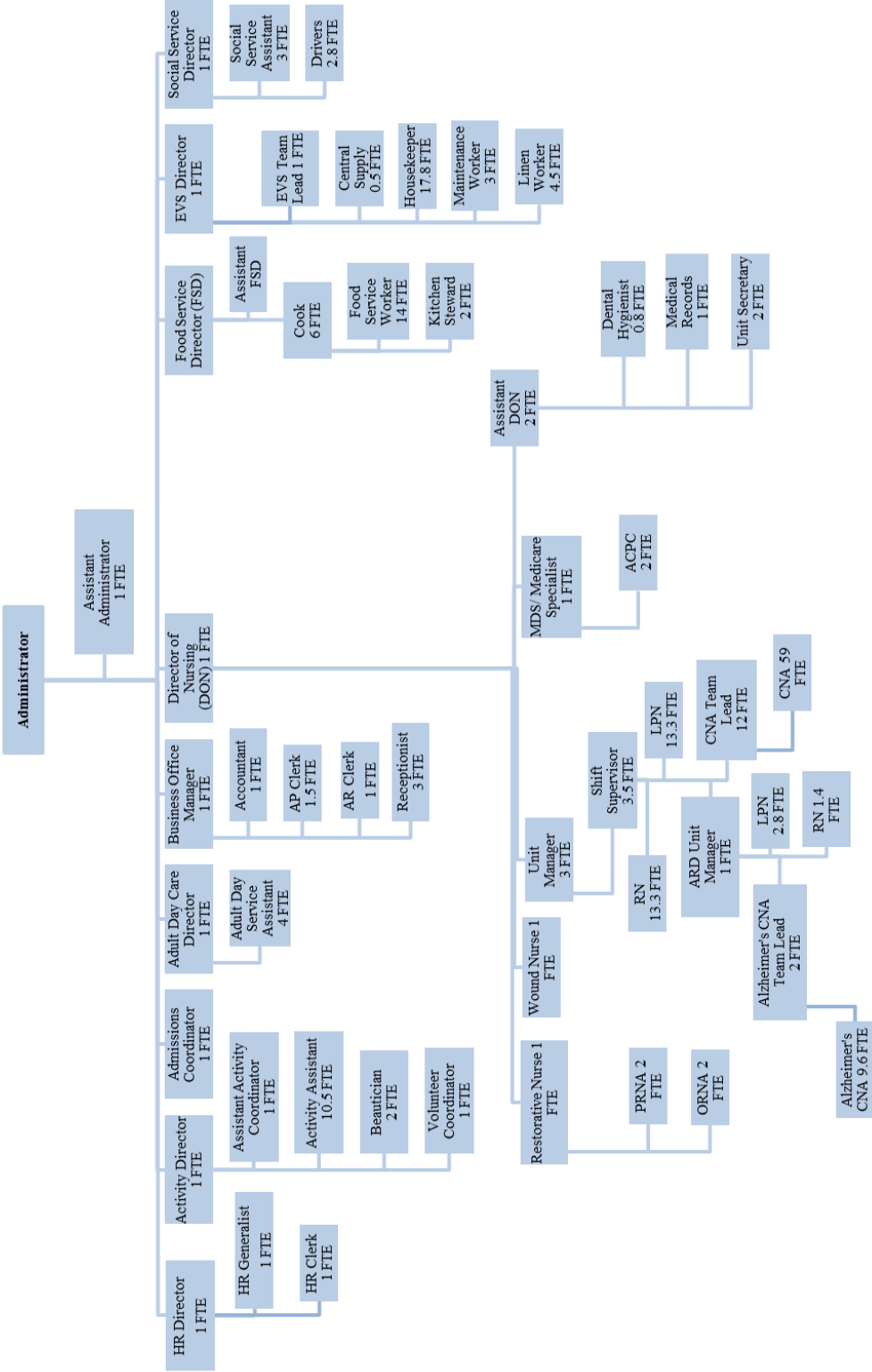


CHAMPAIGN COUNTY NURSING HOME

Fund 081-000



Champaign County Nursing Home positions: 215.3 FTE

MISSION STATEMENT

The Champaign County Nursing Home (CCNH) provides compassionate long-term, rehabilitative, and memory care services reflective of the community we serve and in a manner reflective of our 100-year history. Our Adult Day Care provides exceptional daily respite services for local caregivers and members of our community who prefer the safety and comfort of a day care center to staying at home. We give residents and clients something to look forward to each morning, and something to dream about each night.

BUDGET HIGHLIGHTS – NURSING HOME FUND SUMMARY

The 12 month 2017 budget accrual method excluding depreciation shows a positive cash from operations totaling \$72,817 and includes the principal and interest payments for the \$4 million bond. The FY2017 budget includes additional property tax revenue in the amount of \$40,808 related to an increase in the property tax levy to capture potential new growth revenue associated with an anticipated ruling in the hospital tax exemption case. It is uncertain at this time whether the County will receive the additional revenue. Please see the FY2017 Budget Summary document for more information. The census assumptions that drive the budget were based on current census figures. This was done to develop a budget that provides a realistic projection for 2017. The budget is based on an overall census of 182 and a Medicare census of 15.

With these census assumptions, the budget would fall short of covering the expected capital expenditures for 2017. The budget does not include the forecasted capital expenditures totaling \$516,300, but these items are outlined later in this memorandum. In order to cover the capital expenditures, the census assumptions would have to increase to 185 or more.

Revenue

Census

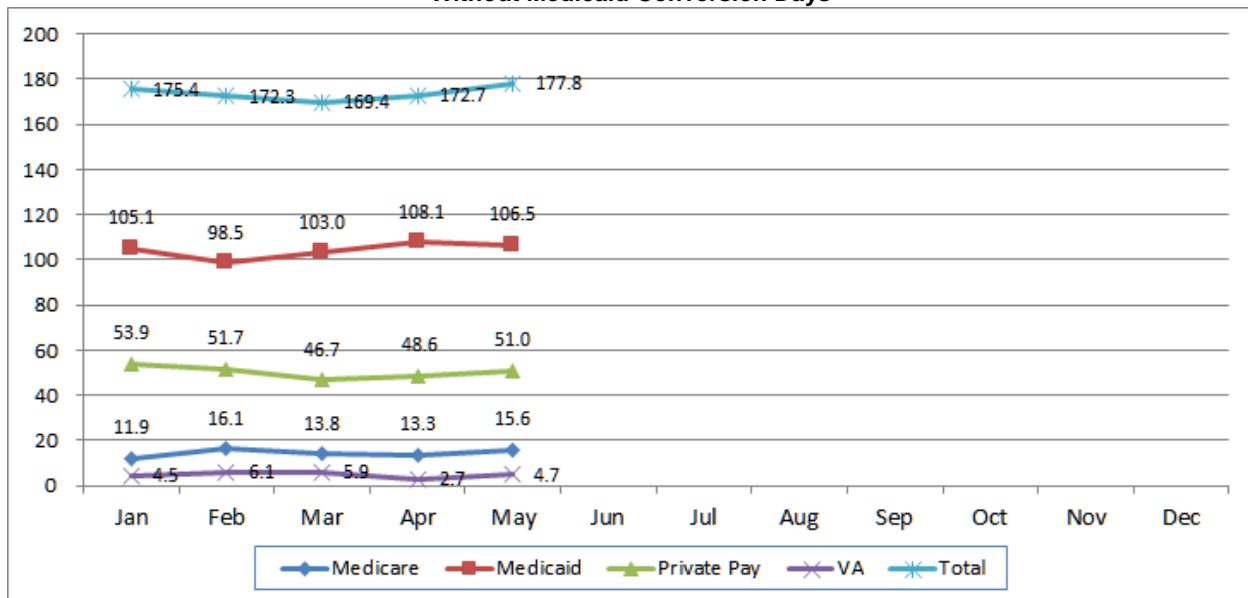
Revenue projections are driven by census assumptions. The following table summarizes the 2015 census, the 2016 YTD census and the census assumptions used for the 2017 budget.

**CCNH Census Projections
2017 Budget**

	2015	2016 YTD (May)	2017 Budget
Medicare	11.4	14.1	15.0
Medicaid	130.5	117.2	121.0
Private Pay	42.5	37.4	41.0
VA	1.8	4.8	5.0
Total	186.1	173.5	182.0

The table below shows the monthly census between January and May. While the YTD average census is 173.5, the census has shown positive growth since March. June's average census was 177.5 and the July census will be around 178.7. Medicare has been running in the low to mid-teens.

**Average Daily Census by Payor – FY2016
Without Medicaid Conversion Days**



Revenue Rates

The budget reflects a 5% increase in the private pay rates. The Medicare and Insurance (Medicare Advantage or HMO plans) rate is assumed to be \$495.00, which is the current YTD average rate. CMS has proposed a 2.1% rate increase effective October 1, 2016 but the budgeted rates do not include a 2.1% increase. The final rule on the rate increase has not been published.

The Medicaid rate of \$149.68 reflect a base Medicaid rate of \$136.81 and an IGT rate of \$12.86. Both rates reflect a 5% rate reduction. The reduction assumes a 5% rate cut if the State of Illinois passes a budget for 2017. The IGT revenue also does not reflect an 11% increase that is expected as a result of submitting amended cost reports for 2014 and 2015. These adjustments were made to conservatively estimate IGT revenue. Without the mentioned adjustments, the IGT revenue would total \$631,000 in additional revenue. With the adjustments, the IGT contribution is reduced to \$531,000. In 2015, the facility did receive IGT payments totaling \$461,075. So far in 2016, IGT payments total \$159,237.

Additional Revenue Assumptions

Adult day care continues to show strength in numbers. Daily census does fluctuate greatly as residents can vary from less than 3 days a week to 5 days a week. So far in 2016, census has been running with an average of 15 with frequent daily census in the high teens and sometimes at or above 20. The payor mix has shown an increase in VA residents.

Expenses

Assumptions

The following are the major assumptions driving the projected expenses for 2017.

- Wages were increased by two percent.
- Health insurance expenses were increased by 19 percent.
- The IMRF employer rate dropped from 8.62% to 8.45%.
- Non-labor expenses reflect an estimate based on historical review. Major items are discussed below.

Non-Labor Expense Changes

The following is a history of contract nursing expenses by year and the monthly expenses so far in 2016.

Nursing Services – Contract Nursing.

2010	\$1,256,254
2011	\$1,000,778
2012	\$738,846
2013	\$445,686
2014	\$880,142
2015	\$1,055,813
2016	\$165,775 through May

2016 monthly agency expenses:

January	\$77,839
February	\$42,778
March	\$32,100
April	\$13,058
May	\$0
June	\$0
July	\$0

The 2017 budget reflects agency costs at \$332,000. This target looks aggressive, but our performance over the past three months provides optimism that agency can be minimized if not avoidable.

- Food Service
Professional services \$725,000 reflects the HCSG fees. All non-labor expenses except for nutrition supplements are included in professional fees.

Net Income and Cash Flow

The table below summarizes the 2017 budget and includes a comparison to the county's budget. From an accounting standpoint, the bond principal payment and depreciation are handled differently at CCNH (accrual basis) compared to the County (GAAP).

**Accrual versus GAAP Accounting
2017 Budget**

	CCNH Accrual Basis	County GAAP Budget	Adjustment	Reason
Revenue	\$13,444,439	\$13,444,439		
Non-Operating Revenue	\$1,250,370	\$1,250,370		
Total Revenue	\$14,694,809	\$14,694,809		
Operating Expenses	\$15,164,727	\$14,381,992	(\$782,735)	County does not record depreciation expense during the year. But the County will add depreciation at year-end.
Principle Payment		\$240,000	\$240,000	County handles principal payment as an expense.
Adjusted Expenses	\$15,164,728	\$14,621,992		
Net Income	(\$469,919)	\$72,817		
Add back depreciation	\$782,735	n/a		
Principal payment	\$(240,000)	n/a		
Net Cash Flow	\$72,817	\$72,817		

As stated earlier, \$67,377 of the Net Cash Flow is associated with the increase in the levy to capture potential new growth revenue in anticipation of the hospital property tax exemption case. If the County does not receive the additional revenue, the net cash flow is estimated to be \$32,008.

Capital Expenses

The budget does not include capital items. The capital items that are planned for 2017 are listed below.

Replace four existing boilers	\$380,000
Boilers – hot water reset	\$9,000
Purchase/install boiler carbon monoxide sensors	\$2,800
Replace chiller compressor	\$53,000
Chiller – flush water and add Glycol	\$21,000
Replace kitchen RTU-1	\$6,500
Replace swage ejector pump	\$1,000
Replace sump pump	\$1,000
Smoke/fire damper inspection – 250 units	\$15,000
Storm water drainage	\$8,500
Drain waste and vent piping	\$9,000
Replace basket strainers	\$4,100
Life safety grounds	\$5,400
Total	\$516,300

In order to generate the additional revenue to cover capital costs, census would have to increase in the following possible scenarios. In general, the additional census needed is payor dependent. Scenario 1 increases Medicare by 5 residents. Scenario 2 increases Medicaid by 15 residents. Scenario 3 increases private pay by 10 residents.

**CCNH Census Projections
To Cover Capital**

	2017 Budget	Scenario 1	Scenario 2	Scenario 3
Medicare	15	20	15	15
Medicaid	121	121	136	121
Private Pay	40	40	40	50
VA	4	4.0	4.0	4.0
Total	180	185.0	195	190

Strategic Capital Items

Strategic capital items that are not included in the CCNH 10-year capital plan and are items that can be helpful in increasing census. These items include the following:

- A separate entrance for the Rehab to Home unit
- Remodel the rehab department, purchase of additional rehab equipment
- Remodel kitchenettes
- Expand the dining rooms
- Interior design and furnishings – this includes wall decorations, room furniture and tables, front entrance area and family dining room
- Dialysis unit
- Replace kitchen floor and reconfigure the dishwashing area
- Replace kitchen freezers (original equipment)

Cost for the strategic capital items is estimated between \$3 million to \$5 million.

FINANCIAL

Fund 081 Summary			2015 Actual	2016 Original	2016 Projected	2017 Budget
311	32	CURR PROP TX-NURS HM OPER	\$1,137,409	\$1,173,917	\$1,173,918	\$1,250,370
313	32	RE BACKTAX-NURS HOME OPER	\$788	\$0	\$0	\$0
314	10	MOBILE HOME TAX	\$1,100	\$0	\$0	\$0
315	10	PAYMENT IN LIEU OF TAXES	\$790	\$0	\$0	\$0
		PROPERTY TAXES	\$1,140,087	\$1,173,917	\$1,173,918	\$1,250,370
345	17	NH CARE-VET ADM PATIENTS	\$170,465	\$187,559	\$441,355	\$464,189
345	18	ADLT DAYCARE-VA CLIENTS	\$88,363	\$61,000	\$103,212	\$100,000
345	19	NH CARE-HOSPICE PATIENTS	\$556,475	\$642,714	\$425,461	\$399,511
345	20	ADLT DAYCARE-PRIV CLIENTS	\$32,659	\$34,000	\$30,874	\$30,000

345	21	ADLT DAYCARE-IDOA CLIENTS	\$102,727	\$113,000	\$105,293	\$105,000
345	22	NH CARE-PRIV PAY PATIENTS	\$3,224,385	\$5,449,665	\$2,729,308	\$3,114,680
345	23	NH CARE-MEDICAID PATIENTS	\$6,758,055	\$5,574,708	\$6,177,965	\$6,173,634
345	26	NH CARE-MEDICARE/A PATNTS	\$953,055	\$2,655,156	\$1,183,222	\$903,375
345	27	NH CARE-MEDICARE/B PATNTS	\$277,052	\$200,000	\$219,617	\$215,000
345	29	NH CARE-PRIV INSUR PATNTS	\$1,059,973	\$806,504	\$1,347,355	\$1,806,750
345	33	NURS HOME BEAUTY SHOP REV	\$36,610	\$39,000	\$29,747	\$35,000
345	34	MEDICAL SUPPLIES REVENUE	\$52,962	\$60,000	\$52,048	\$60,000
345	35	PATIENT TRANSPORTATN CHGS	\$12,325	\$19,000	\$22,713	\$20,000
		FEES AND FINES	\$13,325,106	\$15,842,306	\$12,868,170	\$13,427,139
361	10	INVESTMENT INTEREST	\$489	\$300	\$0	\$0
363	50	RESTRICTED DONATIONS	\$5,400	\$3,500	\$2,881	\$2,000
369	12	VENDING MACHINES	\$3,821	\$4,000	\$2,214	\$2,300
369	20	NURS HOME MEAL TICKETS	\$2,042	\$2,000	\$0	\$0
369	30	LATE CHARGE, NSF CK CHG	\$12,436	\$17,000	\$228	\$5,000
369	42	WORKER'S COMP. REIMB.	\$501	\$0	\$1,203	\$0
369	90	OTHER MISC. REVENUE	\$15,177	\$6,500	\$2,898	\$8,000
		MISCELLANEOUS	\$39,866	\$33,300	\$9,424	\$17,300
		REVENUE TOTALS	\$14,505,059	\$17,049,523	\$14,051,512	\$14,694,809
511	3	REG. FULL-TIME EMPLOYEES	\$3,774,168	\$4,435,024	\$3,644,897	\$3,776,068
511	4	REG. PART-TIME EMPLOYEES	\$158,644	\$135,132	\$108,502	\$103,468
511	5	TEMP. SALARIES & WAGES	\$150,872	\$160,000	\$61,248	\$70,000
511	6	PER DIEM	\$2,610	\$3,000	\$2,381	\$3,000
511	9	OVERTIME	\$581,615	\$635,774	\$424,567	\$418,910
511	43	NO-BENEFIT FULL-TIME EMPL	\$745,356	\$909,423	\$1,460,022	\$1,439,542
511	44	NO-BENEFIT PART-TIME EMPL	\$676,649	\$828,520	\$349,041	\$359,894
513	1	SOCIAL SECURITY-EMPLOYER	\$456,961	\$544,575	\$373,045	\$468,940
513	2	IMRF - EMPLOYER COST	\$520,947	\$606,133	\$474,528	\$517,979
513	4	WORKERS' COMPENSATION INS	\$164,565	\$209,248	\$153,190	\$183,284
513	5	UNEMPLOYMENT INSURANCE	\$121,540	\$350,094	\$275,858	\$220,890
513	6	EMPLOYEE HEALTH/LIFE INS	\$713,715	\$930,591	\$715,537	\$841,081
513	20	EMPLOYEE DEVELOPMNT/RECOG	\$3,531	\$4,000	\$853	\$2,500
513	21	EMPLOYEE PHYSICALS/LAB	\$30,861	\$30,000	\$46,273	\$45,000
		PERSONNEL	\$8,102,034	\$9,781,514	\$8,089,942	\$8,450,556
522	1	STATIONERY & PRINTING	\$1,569	\$3,000	\$0	\$3,000
522	3	BOOKS,PERIODICALS & MAN.	\$2,414	\$2,380	\$1,910	\$2,200
522	4	COPIER SUPPLIES	\$6,431	\$6,000	\$5,156	\$6,000
522	6	POSTAGE, UPS, FED EXPRESS	\$4,268	\$4,000	\$2,948	\$4,000
522	12	STOCKED DRUGS	\$28,559	\$25,000	\$35,790	\$37,093
522	15	GASOLINE & OIL	\$10,301	\$15,847	\$6,541	\$11,500
522	16	TOOLS	\$867	\$500	\$0	\$250
522	17	GROUNDS SUPPLIES	\$902	\$730	\$983	\$1,000
522	22	MAINTENANCE SUPPLIES	\$27,354	\$30,000	\$15,927	\$20,000
522	25	DIETARY NON-FOOD SUPPLIES	\$467	\$1,000	\$0	\$0
522	28	LAUNDRY SUPPLIES	\$13,938	\$16,000	\$8,031	\$10,000

522	31	PHARMACY CHRGS-PUBLIC AID	\$24,991	\$25,000	\$22,168	\$22,975
522	33	OXYGEN	\$28,234	\$42,000	\$16,306	\$16,900
522	34	INCONTINENCE SUPPLIES	\$118,301	\$110,000	\$107,287	\$111,194
522	35	NUTRITIONAL SUPPLEMENTS	\$73,493	\$60,000	\$55,728	\$60,000
522	36	PHARMACY CHRGS-INSURANCE	\$103,599	\$125,000	\$113,013	\$117,129
522	44	EQUIPMENT LESS THAN \$5000	\$30,379	\$23,800	\$12,003	\$13,400
522	91	LINEN & BEDDING	\$36,159	\$15,000	\$19,261	\$20,000
522	93	OPERATIONAL SUPPLIES	\$293,398	\$259,439	\$263,318	\$276,745
522	98	PHARMACY CHARGES-MEDICARE COMMODITIES	\$62,413 \$868,037	\$120,000 \$884,696	\$93,633 \$780,003	\$101,043 \$834,429
533	1	AUDIT & ACCOUNTING SERVCS	\$47,596	\$68,000	\$48,658	\$55,000
533	3	ATTORNEY/LEGAL SERVICES	\$53,941	\$60,000	\$90,059	\$60,000
533	4	ENGINEERING SERVICES	\$47,434	\$0	\$25,567	\$15,000
533	6	MEDICAL/DENTAL/MENTL HLTH	\$64,600	\$45,000	\$59,520	\$50,000
533	7	PROFESSIONAL SERVICES	\$1,564,398	\$1,645,648	\$1,578,974	\$1,641,315
533	12	JOB-REQUIRED TRAVEL EXP	\$1,559	\$3,071	\$1,833	\$2,000
533	17	FIELD TRIPS / ACTIVITIES	\$38	\$369	\$58	\$500
533	20	INSURANCE	\$261,313	\$291,904	\$286,054	\$290,000
533	22	LABORATORY FEES	\$18,957	\$30,000	\$16,156	\$16,745
533	26	PROPERTY LOSS/DMG CLAIMS	\$483	\$2,303	\$0	\$2,000
533	29	COMPUTER/INF TCH SERVICES	\$47,859	\$94,567	\$106,953	\$100,000
533	30	GAS SERVICE	\$132,546	\$195,000	\$156,801	\$175,000
533	31	ELECTRIC SERVICE	\$279,582	\$250,000	\$338,138	\$300,000
533	32	WATER SERVICE	\$31,811	\$33,000	\$34,980	\$35,000
533	33	TELEPHONE SERVICE	\$18,780	\$18,000	\$19,044	\$20,000
533	34	PEST CONTROL SERVICE	\$5,646	\$6,250	\$8,776	\$6,250
533	36	WASTE DISPOSAL & RECYCLNG	\$31,922	\$42,000	\$33,389	\$35,000
533	40	AUTOMOBILE MAINTENANCE	\$6,799	\$11,231	\$8,871	\$10,000
533	42	EQUIPMENT MAINTENANCE	\$40,203	\$40,000	\$20,947	\$26,000
533	51	EQUIPMENT RENTALS	\$59,199	\$38,460	\$89,184	\$38,600
533	70	LEGAL NOTICES,ADVERTISING	\$33,902	\$44,969	\$29,527	\$40,000
533	85	PHOTOCOPY SERVICES	\$13,580	\$15,732	\$8,872	\$10,732
533	86	NURS HOME BLDG REPAIR/MNT	\$186,582	\$100,000	\$84,179	\$100,000
533	89	PUBLIC RELATIONS	\$2,818	\$607	\$1,699	\$2,250
533	91	LAUNDRY & CLEANING	\$8,286	\$2,000	\$6,533	\$6,500
533	93	DUES AND LICENSES	\$19,276	\$20,916	\$21,313	\$21,200
533	95	CONFERENCES & TRAINING	\$21,352	\$12,708	\$33,764	\$21,525
534	11	FOOD SERVICE	\$706,256	\$731,460	\$683,404	\$725,000
534	37	FINANCE CHARGES,BANK FEES	\$3,849	\$2,500	\$5,199	\$10,000
534	40	CABLE/SATELLITE TV EXP	\$24,942	\$30,000	\$25,982	\$30,000
534	46	SEWER SERVICE & TAX	\$17,750	\$18,000	\$21,243	\$20,000
534	61	IPA LICENSING FEE	\$511,537	\$546,790	\$498,897	\$546,790
534	65	CONTRACT NURSING SERVICE	\$985,183	\$650,000	\$397,860	\$332,000
534	75	FINES AND PENALTIES	\$0	\$30,000	\$0	\$30,000
534	76	PARKING LOT/SIDEWLK MAINT	\$10,753	\$20,000	\$11,453	\$10,000
534	81	GENERAL LIABILITY CLAIMS	\$0	\$30,000	\$0	\$30,000
534	83	MEDICARE MEDICAL SERVICES SERVICES	\$13,950 \$5,274,682	\$38,577 \$5,169,062	\$15,537 \$4,769,424	\$12,430 \$4,826,837

544	29	NUR HM BLDG CONST/IMPROVE	\$125,150	\$530,000	\$283,046	\$0
544	33	OFFICE EQUIPMENT & FURNIS	\$112,489	\$26,000	\$4,082	\$21,000
544	74	KITCHEN/LAUNDRY EQUIPMENT	\$0	\$0	\$2,993	\$3,000
		CAPITAL	\$237,639	\$556,000	\$290,121	\$24,000
567	2	BAD DEBT EXPENSE	\$0	\$300,000	\$0	\$200,000
		NON CASH EXPENSES	\$0	\$300,000	\$0	\$200,000
571	80	TO GENERAL CORP FUND 080	\$307,490	\$311,765	\$285,827	\$282,670
		INTERFUND EXPENDITURE	\$307,490	\$311,765	\$285,827	\$282,670
582	1	INTEREST-TAX ANTIC NOTES	\$2,974	\$7,000	\$13,268	\$3,500
		DEBT	\$2,974	\$7,000	\$13,268	\$3,500
		EXPENDITURE TOTALS	\$14,792,856	\$17,010,037	\$14,228,585	\$14,621,992

FUND BALANCE

FY2015 Actual	FY2016 Projected	FY2017 Budgeted
- \$374,076	- \$551,149	- \$478,332

FULL TIME EMPLOYEE HISTORY

FY2013	FY2014	FY2015	FY2016	FY2017
202.5	202.5	222.1	215.3	213.4

ALIGNMENT to STRATEGIC PLAN

County Board Goal 1 – Champaign County is committed to being a high performing, open and transparent local government organization

- To operate the CCNH effectively and with financial independence
- To offer long-term care, skilled nursing, memory care, and adult day care services to citizens without regard for their ability to pay
- To maintain services that are conservatively priced and offered to anyone who demonstrates a need
- To forge partnerships with employees through continuous education, consistent performance expectations, and a quality management system that incorporates staff at every level of the organization

County Board Goal 2 – Champaign County maintains high quality public facilities and highways and provides a safe rural transportation system and infrastructure

- To develop a long-range plan for budgeting for, and implementing, appropriate facility maintenance in a timely fashion

County Board Goal 3 –Champaign County promotes a safe, just and healthy community

- To adopt and implement policies and procedures which address specific areas of CCNH's operations, including, but not limited to, hospital readmission rates, emergency room referrals, nosocomial infection rates, falls, vaccinations, and decubitus ulcer prevention and treatment
- Facilitate a collaborative relationship with other area health care providers including hospitals, assisted living, supportive living, hospice, home health agencies and community organizations that provide senior services.

County Board Goal 4 – Champaign County is a county that supports balanced, planned growth to balance economic growth with preservation of our natural resources

- To be responsive to community needs through the adjustment of care services provided by the CCNH based on the needs of the community