

RIVER BLUFF BOARD OF DIRECTORS AGENDA

Called by: Jim Knutson, Chairman,

DATE: Tuesday, May 16, 2023

TIME: 3:00 PM

Members: Trent Brass, John Butitta,
Jay Ferraro, Teresa Gobeli, Bernice
Marinelli, Bob Nieman, Frank
Perrecone, Steve Schultz

LOCATION: **Finch Room**
River Bluff Nursing Home
4401 North Main Street
Rockford, IL 61103

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Approval of April 18, 2023 minutes
- D. Public Comment – This is the time we invite the public to address the River Bluff Nursing Home Board of Directors with issues and concerns. We ask you to limit your comments to three minutes. Personal attacks or inappropriate language of any sort will not be tolerated. We will allow a maximum of five speakers on a first come basis with sign up at the meeting. Speakers may not address zoning matters which are pending before the ZBA, the Zoning Committee or the County Board. Personnel matters or pending or threatened litigation may not be addressed in open session. An individual may speak a maximum of three times per calendar year on the same topic. This prohibition shall include the repetition of the same topic in a statement on what is purported to be a different topic. After acknowledgement by the chair, please stand and state your name. Thank you.
- E. Discussion Item – Administrators Report (Pat McDiarmid)
 - Recommendation on Association Memberships
 - Crib Sheet Nursing Home Acronyms
 - HMO Contract Status
- F. Discussion Item – Financial Report (Dave Rickert)
 - Midyear Financial Report (see attachment)
 - Baker Tilly Report Excerpt (see attachment)
 - Introduction of New Office Manager Mary Ann Wigton
- G. Letter of Support for SB1779 – 103rd Illinois General Assembly (see attachment)
- H. Establish Time, Date and Location of Next Meeting
- I. Other Matters
- J. Adjournment

**Winnebago County Board
River Bluff Board of Directors Meeting**
River Bluff Nursing Home
4401 North Main Street, Finch Room
Rockford, IL 61103

Tuesday, April 18, 2023
3:00 PM

Present:

Jim Knutson, **Chairperson**
Frank Perrecone, **Vice Chairperson**
Trent Brass
John Butitta
Jay Ferraro
Teresa Gobeli
Bernice Marinelli
Bob Nieman
Steve Schultz

Others Present:

Dave Rickert, Chief Financial Officer
Pat McDiarmid, Administrator, River Bluff Nursing Home
Mark Lofgren, River Bluff Nursing Home

AGENDA:

- A. Call to Order
- B. Roll Call
- C. Approval of March 21, 2023 Minutes
- D. Public Comment
- E. Discussion Item – Rebranding of the River Bluff Nursing Home
- F. Discussion Item – Administrator’s Report (Pat McDiarmid)
- G. Discussion Item – Financial Report (Dave Rickert)
- H. Establish Time, Date and Location of Next Meeting
- I. Other Matters
 - Reminder for Board Members to complete their Open Meetings Act training and file their Statement of Economic Interests
 - Tour of the River Bluff Nursing Home facility after the conclusion of the meeting
- J. Adjournment

Call to Order

Chairperson Knutson called the meeting to order at 3:01 PM.

Roll Call

Chairperson Knutson yes, Trent Brass yes, John Butitta yes, Jay Ferraro yes, Teresa Gobeli yes, Bernice Marinelli yes, Bob Nieman yes, Frank Perrecone yes, Steve Schultz yes.

Approval of March 21, 2023 Minutes

Motion: Mr. Butitta. Second: Mr. Perrecone.

Motion passed by unanimous voice vote.

Public Comment

Chairperson Knutson omitted reading the Public Comment Section of the Agenda due to no one present to speak.

Discussion Item – Rebranding of the River Bluff Nursing Home

Discussion took place on rebranding the River Bluff Nursing Home. Danielle Grindle, Winnebago County Communications Director will give a presentation at the June 2023 River Bluff Board meeting.

Discussion Item – Administrator’s Report (Pat McDiarmid)

Ms. McDiarmid gave an update on administrative operations at River Bluff.

- Discussion followed.

Discussion Item – Financial Report (Dave Rickert)

Mr. Rickert provided a Status report on high priority findings based on the Baker-Tilly Audit. Discussion followed.

Motion: Mr. Schultz made a motion to add an MDS Consultant and increase the compensation for the MDS nurse position.

Second: Mr. Butitta.

Motion passed by unanimous voice vote.

Mr. Rickert reviewed the observations and recommendations and advised the County is actively working to secure HMO contracts with the major providers in Winnebago County.

- Discussion followed.

The Billing team is in need of an additional employee to assist the Billing team.

- Discussion followed.

Motion: Mr. Butitta made a motion to request the Finance Committee to budget a position for a Billing Clerk.

Second: Motion seconded.

Motion passed by unanimous voice vote.

Mr. Rickert shared a year-to-date Budget report.

- Discussion followed.

Establish Time, Date and Location of Next Meeting

Motion: Mr. Butitta made the motion to hold the next meeting and future meetings on the third Tuesday of each month at 3:00 pm at River Bluff Nursing Home. The next scheduled meeting will be on May 16 at 3:00 pm in the Finch Room at River Bluff Nursing Home.

Second: Motion seconded.

Motion passed by unanimous voice vote.

Other Matters

- Mr. Butitta discussed the topic of solar energy mentioned at the last meeting by Mr. Ferraro. Mr. Butitta reported the County investigated solar energy approximately a year ago for River Bluff Nursing Home, Animal Services and the 911 Building. The solar company estimated solar could replace approximately 82% of the energy costs for the three buildings. The Operations and Administrative Committee has been asked to look into this.
- Reminder for Board Members to complete their Open Meetings Act training and file their Statement of Economic Interests.
- Tour of the River Bluff Nursing Home facility after the conclusion of the meeting.

Adjournment

Chairperson Knutson called for a motion to adjourn.
Motion: Mr. Butitta. Second: Chairperson Knutson.
Motion passed with unanimous voice vote.

Respectfully submitted,

Nancy Bleile
Administrative Assistant

County of Winnebago, Illinois
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual
River Bluff Nursing Home

For the Month Ended March 31, 2023 (Unaudited)

	FY 2022 Actual <i>(Audited)</i>	FY 2023 Revised Annual Budget	FY 2023 Actual <i>(6 months)</i>	Variance with Budget Over (Under)	% of Budget <i>(Target 50%)</i>
Operating Revenues					
Charges for Services, net of bad debt exp	8,689,275	13,873,801	7,883,945		
Intergovernmental charges for services	766,451	-	492,996		
Other	16,176	1,200	15,397		
Total Operating Revenues	9,471,902	13,875,001	8,392,338	(5,482,663)	60.49%
Operating Expenses					
Personnel	5,427,597	8,833,885	3,853,225	(4,980,660)	43.62%
Supplies and services	10,985,422	8,593,930	4,583,805	(4,010,125)	53.34%
Depreciation	369,679	355,000	-	(355,000)	
Capital Outlay	-	-	-	-	#DIV/0!
Total Operating Expenses	16,782,698	17,782,815	8,437,030	(9,345,785)	47.44%
Operating income (loss)	(7,310,796)	(3,907,814)	(44,692)	3,863,122	
Non-Operating Revenues(Expenses)					
Property Taxes	1,901,282	1,900,000	1,426	(1,898,574)	0.08%
Interest Expense (Debt)	3,883	(3,132)	-	3,132	0.00%
Transfer from Other Funds	4,516,776	1,427,000	-	(1,427,000)	0.00%
Total Non-Operating Rev (Exp)	6,421,941	3,323,868	1,426	(3,322,442)	0.04%
Net increase (decrease) in net position	(888,855)	(583,946)	(43,266)	540,680	
Total net position, beginning of period	215,923	(672,932)	(672,932)		
Prior period adjustment	-	-	-		
Total net position, end of period	(672,932)	(1,256,878)	(716,198)		
RBNH Expenses Paid by County:					
Employer Share Payroll Taxes	489,536		244,248		
Employer Share IMRF	353,623		107,438		
Worker's Comp & Settlements	24,152		NA		
Total other RBNH expenses	867,311	-	351,686	-	-

County of Winnebago, Illinois
 Operating Revenues Detail
 Budget and Actual
 River Bluff Nursing Home

For the Month Ended March 31, 2023 (Unaudited)

	FY 2022 Actual <i>(Audited)</i>	FY 2023 Revised Annual Budget	FY 2023 Actual <i>(6 months)</i>	Variance with Budget <i>Over (Under)</i>	% of Budget <i>(Target 50%)</i>
Operating Revenues					
Charges for Services					
Federal Matching Aid	279,476		196,172		
State Quality Improvement	-		25,053		
Medicare	542,117	4,076,116	169,814		
Medicare-contractual allowance	1,074,168		362,089		
Medicaid	7,387,138	6,996,492	3,410,962		
Medicaid-contractual allowance	1,369,651		1,743,083		
Hospice	1,117,532	615,938	629,174		
Hospice-contractual allowance	271,619		298,538		
Insurance/Priv Pay	1,355,087	2,331,355	702,002		
Insurance-contractual allowance	219,673		40,610		
Ancillary revenue	410,082	103,900	300,605		
Other patient revenue	(39,606)		-		
Food charges	-		5,843		
TIF revenue	2,946		-		
Souvenir and other	-		-		
Total Charges for Services	13,989,883	14,123,801	7,883,945	(6,239,856)	55.82%
Less: Bad Debt Expense	(5,300,608)	(250,000)	-	250,000	0.00%
	8,689,275	13,873,801	7,883,945	(5,989,856)	56.83%
Other					
Uniform fees	83		-		
Stimulus/Grant funds	766,451		492,996		
Donations	-		-		
Other unclassified revenue	16,093		15,397		
Total Other	782,627	1,200	508,393	507,193	
Total Operating Revenues	9,471,902	14,125,001	8,392,338	(5,732,663)	59.41%

County of Winnebago, Illinois
Personnel Expense Detail
Budget and Actual
River Bluff Nursing Home

For the Month Ended March 31, 2023 (Unaudited)

	FY 2022 Actual <i>(Audited)</i>	FY 2023 Revised Annual Budget	FY 2023 Actual <i>(6 months)</i>	Variance with Budget <i>Over (Under)</i>	% of Budget <i>(Target 50%)</i>
Personnel					
Admin & Business Office (70500)					
Regular Salaries	515,735	557,145	251,188	(305,957)	
Vacation Payouts	-	-	-	-	
Part-time Salaries	29,177	35,000	14,506	(20,494)	
Overtime	29,545	43,000	15,342	(27,658)	
Life Insurance	267	546	189	(357)	
IMRF Employer	-	-	-	-	
Health Insurance	69,554	120,834	38,116	(82,718)	
Total Admin & Business Office	644,278	756,525	319,341	(437,184)	42.21%
Activities (71000)					
Regular Salaries	155,475	200,000	85,312	(114,688)	
Vacation Payouts	315	-	-	-	
Part-time Salaries	21,236	10,000	6,493	(3,507)	
Overtime	11,089	12,000	14,312	2,312	
Life Insurance	145	318	108	(210)	
Health Insurance	64,205	99,167	26,762	(72,405)	
Total Activities	252,465	321,485	132,987	(188,498)	41.37%
Social Services (71500)					
Regular Salaries	168,881	167,581	86,409	(81,172)	
Vacation Payouts	-	-	-	-	
Overtime	7,505	7,500	2,386	(5,114)	
Life Insurance	152	228	112	(116)	
Health Insurance	61,512	61,512	30,756	(30,756)	
Total Social Services	238,050	236,821	119,663	(117,158)	50.53%
Dietary (72020/72021/72023)					
Regular Salaries	564,811	639,017	325,733	(313,284)	
Vacation Payouts	726	-	604	604	
Part-time Salaries	54,347	60,000	26,484	(33,516)	
Overtime	55,897	100,000	35,689	(64,311)	
Life Insurance	499	955	441	(514)	
Health Insurance	126,076	269,295	63,691	(205,604)	
Total Dietary	802,356	1,069,267	452,642	(616,625)	42.33%

	FY 2022 Actual <i>(Audited)</i>	FY 2023 Revised Annual Budget	FY 2023 Actual <i>(6 months)</i>	Variance with Budget Over (Under)	% of Budget <i>(Target 50%)</i>
Daily Services (72500/72530/72532)					
Regular Salaries	2,582,877	2,952,736	1,143,132	(1,809,604)	
Vacation Payouts	16,293	-	2,742	2,742	
Part-time Salaries	125,595	150,000	72,936	(77,064)	
Overtime	913,071	980,000	476,597	(503,403)	
Life Insurance	1,632	2,642	1,103	(1,539)	
Health Insurance	620,775	694,509	301,248	(393,261)	
Total Daily Services	4,260,243	4,779,887	1,997,758	(2,782,129)	41.80%
Housekeeping (73000)					
Regular Salaries	250,779	300,000	149,921	(150,079)	
Vacation Payouts	-	-	1,540	1,540	
Part-time Salaries	6,747	50,000	-	(50,000)	
Overtime	30,933	30,000	28,990	(1,010)	
Life Insurance	250	455	219	(236)	
Health Insurance	67,328	80,106	44,796	(35,310)	
Total Housekeeping	356,037	460,561	225,466	(235,095)	48.95%
Laundry (73500)					
Regular Salaries	53,052	52,023	18,356	(33,667)	
Life Insurance	33	46	17	(29)	
Health Insurance	22,821	22,895	2,642	(20,253)	
Total Laundry	75,906	74,964	21,015	(53,949)	28.03%
Nursing Admin (74000)					
Regular Salaries	956,153	914,775	457,994	(456,781)	
Vacation Payouts	17,834	-	17,987	17,987	
Overtime	8,700	15,000	7,717	(7,283)	
Life Insurance	328	501	224	(277)	
Health Insurance	184,989	204,098	100,431	(103,667)	
Total Nursing Admin	1,168,004	1,134,374	584,353	(550,021)	51.51%
Change in Pension Estimate	(2,341,380)				
Change in OPEB Estimate	(28,362)				
Total Personnel	5,427,597	8,833,884	3,853,225	(4,980,659)	43.62%

County of Winnebago, Illinois
Supplies & Services Expense Detail
Budget and Actual
River Bluff Nursing Home

For the Month Ended March 31, 2023 (Unaudited)

	FY 2022 Actual <i>(Audited)</i>	FY 2023 Revised Annual Budget	FY 2023 Actual <i>(6 months)</i>	Variance with Budget <i>Over (Under)</i>	% of Budget <i>(Target 50%)</i>
Supplies & Services					
Food & Beverage (42250)	819,621	909,350	421,912		
Medical & Dental Supplies (42260)	352,366	450,500	193,754		
Other Departmental Supplies (42290)	540,078	578,800	263,240		
COVID-19 Related Supplies (42295)	53,917	-	130		
Consulting (43120-see detail below)	873,061	658,656	255,008		
IDHS Bed Assessments (43952/43953)	764,897	1,066,440	192,090		
Other Professional Services (43190 see detail below)	3,533,783	2,352,370	2,105,486		
All Others	4,047,699	2,577,814	1,152,185		
	10,985,422	8,593,930	4,583,805	(4,010,125)	53.34%
 Consulting (43120)					
Administration (70500)	299,873	56,000	25,000		
Activity Consulting (71000)	4,347	3,456	1,440		
Social Svc Consulting (71500)	656	1,800	656		
Dietary Consulting (72000)	40,890	47,000	18,455		
Medical Records Consulting (72500)	-	-	-		
Therapy/Rehab (72533:72535)	505,880	530,000	197,182		
Medical Director (72539)	17,400	17,400	10,150		
Pastoral Care (72540)	4,015	3,000	2,125		
	873,061	658,656	255,008	(403,648)	38.72%
 Other Professional Services (43190)					
Activities (71000)	1,440	3,000	2,145		
Baker Tilly (70500)	-	-	25,000		
Pathways EAP (70500)	-	-	-		
Nursing Temps (72500)	3,520,456	2,329,370	2,076,292		
Other	11,887	20,000	2,049		
	3,533,783	2,352,370	2,105,486	(246,884)	89.50%

County of Winnebago, Illinois
Statement of Net Position
River Bluff Nursing Home

For the Month Ended March 31, 2023 (Unaudited)

	FY 2022 Actual (Audited)	FY 2023 Actual (6-Month)	Variance with Prior Year Over (Under)
Current assets			
Cash and investments	-	-	-
Receivables, net property taxes	1,975,577	1,899,810	(75,767)
Receivables, net patient	4,371,974	5,118,569	746,595
Receivable from other governments	47,970	-	(47,970)
Inventory	100,619	100,619	-
Total current assets	6,496,140	7,118,998	622,858
Noncurrent assets			
Restricted cash and investments	76,542	76,542	-
Restricted net pension asset	9,051,346	9,051,346	-
Capital assets not being depreciated	645,548	645,548	-
Capital assets being depreciated, net	2,614,493	2,614,493	-
Total noncurrent assets	12,387,929	12,387,929	-
Total assets	18,884,069	19,506,927	622,858
Deferred outflows of resources			
Other post-employment benefit items	97,442	97,442	-
Pension items-IMRF	291,565	291,565	-
Total deferred outflows of resources	389,007	389,007	-
Total asset and deferred outflows of resources	19,273,076	19,895,934	622,858
Current liabilities			
Accounts payable	4,508,488	2,466,259	(2,042,229)
Accrued payroll	207,318	207,318	-
Accrued interest payable	-	-	-
Payable to other governments	519,575	486,442	(33,133)
Total current liabilities	5,235,381	3,160,019	(2,075,362)
Noncurrent liabilities			
Compensated absences	209,982	209,982	-
Advances from other funds	6,053,960	8,776,256	2,722,296
Net pension liability	-	-	-
Bonds payable	-	-	-
Other post-employment benefit obligation	598,938	598,938	-
Total noncurrent liabilities	6,862,880	9,585,176	2,722,296
Total liabilities	12,098,261	12,745,195	646,934
Deferred inflows of resources			
Property taxes levied for next period	1,899,810	1,899,810	-
Other post-employment benefit items	142,267	142,267	-
Pension items - IMRF	5,824,860	5,824,860	-
Total deferred inflows of resources	7,866,937	7,866,937	-
Total liabilities and deferred inflows of resources	19,965,198	20,612,132	646,934
Net position			
Net investment in capital assets	3,260,041	3,260,041	-
Restricted for net pension asset	9,051,346	9,051,346	-
Restricted for patient funds-expendable	76,542	76,542	-
Unrestricted	(12,172,006)	(13,104,127)	(932,121)
Total net position	(672,932)	(716,198)	(932,121)
Total liabilities, deferred inflows and net position	19,292,266	19,895,934	(285,187)



Reporting and insights from 2022 audit:

Winnebago County, IL

September 30, 2022

River Bluff Nursing Home financial reporting

For the last several years, we have communicated various financial reporting deficiencies for the River Bluff Nursing Home, an enterprise fund of the County. Those comments, in addition to items noted during the current year's audit, include:

- Approximately \$2.6M of receivables were written off in 2022. While a formal write-off policy exists for River Bluff, it was not adhered to by management.
- The Office of the Inspector General (OIG) completed an integrity audit for the period of July 1, 2017 through December 31, 2018. This OIG audit reported a resulting overpayment to the County of \$1.6M. The incorrect billing procedures being used, lack of billing oversight, and not having any written procedures regarding billing practices likely all contributed to this overpayment error.
- Non-current receivables continue to comprise a high percentage of the overall amount outstanding, including 75% at 90+ days.
- River Bluff has a substantial reliance upon the County's general fund to cover its cash deficit. At September 30, 2022, the negative cash deficit was approximately \$6.1M. This significant advance to River Bluff results in a corresponding amount being reported as nonspendable fund balance for the general fund.
- Significant credit balances exist on resident accounts that are not being reconciled or resolved in a timely manner. In addition, payments are periodically made on these accounts that are not being correctly accounted for within the financial accounting system. At year-end, this cumulative payable account consisted of approximately a \$1.6M balance.
- The county's methodology for calculating the allowance for uncollectible accounts is currently applying a percentage approach to each of the pay sources such as private pay, Medicare Part A, Hospice, etc. We recommend the nursing home perform either a look-back analysis or a detailed analysis of all resident accounts with outstanding balances as a basis to determine the appropriate amount to record as an allowance, and the related write-off expense each year.
- Inventory at the nursing home for items such as pharmaceuticals, dietary items, and supplies is using a pricing method of the most recent cost, which is not an allowable costing method by Generally Accepted Accounting Principles (GAAP). In addition, there is not a formal process to monitor variances between inventoried items and those counted. For 2022, we are not aware of any inventory taking place.
- Bank reconciliations are not being completed timely. At the time of our preliminary fieldwork in November bank reconciliations had not been completed since February 2022.

We recommend River Bluff implement the necessary procedures to ensure accurate financial reporting, improve cash management and billing practices, increase oversight, and adopt financial policies to reduce the risks associated with these deficiencies. Since controls are not in place to reduce the risk of errors or irregularities over the financial reporting for River Bluff, collectively, we consider this to be a material weakness.

Management's Response (9/30/2022)

The County Board is committed to the successful operation of the nursing home. In so doing, the Board has established an oversight committee to address operational challenges at the nursing home. The oversight committee held its first meeting at the end of March 2023. The County Board also engaged consultants in the area of billing and reimbursement to review those functions and assist in developing a plan to review existing receivables and ensure current billings are performed correctly. The consultants have identified areas for improvement and the County is currently reviewing and prioritizing the next steps for improvement of the billing process.

The County hired a staff accountant to assist with daily accounting functions. This position was filled in February 2023. Bank reconciliations for the nursing home bank accounts have been completed and are up to date. This position will also assist with related nursing home entries in County ERP system.

The nursing home IT staff have located inventory and supply software that will integrate with the accounts receivable software used by the nursing home. The nursing home will review the suitability of this software for meeting the needs of accurate tracking.