	1,314,184	1,281,411	1,396,396	1,742,872	1,518,275	1,311,067	1,289,340	1,476,124	17,370,164
Net Gain (Loss)	283,930	(39,157)	300,381	(73,074)	(188,593)	(69,969)	8,665	(429,132)	679,235	(554,148)	(603,703)	452,182	(769,209)	(1,002,591)

Net Gain (Loss): **(\$1,002,591)\***

\*\$1 million of funds used for expansion project returned as revenue; restated

Gain (Loss): **(\$2,002,591)**

\*\$1,446,584 of CARES relief included in net loss

**Loss: (\$166,883)/month** not using the \$1 million

Average Daily Census: 140.9

Medicare: 13.9

Medicaid: 74.8

Private Pay: 52.1

Monthly figures represent cash-basis; 13<sup>th</sup> accounting period picks up receivables, payables and depreciation.



# Recent Financial History (2021)

	January	February	March	April	May	June	July	August	September	October	November	December	13th (Accruals)	Total
Revenues	1,116,144	949,972	593,963	1,271,466	807,523	919,521	647,520	1,041,299	535,609					7,883,019
Expenditures	803,400	1,423,558	1,297,196	1,524,632	1,299,061	1,349,823	1,381,204	1,260,897	1,366,701					11,706,472
Net Gain (Loss)	312,744	(473,586)	(703,233)	(253,165)	(491,538)	(430,302)	(733,684)	(219,598)	(831,091)	0	0	0	0	(3,823,453)

Net Gain (Loss): **(\$3,823,453)**

**Loss: (\$424,828)/month year-to-date**

Average Daily Census: 117.1

Medicare: 12.8

Medicaid: 62.0

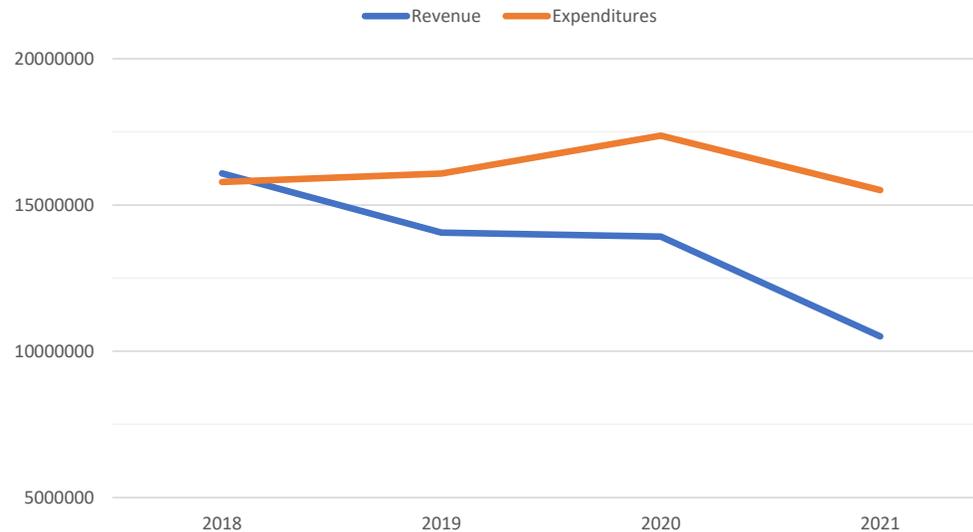
Private Pay: 42.4

Monthly figures represent cash-basis.



# Revenue vs. Expenditures Analysis

Nursing Home Revenues vs. Expenditures  
2018-2021



# DCRNC Census History

Average Daily Census	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Medicare	22.8	25.6	25.4	23.6	20.4	26.2	25.5	22.3	22.0	15.4	13.9	12.8
Medicaid	105.3	101.7	103.6	88.0	99.6	101.3	92.0	82.5	93.2	101.4	74.8	62.0
Private Pay	51.1	47.7	42.4	60.5	51.3	41.4	58.8	73.3	65.9	51.2	52.1	42.4
Total	179.3	175.0	171.4	172.2	171.3	168.9	176.3	178.1	181.2	168.0	140.9	117.1



# Next Steps?

- Research and evaluate all receivables.
- Discuss additional interim cash-flow support.
- Look for ways to increase census and reduce expenditures.
- Include Committee of the Whole in regular updates; Governing Authority and responsibility rests with the County Board except as set forth in the by-laws of the Operating Board.

