

# Committee of the Whole Meeting



March 9, 2022

7PM

## 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.
- **FY2020:** Budgets \$16,654,000 in Patient Service Revenues; Actual Revenue is \$13,839,223.  
**\$2,814,777 short of budget projection**
- **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.
- **October 14, 2021:** Operating Board authorizes notice to MPA that a Request for Proposals will be issued for management services. Sixty-day notice is required contractually in the event a new management company is selected.
- **October 27, 2021:** An additional **\$1,500,000** in borrowing is needed to pay accumulated invoices.



## Continued Challenges

- **October 29, 2021:** MPA provides the County notice that it intends to terminate their agreements with the County on December 31, 2021.
- **November 5, 2021:** Receivables are reviewed with approximately **\$1,800,000** to be written off as bad debt. The majority of the uncollectible receivables are from 2018 through 2020 and are related to Medicaid billing and a failure to file eligibility and claims within prescribed time limits.
- **November 2021:** An additional **\$1,000,000** in borrowing is needed to pay for accumulated invoices and payroll obligations.
- **December 2021:** An additional **\$800,000** in borrowing is needed to pay accumulated invoices and payroll obligations.
- **December 31, 2021:** Management Performance Associate's agreement to serve as the Management Company of the DCRNC ends.
- **January 1, 2022:** The County Board assumes oversight of governance of the DCRNC operations. The Health and Human Services Committee will be the direct report with financial updates provided to the Committee of the Whole.



## Continued Challenges

- **January 1, 2022:** The DCRNC enters into agreement with Jordan Healthcare to assist with assessment and collection of receivables and to assist with current billing.
- **January 4, 2022:** Met with Architect to work toward receiving occupancy for Activity Center and warming kitchens. Occupancy was permitted in late February by City of DeKalb and IDPH.
- **January 2022:** The County Board approves an agreement with Marcus and Millichap to provide an understanding of the processes for each of the options including a new management company, leasing the property or sale of the facility. As part of the agreement Marcus and Millichap would serve as the County's broker in the event the County leased or sold the operation.
- **February 4, 2022:** An additional **\$100,000** in borrowing is needed to meet payroll obligations.
- **February 18, 2022:** Another **\$1,000,000** in borrowing is needed to meet accumulated invoices and payroll obligations.
- **March 16, 2022:** An estimated **\$500,000** will be needed to meet accumulated invoices and payroll obligations.



## Current Cash-Flow Position

Bank Balance as of 3/9:	\$902,000
Written Checks for March 16th:	(\$711,700)
Estimated Payroll March 18th:	(\$320,000)
Settlements previously approved:	<u>(\$375,000)</u>
*Estimated Transfer Needed:	(\$504,700)

\*Use an estimated transfer for March 16, 2022 of \$500,000 for cash flow purposes as some level of revenues are expected between March 9<sup>th</sup> and March 16<sup>th</sup>.



## Current Financial Position

*Liability on County Borrowing:	(\$6,900,000)
**Receivables	<u>+\$5,317,717</u>
Potential Balance:	(\$1,582,283)

\*Borrowing from Asset Replacement Fund, Opportunity Fund and Special Projects Fund which have the largest unrestricted funds, other than the General Fund. Includes estimated borrowing needed for March claims and March 18<sup>th</sup> payroll.

\*\*February 28, 2022 Aging Report of \$7,120,083 less \$1,802,366 bad debt to be written off. Total of \$3,738,255 of A/R is 210+ days old (roughly \$1,936,000 after \$1,802,366 is written off).



## Next Steps

- The Executive Committee Agenda includes Resolution 2022.30 for consideration to forward to the full County Board on March 16<sup>th</sup>.
- Board approval of Resolution 2022.30 would place a referendum question on the June 28<sup>th</sup> ballot.

<i>Shall DeKalb County be authorized to levy and collect a tax at a rate not to exceed .1% for the purpose of maintaining a county nursing home?</i>	YES	
	NO	

- A levy of .1% would generate approximately \$2.44 million per year based on the estimated final county-wide EAV for tax year 2021 of \$2,438,802,469.



## Referendum Resolution

- The DeKalb County Rehabilitation and Nursing facility evolved from its humble beginnings through multiple buildings and objectives, none of which were the result of a referendum to establish or erect a county nursing home as described within 55 ILCS 5/5-21001(9). Rather, any prior referenda on the nursing home were in regard to additions and maintenance of prior facilities, not including the current facility erected beginning in 1998 utilizing local funds.
- The DCRNC is a proprietary or enterprise operation that has utilized revenue generated from the business to offset expenses.
- In 1991 the County was authorized after referendum to levy and collect a tax for the purpose of maintaining a prior nursing home facility, but never levied such tax over the thirty years since its passage because of an expectancy that the facility would fund itself without the necessity of tax levies.



## Referendum Resolution

- In consideration of the financial distress of the DCRNC enterprise and/or other related concerns, the DeKalb County Board may deem that it is in the best interest of the County to sell or dispose of the County nursing home subject to the approval of a 2/3 majority of all of the members of the board.
- Given the financial distress of the DCRNC additional public resources are required to continue the operation of the DeKalb County Rehab and Nursing Center as a County facility.
- Section 5-21001(8) of the Illinois Counties Code (55 ILCS 5/5-21001) allows Counties to cause an amount sufficient for those purposes to be levied upon the taxable property of the counties and collected as other taxes and further providing that in counties with a population of not more than 1,000,000 to levy and collect annually a tax of not to exceed .1% of the value, as equalized or assessed by the Department of Revenue, of all the taxable property in the county for these purposes.



## Referendum Resolution

- The tax shall be in addition to all other taxes which the county is authorized to levy on the aggregate valuation of the property within the county and shall not be included in any limitation of the tax rate upon which taxes are required to be extended, but shall be excluded therefrom and in addition thereto.
- The tax shall be levied and collected in like manner as the general taxes of the county, and when collected, shall be paid into a special fund in the county treasury and used only as herein authorized.
- Section 28-2(c) of the Illinois Code, 10 ILCS 5/28-2(c), provides that a resolution of a unit of local government which initiates the submission of public questions pursuant to the law must be adopted no less than 79 days before a regularly scheduled election to be eligible for submission on a ballot at such election.



# Referendum Resolution

- The next regularly scheduled election in DeKalb County is the General Primary Election to be held on June 28, 2022.
- The County Board of DeKalb County, Illinois directs the County Clerk of DeKalb County, in his capacity as the appropriate election authority, to place the following question on the General Primary Election ballot on June 28, 2022:

<i>Shall DeKalb County be authorized to levy and collect a tax at a rate not to exceed .1% for the purpose of maintaining a county nursing home?</i>	YES	
	NO	



# Timeline of Each Option

The flow charts below outline the estimated timeline for each of the three options outlined by Marcus and Millichap from date of referendum (June 28, 2022).

