

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

COMPLIANCE EXAMINATION
For the two years ended June 30, 2008

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

COMPLIANCE EXAMINATION

For the two years ended June 30, 2008

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STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

AGENCY OFFICIALS

For the two years ended June 30, 2008

Director (12/15/06 to present)	Ms. Tammy Duckworth
Director (7/1/06 to 12/14/06)	Mr. Roy Dolgos
Home Administrator (4/16/07 to present)	Mr. Bruce Vaca
Acting Home Administrator (7/1/06 to 4/15/07)	Mr. John Wingerter
Business Administrator	Mr. John McPherson
Adjutant	Mr. John Wingerter
Director of Personnel	Ms. Sharon Hendricks
Director of Facilities (2/13/08 to present)	Mr. David Clifford
Acting Director of Facilities (7/1/06 to 2/12/08)	Mr. John McPherson
Director of Nursing	Ms. Cathy Page
Medical Director (11/27/06 to present)	Dr. Zorian Trusewych
Medical Director (7/1/06 to 11/26/06)	Vacant

Agency office is located at:

1707 North 12th Street
Quincy, Illinois 62301



STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS

ILLINOIS VETERANS' HOME
1707 NORTH 12TH STREET QUINCY, ILLINOIS 62301
TELEPHONE: 217/222-8641 * FAX: 217/222-8578

PAT QUINN
GOVERNOR

L. TAMMY DUCKWORTH
DIRECTOR

February 5, 2009

Doehring, Winders & Co. LLP.
Certified Public Accountants
1601 Lafayette Avenue
P.O. Box 628
Mattoon, IL 61938

Ladies and Gentlemen:

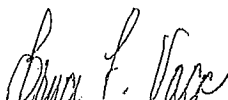
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Veterans' Affairs – Illinois Veterans' Home at Quincy (Home). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Home's compliance with the following assertions during the two-year period ended June 30, 2008. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2008, the Home has materially complied with the assertions below.

- A. The Home has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Home has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Home has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Home are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

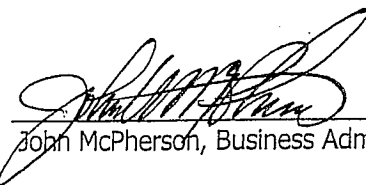
- E. Money or negotiable securities or similar assets handled by the Home on behalf of the State or held in trust by the Home have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law

Yours very truly,

Illinois Veterans Home at Quincy



Bruce Vaca, Administrator



John McPherson, Business Administrator

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

COMPLIANCE REPORT SUMMARY

For the two years ended June 30, 2008

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	This Report	Prior Report
Findings	2	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

Details of findings are presented in a separately tabbed report section.

SUMMARY OF FINDINGS

Item No.	Page	Description	Finding Type
FINDINGS (STATE COMPLIANCE)			
08-01	8	Inadequate Internal Controls Over Cash Receipts	Significant Deficiency and Noncompliance
08-02	9	Noncompliance with the State Officials and Employee Ethics Act	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Home personnel at an exit conference on February 5, 2009. Attending were:

Illinois Veterans' Home at Quincy
Bruce Vaca, Home Administrator
John McPherson, Business Administrator

Illinois Department of Veterans' Affairs
Debbie Miller, Chief Fiscal Officer

Auditor General
Joel Meints, Audit Manager

Doehring, Winders & Co. LLP
Robert Arnholt, CPA, Partner
Meghan Coy, CPA, Supervising Senior

Responses to the recommendations were provided by John McPherson in a letter dated February 5, 2009.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
& Business Advisers
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

Independent Accountant's Report on State Compliance,
on Internal Control over Compliance, and on
Supplementary Information for State Compliance Purposes

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Department of Veterans' Affairs - Illinois Veterans' Home at Quincy's (the Home) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2008. The management of the Home is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Home's compliance based on our examination.

- A. The Home has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Home has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Home has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Home are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Home on behalf of the State or held in trust by the Home have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Home's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Home's compliance with specified requirements.

In our opinion, the Home complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2008. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as finding 08-01 and 08-02.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the Home is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Home's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Home's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Home's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of state findings as item 08-01 and 08-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with requirements will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of State findings to be material weaknesses.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

The Home's response to the findings identified in our examination are described in the accompanying schedule of State findings. We did not examine the Home's response and, accordingly, we express no opinion on it.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2007 and the 2008 Supplementary Information for State Compliance Purposes, except for information on the Annual Cost Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2006 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and management of the Home, and is not intended to be and should not be used by anyone other than these specified parties.

Doehring, Winders & Co. LLP

February 5, 2009

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

CURRENT FINDINGS - STATE

For the two years ended June 30, 2008

08-01 INADEQUATE INTERNAL CONTROLS OVER CASH RECEIPTS

The Illinois Veterans' Home at Quincy (Home) did not maintain adequate internal controls over cash receipts in the Commissary.

During the engagement period, we noted 4 cash receipts from Commissary sales totaling \$1,945 for October 15 - October 18, 2006 were stolen. Home officials discovered the theft on October 19, 2006 when an employee went to retrieve the money from the safe and found it missing. Several employees had access to the drawer and safe. It is uncertain how access to the safe was made or who removed the money. An investigation of the missing funds was conducted by the police, but no one was ever charged with a crime regarding this matter. Our review of internal controls revealed inadequate controls over deposits by Home Commissary Fund staff.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Home personnel stated that the theft was caused by lack of proper internal control over deposits by Home Commissary Fund staff. Shortly after the theft occurred, the Home made changes to their internal control procedures.

Without proper internal controls over cash receipts, the Home is more susceptible to theft of assets. (Finding Code No. 08-1)

RECOMMENDATION

We recommend that the Home evaluate their internal control procedures over cash receipts and monitor the changes made to these internal controls.

HOME RESPONSE

We agree with this finding. Procedures were implemented shortly after the theft occurred to significantly control cash deposits in order to deter theft. As of December 1, 2008, the Business Enterprise Program for the Blind has taken over operations at the Commissary and the Home is no longer involved with Commissary operations.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

CURRENT FINDINGS - STATE - CONTINUED

For the two years ended June 30, 2008

08-02 NONCOMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEES ETHICS ACT

The Illinois Veterans' Home at Quincy (Home) did not maintain time sheets in compliance with the State Officials and Employees Ethics Act.

During the engagement period, we noted that Home employees were required to clock in upon arriving at work and clock out upon leaving work. However, the time sheets did not document the total hours spent each day on official State business.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) requires each State agency to develop a written policy that includes work time requirements and documentation of time worked. Additionally, the Act requires State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

Home personnel stated that they are waiting on the State Wide Timekeeping System that is in the process of being implemented. The RFP has been processed and now the State is researching the different timekeeping systems available.

By not periodically submitting timesheets that document the time spent each day on official State business is in noncompliance with State statute and increases the potential that the State is paying for services that have not been performed. (Finding Code No. 08-2, 06-01)

RECOMMENDATION

We recommend the Home comply with the State Officials and Employees Ethics Act by amending its policies regarding timekeeping requirements and document the time spent on official State business to the nearest quarter hour.

HOME RESPONSE

We agree with this finding. We believe that once the State Wide Timekeeping System is implemented by Shared Services, we will be able to comply with the State Officials and Employee Ethics Act.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
SUMMARY

For the two years ended June 30, 2008

Supplementary Information for State Compliance Purposes presented in this section includes the following:

Fiscal Schedules and Analysis

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Locally Held Funds (Cash Basis)
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation Schedule
of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Significant Account Balances
- Analysis of Accounts Receivable

Analysis of Operations

- Agency Functions and Planning Program
- Average Number of Employees
- Annual Cost Statistics (not examined)
- Emergency Purchases
- Service Efforts and Accomplishments (not examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Annual Cost Statistics and Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

	Appropriations (Net after Transfers)	Expenditures through June 30, 2008	Lapse Period Expenditures 7/1 - 8/31/08	Total Expenditures	Balance Lapsed
Public Act 95-0348					
Appropriated Funds					
GENERAL REVENUE FUND - 001					
Personal services	\$ 15,620,000	\$ 15,318,767	\$ -	\$ 15,318,767	\$ 301,233
State employee retirement	2,592,900	2,542,379	-	2,542,379	50,521
Social Security	1,172,000	1,114,506	-	1,114,506	57,494
Contractual services	85,000	66,865	17,794	84,659	341
Commodities	100	-	-	-	100
Electronic data processing	100	-	-	-	100
Total General Revenue Fund - 001	<u>19,470,100</u>	<u>19,042,517</u>	<u>17,794</u>	<u>19,060,311</u>	<u>409,789</u>
QUINCY VETERANS' HOME FUND - 619					
Personal services	10,009,700	7,733,692	1,033,651	8,767,343	1,242,357
Members' compensation	27,000	24,222	1,536	25,758	1,242
State employee retirement	1,661,600	1,284,449	171,540	1,455,989	205,611
Social Security	763,700	573,478	76,614	650,092	113,608
Contractual services	2,857,800	2,061,815	442,833	2,504,648	353,152
Travel	4,300	2,505	371	2,876	1,424
Commodities	4,710,000	3,106,429	661,891	3,768,320	941,680
Printing	23,700	20,313	255	20,568	3,132
Equipment	112,400	104,661	4,725	109,386	3,014
Electronic data processing	25,000	10,567	1,040	11,607	13,393
Telecommunications	82,400	65,082	12,121	77,203	5,197
Operation of automotive equipment	83,000	68,777	6,153	74,930	8,070
Permanent improvements	140,000	53,997	-	53,997	86,003
Refunds	50,200	31,275	16,551	47,826	2,374
Health care shared services center	808,200	753,580	34,789	788,369	19,831
Total Quincy Veterans' Home Fund - 619	<u>21,359,000</u>	<u>15,894,842</u>	<u>2,464,070</u>	<u>18,358,912</u>	<u>3,000,088</u>
Totals - All appropriated funds	<u>\$ 40,829,100</u>	<u>\$ 34,937,359</u>	<u>\$ 2,481,864</u>	<u>\$ 37,419,223</u>	<u>\$ 3,409,877</u>
Nonappropriated Funds					
VETERANS' AFFAIRS LIBRARY GRANT FUND - 775					
Library expenses	\$ -	\$ 7,365	\$ 6,885	\$ 14,250	\$ -
Grand total - All funds	<u>\$ 40,829,100</u>	<u>\$ 34,944,724</u>	<u>\$ 2,488,749</u>	<u>\$ 37,433,473</u>	<u>\$ 3,409,877</u>

Note: The data for this report was obtained from Home records and has been reconciled to the records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2007

Fourteen Months Ended August 31, 2007

	Appropriations (Net after Transfers)	Expenditures through June 30, 2007	Lapse Period Expenditures 7/1 - 8/31/07	Total Expenditures	Balance Lapsed
Public Act 94-798					
Appropriated Funds					
GENERAL REVENUE FUND - 001					
Personal services	\$ 12,856,600	\$ 12,391,555	-	\$ 12,391,555	\$ 465,045
State employee retirement	1,481,700	1,430,537	-	1,430,537	51,163
Social Security	977,400	907,355	-	907,355	70,045
Contractual services	72,000	39,495	15,103	54,598	17,402
Commodities	100	-	-	-	100
Electronic data processing	100	-	-	-	100
Total General Revenue Fund - 001	<u>15,387,900</u>	<u>14,768,942</u>	<u>15,103</u>	<u>14,784,045</u>	<u>603,855</u>
QUINCY VETERANS' HOME FUND - 619					
Personal services	11,037,500	9,815,856	1,015,621	10,831,477	206,023
Members' compensation	25,000	14,749	1,136	15,885	9,115
State employee retirement	1,272,100	1,133,835	117,265	1,251,100	21,000
Social Security	844,300	720,056	75,257	795,313	48,987
Contractual services	2,485,900	2,113,649	296,910	2,410,559	75,341
Travel	4,300	1,996	-	1,996	2,304
Commodities	5,103,100	3,152,653	477,208	3,629,861	1,473,239
Printing	23,700	17,911	855	18,766	4,934
Equipment	197,400	111,826	83,407	195,233	2,167
Electronic data processing	25,000	12,398	7,110	19,508	5,492
Telecommunications	91,400	59,550	25,899	85,449	5,951
Operation of automotive equipment	68,000	48,653	16,971	65,624	2,376
Permanent improvements	66,200	-	32,840	32,840	33,360
Refunds	42,200	31,979	3,904	35,883	6,317
Total Quincy Veterans' Home Fund - 619	<u>21,286,100</u>	<u>17,235,111</u>	<u>2,154,383</u>	<u>19,389,494</u>	<u>1,896,606</u>
Totals - All appropriated funds	<u>\$ 36,674,000</u>	<u>\$ 32,004,053</u>	<u>\$ 2,169,486</u>	<u>\$ 34,173,539</u>	<u>\$ 2,500,461</u>
Nonappropriated Funds					
VETERANS' AFFAIRS LIBRARY GRANT FUND - 775					
Library expenses	-	5,010	7,684	12,694	-
Grand total - All funds	<u>\$ 36,674,000</u>	<u>\$ 32,009,063</u>	<u>\$ 2,177,170</u>	<u>\$ 34,186,233</u>	<u>\$ 2,500,461</u>

Note: The data for this report was obtained from Home records and has been reconciled to the records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

For the Fiscal Year ended June 30

	2008 PA 95-0348	2007 PA 94-798	2006 PA 94-0015
APPROPRIATED FUNDS			
<u>General Revenue Fund - 001</u>			
Appropriations (net after transfers)	\$ 19,470,100	\$ 15,387,900	\$ 16,833,800
General Revenue Fund expenditures			
Personal services	15,318,767	12,391,555	14,387,104
Retirement paid by state	-	-	146,603
State employee retirement	2,542,379	1,430,537	1,123,068
Social Security	1,114,506	907,355	1,051,990
Contractual services	84,659	54,598	48,153
Total expenditures	<u>19,060,311</u>	<u>14,784,045</u>	<u>16,756,918</u>
Lapsed balances	<u>\$ 409,789</u>	<u>\$ 603,855</u>	<u>\$ 76,882</u>
<u>Quincy Veterans' Home Fund - 619</u>			
Appropriations (net after transfers)	\$ 21,359,000	\$ 21,286,100	\$ 18,007,200
Quincy Veterans' Home Fund expenditures			
Personal services	8,767,343	10,831,477	7,194,531
Members' compensation	25,758	15,885	10,007
Retirement paid by state	-	-	49,783
State employee retirement	1,455,989	1,251,100	560,934
Social Security	650,092	795,313	534,624
Contractual services	2,504,648	2,410,559	2,297,087
Travel	2,876	1,996	4,401
Commodities	3,768,320	3,629,861	3,558,077
Printing	20,568	18,766	21,662
Equipment	109,386	195,233	412,126
Electronic data processing	11,607	19,508	61,865
Telecommunications	77,203	85,449	65,175
Operation of automotive equipment	74,930	65,624	51,512
Permanent improvements	53,997	32,840	-
Refunds	47,826	35,883	27,171
Health care shared services center	788,369	-	-
Total expenditures	<u>18,358,912</u>	<u>19,389,494</u>	<u>14,848,955</u>
Lapsed balances	<u>\$ 3,000,088</u>	<u>\$ 1,896,606</u>	<u>\$ 3,158,245</u>
<u>Grand Total - All Appropriated Funds</u>			
Appropriations (net after transfers)	\$ 40,829,100	\$ 36,674,000	\$ 34,841,000
Expenditures	<u>37,419,223</u>	<u>34,173,539</u>	<u>31,605,873</u>
Lapsed balances	<u>\$ 3,409,877</u>	<u>\$ 2,500,461</u>	<u>\$ 3,235,127</u>
NONAPPROPRIATED FUNDS			
<u>Veterans' Affairs Library Grant Fund - 775</u>	<u>\$ 14,250</u>	<u>\$ 12,694</u>	<u>\$ 15,000</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Home records and have been reconciled to the records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SCHEDULE OF LOCALLY HELD FUNDS (CASH BASIS)

For the two years ended June 30, 2008

	Fiscal Year ended	
	2008	2007
RESIDENTS' TRUST FUND		
Cash and cash equivalents, July 1	\$ 2,442,636	\$ 2,299,652
Receipts	7,379,035	8,246,477
Disbursements	<u>7,632,261</u>	<u>8,103,493</u>
Cash and cash equivalents, June 30	<u>\$ 2,189,410</u>	<u>\$ 2,442,636</u>
RESIDENTS' BENEFIT FUND		
Cash and cash equivalents, July 1	\$ 763,720	\$ 441,830
Receipts	184,175	719,029
Disbursements	<u>543,313</u>	<u>397,139</u>
Cash and cash equivalents, June 30	<u>\$ 404,582</u>	<u>\$ 763,720</u>
COMMISSARY FUND		
Cash and cash equivalents, July 1	\$ 40,703	\$ 46,904
Receipts	178,021	228,443
Disbursements	<u>205,428</u>	<u>234,644</u>
Cash and cash equivalents, June 30	<u>\$ 13,296</u>	<u>\$ 40,703</u>
ST. LAWRENCE CHAPEL		
Cash and cash equivalents, July 1	\$ 28,336	\$ 24,696
Receipts	9,868	10,757
Disbursements	<u>5,762</u>	<u>7,117</u>
Cash and cash equivalents, June 30	<u>\$ 32,442</u>	<u>\$ 28,336</u>
PROTESTANT CHAPEL		
Cash and cash equivalents, July 1	\$ 38,679	\$ 34,173
Receipts	11,420	10,266
Disbursements	<u>5,594</u>	<u>5,760</u>
Cash and cash equivalents, June 30	<u>\$ 44,505</u>	<u>\$ 38,679</u>

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SCHEDULE OF CHANGES IN STATE PROPERTY

For the year ended June 30, 2008

	<u>Total</u>	<u>Land and Land Improvements</u>	<u>Building and Building Improvements</u>	<u>Equipment</u>
Balance, July 1, 2007	\$ 46,004,108	\$ 2,828,222	\$ 37,326,276	\$ 5,849,610
Additions	451,866	4,270	133,427	314,169
Deletions and adjustments	151,365	-	-	151,365
Net transfers	<u>489,530</u>	<u>-</u>	<u>460,125</u>	<u>29,405</u>
Balance, June 30, 2008	<u>\$ 46,794,139</u>	<u>\$ 2,832,492</u>	<u>\$ 37,919,828</u>	<u>\$ 6,041,819</u>

Note: Information was obtained from Home records and reconciled to property records submitted to the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SCHEDULE OF CHANGES IN STATE PROPERTY

For the year ended June 30, 2007

	<u>Total</u>	<u>Land and Land Improvements</u>	<u>Building and Building Improvements</u>	<u>Equipment</u>
Balance, July 1, 2006	\$ 46,669,456	\$ 2,826,772	\$ 38,287,704	\$ 5,554,980
Additions	681,929	1,450	75,613	604,866
Deletions and adjustments	302,465	-	-	302,465
Net transfers	<u>(1,044,812)</u>	<u>-</u>	<u>(1,037,041)</u>	<u>(7,771)</u>
Balance, June 30, 2007	<u>\$ 46,004,108</u>	<u>\$ 2,828,222</u>	<u>\$ 37,326,276</u>	<u>\$ 5,849,610</u>

Note: Information was obtained from Home records and reconciled to property records submitted to the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

COMPARATIVE SCHEDULE OF CASH RECEIPTS

	For the Fiscal Year ended June 30,		
	2008	2007	2006
GENERAL REVENUE FUND - 001			
Jury duty and personal phone calls	\$ 234	\$ 127	\$ 192
QUINCY VETERANS' HOME FUND - 619			
Maintenance fees (including aid and admission)	5,844,469	6,256,329	6,720,491
Reimbursement from U.S. Department of Veterans Affairs	9,498,195	9,609,199	8,868,699
Medicare reimbursements	517,359	804,918	505,307
Miscellaneous	148,778	163,285	116,623
Total Quincy Veterans' Home Fund - 619	<u>16,008,801</u>	<u>16,833,731</u>	<u>16,211,120</u>
Total receipts - All funds	<u>\$ 16,009,035</u>	<u>\$ 16,833,858</u>	<u>\$ 16,211,312</u>

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER

	For the Fiscal Year ended June 30,		
	2008	2007	2006
Receipts per Home records	\$ 16,009,035	\$ 16,833,858	\$ 16,211,312
Add: Deposits in transit, beginning of year	17,829	28,618	57,231
Less: Deposits in transit, end of year	<u>46,071</u>	<u>17,829</u>	<u>28,618</u>
Receipts per comptroller records	<u>\$ 15,980,793</u>	<u>\$ 16,844,647</u>	<u>\$ 16,239,925</u>

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the two years ended June 30, 2008

A comparative schedule of significant variations in expenditures (greater than \$6,000 and 15%) for the fiscal years ended June 30, 2008 and June 30, 2007 are shown below:

	Fiscal Year ended June 30		Increase/(Decrease)	
	2008	2007	Amount	%
General Revenue Fund				
Personal services	(1) \$ 15,318,767	\$ 12,391,555	\$ 2,927,212	24%
State employee retirement	(2) 2,542,379	1,430,537	1,111,842	78%
Social Security	(3) 1,114,506	907,355	207,151	23%
Contractual services	(4) 84,659	54,598	30,061	55%
Quincy Veterans' Home Fund				
Personal services	(5) 8,767,343	10,831,477	(2,064,134)	-19%
Members' compensation	(6) 25,758	15,885	9,873	62%
State employee retirement	(7) 1,455,989	1,251,100	204,889	16%
Social Security	(8) 650,092	795,313	(145,221)	-18%
Contractual services	2,504,648	2,410,559	94,089	4%
Travel	2,876	1,996	880	44%
Commodities	3,768,320	3,629,861	138,459	4%
Printing	20,568	18,766	1,802	10%
Equipment	(9) 109,386	195,233	(85,847)	-44%
Electronic data processing	(10) 11,607	19,508	(7,901)	-41%
Telecommunications	77,203	85,449	(8,246)	-10%
Operation of automotive equipment	74,930	65,624	9,306	14%
Permanent improvements	(11) 53,997	32,840	21,157	64%
Refunds	(12) 47,826	35,883	11,943	33%
Health care shared services center	(13) 788,369	-	788,369	100%
Veterans' Affairs Library Grant Fund				
Library expenses	14,250	12,694	1,556	12%

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
(Continued)

For the two years ended June 30, 2008

All variations greater than \$6,000 and 15% were determined to be significant.

- (1) The increase in Personal Services was due to the split between the General Revenue Fund (GRF) and the Quincy Veterans' Home Fund (Home Fund) for each year being based on cash balances on hand in the Home Fund as well as projected revenues for the Home Fund. The total budget is calculated and the amount the Home Fund can support is subtracted from the total, with the remainder funded by the GRF. Due to increased Personal Services spending from the Home Fund in fiscal year 2007, there was a needed increase in funding from GRF in fiscal year 2008. This caused a corresponding increase in Personal Services expenditures from fiscal year 2007 and fiscal year 2008.
- (2) The increase in State Employee Retirement was due to the increase in Personal Service expenditures as described in (1) above, as well as an increase in the retirement rate as determined by the State Employees Retirement System from 11.525% in fiscal year 2007 to 16.561% in fiscal year 2008.
- (3) The increase in Social Security was due to a direct correlation with the increase in Personal Service expenditures as described in (1) above.
- (4) The increase in Contractual Services was due to virtually all of the expenditures from this line being payments to Central Management Services (CMS) for the Home's "Communication Manager". The rate, as determined by CMS, increased from fiscal year 2007 to fiscal year 2008.
- (5) The decrease in Personal Services was due to having a separate Personal Service section called Shared Services during fiscal year 2008 as pushed for by the Governor's Office in order to save the state money. This section included approximately 15 employees in the Human Resources, Accounting and Business Offices. In addition as described in item (1) above there was a shift in fiscal year 2008 to pay more personal service expenditures from the General Revenue Fund.
- (6) The increase in Members' Compensation was due to the Home having additional residents who were able to work in the Home's Members Work Program during fiscal year 2008.
- (7) The increase in State Employee Retirement was due to the increase in the retirement rate as determined by the State Employees Retirement System from 11.525% in fiscal year 2007 to 16.561% in fiscal year 2008.
- (8) The decrease in Social Security was due to a direct correlation with the decrease in Personal Service expenditures as described in (5) above.
- (9) The decrease in Equipment was due to the Home making a large expenditure to purchase an endloader during fiscal year 2007. No such expenditure occurred during fiscal year 2008.
- (10) The decrease in Electronic Data Processing was due to the Illinois Department of Veterans' Affairs Central Office now being in charge of handling the majority of all EDP expenditures. This procedure was still being implemented between fiscal year 2007 and fiscal year 2008.
- (11) The increase in Permanent Improvements was due to the Home being without a Chief Engineer for a number of years. Once this position was filled, several additional permanent improvement projects were able to be completed in fiscal year 2008 as compared to fiscal year 2007 because there was a full time employee to handle these projects.
- (12) The increase in Refunds was due to the Home having one resident who passed away during fiscal year 2008 with a large credit so a refund to his estate had to be processed.
- (13) The increase in Health Care Shared Services was due to the Home incurring Shared Services expenditures during fiscal year 2008 as described in (5) above.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
(Continued)

For the two years ended June 30, 2008

A comparative schedule of significant variations in expenditures (greater than \$6,000 and 15%) for the fiscal years ended June 30, 2007 and June 30, 2006 are shown below:

	Fiscal Year ended June 30		Increase/(Decrease)	
	2007	2006	Amount	%
General Revenue Fund				
Personal services	\$ 12,391,555	\$ 14,387,104	\$ (1,995,549)	-14%
Retirement paid by State (1)	-	146,603	(146,603)	-100%
State employee retirement (2)	1,430,537	1,123,068	307,469	27%
Social Security	907,355	1,051,990	(144,635)	-14%
Contractual services	54,598	48,153	6,445	13%
Quincy Veterans' Home Fund				
Personal services (3)	10,831,477	7,194,531	3,636,946	51%
Members' compensation	15,885	10,007	5,878	59%
Retirement paid by State (4)	-	49,783	(49,783)	-100%
State employee retirement (5)	1,251,100	560,934	690,166	123%
Social Security (6)	795,313	534,624	260,689	49%
Contractual services	2,410,559	2,297,087	113,472	5%
Travel	1,996	4,401	(2,405)	-55%
Commodities	3,629,861	3,558,077	71,784	2%
Printing	18,766	21,662	(2,896)	-13%
Equipment (7)	195,233	412,126	(216,893)	-53%
Electronic data processing (8)	19,508	61,865	(42,357)	-68%
Telecommunications (9)	85,449	65,175	20,274	31%
Operation of automotive equipment (10)	65,624	51,512	14,112	27%
Permanent improvements (11)	32,840	-	32,840	100%
Refunds (12)	35,883	27,171	8,712	32%
Veterans' Affairs Library Grant Fund				
Library expenses	12,694	15,000	(2,306)	-15%

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
(Continued)

For the two years ended June 30, 2008

All variations greater than \$6,000 and 15% were determined to be significant.

- (1) The decrease in Retirement Paid by State was due to the line being in effect for fiscal year 2006, but that was the last year the state actually paid a portion of the retirement in this manner. Therefore, this line was discontinued in fiscal year 2007.
- (2) The increase in State Employee Retirement was due to the State Employees Retirement System determining the rate for retirement, which increased from 7.795% in fiscal year 2006 to 11.525% in fiscal year 2007. Also, the state changed the way retirement is paid as described in (1) above which resulted in an increase to this line item.
- (3) The increase in Personal Services was due to the split between the General Revenue Fund (GRF) and the Quincy Veterans' Home Fund (Home Fund) for each year being based on cash balances on hand in the Home Fund as well as projected revenues for the Home Fund. The total budget is calculated and the amount the Home Fund can support is subtracted from the total, with the remainder fund by the GRF. From fiscal year 2006 to fiscal year 2007, the overall budget increased, and the split changed with the Home Fund increasing and the GRF decreasing.
- (4) The decrease in Retirement Paid by State was due to this line being discontinued in fiscal year 2007, as described in (1) above.
- (5) The increase in State Employee Retirement was due to the increase in personal expenditures as described in (3) above, as well as the increases in the rate of retirement as described in (2) above from 7.795% in fiscal year 2006 to 11.525% in fiscal year 2007.
- (6) The increase in Social Security was due to a direct correlation with the increase in personal expenditures as described in (3) above.
- (7) The decrease in Equipment was due to a large expenditure being made for new electric beds in fiscal year 2006. In fiscal year 2007, no such expenditure was made.
- (8) The decrease in Electronic Data Processing was due to the Illinois Department of Veterans' Affairs Central Office now being in charge of handling the majority of all EDP expenditures. This procedure began implementation during fiscal year 2007.
- (9) The increase in Telecommunications was due to a large expenditure being made for the running of fiber lines in fiscal year 2007. In fiscal year 2006, no such expenditure was made.
- (10) The increase in Operation of Automotive Equipment was due to a large increase in repair and maintenance expenditures during fiscal year 2007. This was due to the age of the Home's vehicles as well as several accidents. In fiscal year 2006, the Home did not have as many repair and maintenance expenditures.
- (11) The increase in Permanent Improvements was due to the Home being without a Chief Engineer for a number of years. Therefore, no permanent improvements were made in fiscal year 2006 and limited improvements were made in fiscal year 2007 to replace exterior doors and windows.
- (12) The increase in Refunds was due to a larger number of deaths and discharges at the Home in fiscal year 2007 resulting in larger refunds than in fiscal year 2006.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

For the two years ended June 30, 2008

A comparative schedule of significant variations in receipts (\$100,000 and 5%) for the fiscal years ended June 30, 2008, June 30, 2007, and June 30, 2006 are shown below:

	Fiscal Year ended June 30		Increase/(Decrease)	
	2008	2007	Amount	%
General Revenue Fund				
Jury duty and personal phone calls	\$ 234	\$ 127	\$ 107	84%
Quincy Veterans' Home Fund				
Maintenance fees (including aid and admission)	(1) 5,844,469	6,256,329	(411,860)	-7%
Reimbursement from U.S. Department of Veterans' Affairs	9,498,195	9,609,199	(111,004)	-1%
Medicare reimbursements	(2) 517,359	804,918	(287,559)	-36%
Miscellaneous	148,778	163,285	(14,507)	-9%
	<u>2007</u>	<u>2006</u>	<u>Amount</u>	<u>%</u>
General Revenue Fund				
Jury duty and personal phone calls	\$ 127	\$ 192	\$ (65)	-34%
Quincy Veterans' Home Fund				
Maintenance fees (including aid and admission)	(1) 6,256,329	6,720,491	(464,162)	-7%
Reimbursement from U.S. Department of Veterans' Affairs	(3) 9,609,199	8,868,699	740,500	8%
Medicare reimbursements	(2) 804,918	505,307	299,611	59%
Miscellaneous	163,285	116,623	46,662	40%

- (1) Decreases in fiscal year 2007 and fiscal year 2008 are due to a decreasing head count for both years.
- (2) Increases in fiscal year 2007 was due to catching up on a backlog of billings which stemmed from under staffing and the fact that the staff were still learning the Medicare billing system. Decreases in fiscal year 2008 is due to now having the adequate number of personnel to keep up the workload in the billing area as well as a lower head count during fiscal year 2008.
- (3) Differences in fiscal years 2007 and 2006 were due to timing of payments and different accounting basis (cash versus accrual). After adjusting cash basis amounts reported by the Home, the revenue from the Veterans' Administration is \$9,469,059 in fiscal year 2008, \$9,564,534 in fiscal year 2007, and \$9,752,026 in fiscal year 2006. This is a decrease of \$95,475 or 1.0% for fiscal year 2008 and a decrease in fiscal year 2007 of \$187,492 or 1.9%.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the two years ended June 30, 2008

The Home's lapse period spending of \$2,488,749 for fiscal year 2008 and \$2,177,170 for fiscal year 2007, as shown in the Schedule of Appropriations, Expenditures and Lapsed Balances, represented 6.65% and 6.37% of the total expenditures, respectively. Following are the Home's explanations for lapse period spending which exceeded twenty percent (20%) of the total expenditure line item.

<u>Fiscal Year 2008</u>	<u>Lapse Period</u>	<u>Total Expenditures</u>	<u>% of Lapse Spending vs. Total Expd.</u>
General Revenue Fund			
Contractual	(1)	\$ 17,794	\$ 84,659 21%
Quincy Veterans' Home Fund			
Refunds	(2)	16,551	47,826 35%
Veterans' Affairs Library Grant Fund			
Library Expenses	(3)	6,885	14,250 48%
<u>Fiscal Year 2007</u>			
General Revenue Fund			
Contractual	(1)	15,103	54,598 28%
Quincy Veterans' Home Fund			
Equipment	(4)	83,407	195,233 43%
Electronic Data Processing	(5)	7,110	19,508 36%
Telecommunications	(6)	25,899	85,449 30%
Operation of Automotive Equipment	(7)	16,971	65,624 26%
Permanent Improvements	(8)	32,840	32,840 100%
Veterans' Affairs Library Grant Fund			
Library Expenses	(9)	7,684	12,694 61%

- (1) June billings from Communications Revolving Fund Consolidation payments were received by the Home in July, and therefore could not be paid until the lapse period.
- (2) A resident passed away with a large credit balance. The Home had to work with attorneys for his estate to get the proper documentation; therefore, the refund could not be processed until the lapse period.
- (3) These invoices were processed by Central Office, and due to an unexpected retirement, were not able to be processed and paid until the lapse period.
- (4) One major expenditure for an endloader was delayed until the end of the fiscal year to ensure sufficient funds for needed equipment purchases throughout the year.
- (5) The June bill from Office Depot was not received by the Home until July, and therefore could not be paid until the lapse period.
- (6) The invoice for fiber work performed prior to June 30 was not received from Telecommunications until July; therefore, invoice could not be paid until lapse period.
- (7) Invoices for services performed prior to June 30 were not received from the State Garage until July; therefore, invoices could not be paid until lapse period.
- (8) Two major expenditures for exterior doors and exterior windows were delayed until the end of the fiscal year to ensure sufficient funds for needed improvements throughout the year.
- (9) The Home received this grant late in the fiscal year; therefore, purchases were made close to June 30, and bills from Electronic Communication Systems could not be processed until the lapse period.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

For the two years ended June 30, 2008

Cash and Cash Equivalents

Cash and cash equivalents of the Home consist of cash on hand (petty cash fund), cash in the bank and short-term cash investments. The Home considers short-term cash investments with maturity of three months or less from placement date to be cash equivalents.

The Quincy Veterans' Home Fund (619) is a nonshared fund held in the State Treasury. It is classified as a special revenue fund and is restricted to expenditures for specified purposes. It is appropriated by the General Assembly.

The Home is also the custodian of several locally held funds which includes the following:

- Superintendent's Trust Funds
 - Residents' Trust Fund
 - Residents' Benefit Fund
 - Chapel Funds (St. Lawrence and Protestant Funds)
- Commissary Fund (a special revenue fund)

A summary of the Home's cash and cash equivalents as of June 30 is shown below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash			
Quincy Veterans' Home Fund	\$ 2,973,633	\$ 5,007,213	\$ 7,617,557
Residents' Trust Fund	189,410	442,636	299,652
Residents' Benefit Fund	404,582	538,720	216,830
Commissary Funds	13,296	40,703	46,904
Chapel Funds	62,518	52,913	45,112
Short-term Investments			
Residents' Trust Fund	2,000,000	2,000,000	2,000,000
Residents' Benefit Fund	-	225,000	225,000
Chapel Funds	14,429	14,102	13,757
	<u>\$ 5,657,868</u>	<u>\$ 8,321,287</u>	<u>\$ 10,464,812</u>

Cash and cash equivalents in fiscal year 2008 decreased 32.0% due to the excess of cash disbursements over receipts in the Home Fund for the year ended June 30, 2008 in the amount of approximately \$2 million. Cash and cash equivalents in fiscal year 2007 decreased 20.5% due to the shifting of personnel services and related costs from the General Revenue Fund to the Home Fund as compared to fiscal year 2006.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES (Continued)

For the two years ended June 30, 2008

Inventory

The Home maintains an inventory of medical and pharmacy items, general stores, food, and mechanical supplies. The inventories are valued using the moving average method. A summary of the Home's inventory balance as of June 30 is shown below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Pharmacy	\$ 168,906	\$ 260,831	\$ 245,977
Medical supplies	228,757	239,671	225,013
General stores	379,223	384,789	411,827
Mechanical supplies	<u>167,018</u>	<u>170,819</u>	<u>176,832</u>
	<u>\$ 943,904</u>	<u>\$ 1,056,110</u>	<u>\$ 1,059,649</u>

The Home makes all drug purchases online. In doing this, the Home generally receives the order the very next day. Therefore, a large store of pharmacy inventory is not necessary.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANALYSIS OF ACCOUNTS RECEIVABLE

For the two years ended June 30, 2008

Accounts receivable of the Home consist of per diem reimbursements from the U. S. Department of Veterans' Affairs, maintenance fees from the residents, and miscellaneous receivables including interest income on locally held funds. The Home considers all balances collectible except for the amount due as Maximum Maintenance Fee. The Home does not maintain an allowance for doubtful accounts. Accounts receivable written-off totaled \$0 and \$10,212 in fiscal years 2008 and 2007, respectively.

A summary of the Home's accounts receivable as of June 30 is shown below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Per diem reimbursement	\$ 1,573,411	\$ 1,602,547	\$ 1,647,193
Maintenance fees - net	5,891	3,195	15,156
	<u>\$ 1,579,302</u>	<u>\$ 1,605,742</u>	<u>\$ 1,662,349</u>

The following is an aging of the Home's accounts receivable balances:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Not past due	\$ 784,859	\$ 791,702	\$ 811,116
1-30 days past due	792,529	810,969	838,712
31-90 days past due	1,450	2,576	-
91-180 days past due	150	-	526
181 days - 1 year past due	314	-	2,298
Over 1 year past due	-	-	9,697
	<u>\$ 1,579,302</u>	<u>\$ 1,605,247</u>	<u>\$ 1,662,349</u>

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the two years ended June 30, 2008

The Home was established by act of the General Assembly in 1885 and opened in 1887. In July 1976, it became part of the Department of Veterans' Affairs and in August 1998 it became regulated by the Illinois Department of Public Health.

The Home provides three levels of care for veterans and/or their spouses:

1. Domiciliary Care
2. Intermediate Care
3. Skilled Care

It is estimated that the number of veterans requiring medical care will peak in 2010 to 2012. Thereafter, the number of surviving veterans will rapidly decrease. With the potential decrease in demand for services due to a decrease in the number of veterans to service, the Home needs to specifically identify the future needs of veterans in order to maintain the current census. In order to better meet the needs of today's and tomorrow's veterans and those of their spouses, the Home identified the following goals:

Planning Program

One Year Goals

The Home has developed the following goals and objectives for the fiscal year ending June 30, 2008:

1. Prepare for annual inspections/surveys by the U.S. Veterans' Administration (VA) and Illinois Department of Public Health (IDPH).
2. Review VA and IDPH annual survey Plans of Corrections to ensure compliance.
3. Continue development and implementation of plan to decrease fall rate of residents.
4. Continue exploration of Pioneer Principles of resident care.
5. Identify all Department and general staff training and orientation requirements.
6. Develop a plan to improve communications at all levels of the Home. Includes paper systems, electronics (pagers, cell phones, telephones, computers/e-mail, radios, signs).
7. Maintain current Quality Improvement (QI) System, identifying new indicators as necessary. Retain monthly QI indicator process.
8. Complete Phase III of capital project that calls for upgrades to Kent Infirmary.
9. Develop a plan to improve security of the campus.

Five and Ten Year Goals

1. Develop a plan for a new Electronic Medical Record System. Work with Illinois Department of Veterans' Affairs Central Office to achieve this goal.
2. Finalize plan to increase the number of beds devoted to serving dementia/Alzheimer's patients in order to satisfy demand for services.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

AGENCY FUNCTIONS AND PLANNING PROGRAM (Continued)

For the two years ended June 30, 2008

Five and Ten Year Goals (continued)

3. Perform a 100% review of all physical plant and fixed equipment items for purposes of developing a master plan for capital improvements.
4. Continue to explore feasibility of development of Behavioral Health Unit with targeted completion in fiscal year 2010.
5. Increase expertise via training to better diagnose and prepare for anticipated needs of future veteran residents (prosthetics, head injuries and PTSD).
6. Assess the need of Illinois Veterans of the Vietnam and Desert Storm eras who will require long-term care.
7. Assess all federal government legislation impacting veteran's health care policies in relation to the current strategy of downsizing admittance into VA hospitals.
8. Address all facility upgrade requirements in order to provide for quality care and the level of need for future veterans.

Agency Head and Location

Bruce Vaca, Administrator
Illinois Veterans' Home at Quincy
1707 North 12th Street
Quincy, Illinois 62301

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

AVERAGE NUMBER OF EMPLOYEES

For the two years ended June 30, 2008

<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Office administration	10	10	11
Professional	86	86	86
Technician	79	82	94
Protective service	11	11	11
Para professional	160	166	181
Office clerical	22	22	22
Skilled craft	14	14	14
Service maintenance	127	127	127
	<u>509</u>	<u>518</u>	<u>546</u>

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

ANNUAL COST STATISTICS
(not examined)

For the two years ended June 30, 2008

Ratio of Employees to Residents

The following comparative data was prepared from Department and Home records for the fiscal years ended June 30:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Certified capacity of Home	683	683	683
Average number of residents:			
Skilled Care	414	433	451
Domiciliary Care	38	42	50
Average number of employees	509	518	546
Ratio of employees to residents:			
Skilled Care	1.23 to 1	1.20 to 1	1.21 to 1
Domiciliary Care	13.39 to 1	12.33 to 1	10.92 to 1

Cost per Resident

The following costs of resident care were prepared from Department and Home records for the fiscal years ended June 30:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Average healthcare spending per resident per year	\$ 5,110	\$ 4,918	\$ 3,510
Average cost per resident per meal (excludes labor cost)	\$ 2.21	\$ 2.23	\$ 1.96
Average annual cost meals per resident (excludes labor cost)	\$ 2,418	\$ 2,440	\$ 2,142
Average annual cost of care per resident:			
Skilled	\$ 80,081	\$ 68,233	\$ 69,328
Domiciliary	\$ 45,859	\$ 38,785	\$ 38,785

Healthcare spending costs include costs for contractual medical services, pharmaceutical services, and medical supplies.

Injury Statistics

The following was taken from the Department of Public Health, for the fiscal years ended June 30:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of resident injuries	56	66	99

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

EMERGENCY PURCHASES

For the two years ended June 30, 2008

During the two years ended June 30, 2008, the Home filed the following emergency purchase affidavit with the Office of the Auditor General.

August 14, 2006 Replacement of back up diesel generator for facility power plant

This emergency purchase involved replacement of the back up diesel generator for the facility power plant. They had an old generator that was not considered reliable and would be too costly to repair. Many of the Home's residents would suffer serious hardship if there was not enough power to operate the medical equipment needed for their health issues. Due to health concerns for the residents, this purchase needed to occur on an emergency basis.

The actual cost to the Home was \$22,355.

STATE OF ILLINOIS
DEPARTMENT OF VETERANS' AFFAIRS
ILLINOIS VETERANS' HOME AT QUINCY

SERVICE EFFORTS AND ACCOMPLISHMENTS
(not examined)

For the two years ended June 30, 2008

VETERANS SERVED

The purpose of the Home is to provide "nursing home" care to Illinois veterans. Below is a table which indicates the number of veterans served by the Home as of June 30.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Skilled Care</u>			
Number of residents, July 1	436	433	428
New admissions	146	150	154
Discharges	30	28	22
Deaths	127	119	127
Number of residents, June 30	<u>425</u>	<u>436</u>	<u>433</u>
Number of veterans' days of care furnished	<u>130,546</u>	<u>139,422</u>	<u>151,372</u>
<u>Domiciliary Care</u>			
Number of residents, July 1	39	46	44
New admissions	5	2	9
Discharges	2	9	7
Deaths	-	-	-
Number of residents, June 30	<u>42</u>	<u>39</u>	<u>46</u>
Number of Veterans' Days of Care Furnished	<u>8,308</u>	<u>9,300</u>	<u>10,711</u>

The above information was taken from the Monthly Record of Members Changes prepared by the Home.