

OFFICIAL NOTICE AND AGENDA

Notice is hereby given that the **North Central Community Services Program Board** will hold a meeting at the following date, time, and location shown below.

Thursday, June 30, 2022 at 3:00 pm

North Central Health Care, Wausau Board Room, 1100 Lake View Drive, Wausau WI 54403

The meeting site identified above will be open to the public. However, due to the COVID-19 pandemic and associated public health directives, North Central Health Care encourages the public to attend this meeting remotely. To this end, instead of attendance in person, the public may attend this meeting by telephone conference. If Board members or members of the public cannot attend remotely, North Central Health Care requests that appropriate safety measures, including adequate social distancing, be utilized by all in-person attendees.

Persons wishing to attend the meeting by phone may call into the telephone conference beginning five (5) minutes prior to the start time indicated above using the following number:

Meeting number: 1-408-418-9388 Access Code: 2484 827 2568

Our Mission

Langlade, Lincoln, and Marathon Counties partnering together to provide compassionate and high-quality care for individuals and families with mental health, recovery, and long-term care needs.

AGENDA

1. CALL TO ORDER
2. CHAIRMAN'S ANNOUNCEMENTS
3. PUBLIC COMMENT FOR MATTERS APPEARING ON THE AGENDA (Limited to 15 Minutes)
4. ELECTION OF THE NCCSP BOARD CHAIR
5. CONSENT AGENDA AND MONITORING REPORTS
 - A. Board Minutes and Committee Reports
 - i. ACTION: *Motion to Approve the May 26, 2022, NCCSP Board Minutes*
 - ii. FOR INFORMATION: Minutes of the May 19, 2022 and May 26, 2022 Executive Committee Meetings
 - B. Monitoring Reports
 - i. Recent State, Federal, and Accreditation Reports
 1. Regulatory Survey Update – J. Peaslee

6. BOARD DISCUSSION AND ACTION

A. Presentation of the 2021 Audit – Kim Heller, WIPFLI

- i. ACTION: *Motion to Accept the 2021 Audit*
- ii. ACTION: *Motion to Accept the 2021 Fund Balance Statement*

B. Executive Director Report (5 Minutes) – M. McBain

C. Presentation of May Financials (5 Minutes) – G. Olsen

D. ACTION: *Motion to Accept the May Financials* (10 Minutes) – M. McBain

7. BOARD MEMBER ORIENTATION – M. McBain

A. Program Orientation (Time Permitting)

8. BOARD CALENDAR AND FUTURE AGENDA ITEMS

9. ADJOURN

Any person planning to attend this meeting who needs some type of special accommodation in order to participate should call the Administrative Office at 715-848-4405. For TDD telephone service call 715-845-4928.

NOTICE POSTED AT: North Central Health Care

COPY OF NOTICE DISTRIBUTED TO:

Wausau Daily Herald, Antigo Daily Journal, Tomahawk Leader,
Merrill Foto News, Langlade, Lincoln & Marathon County Clerks Offices



Presiding Officer or Designee

DATE: 06/24/2022 TIME: 11:00 AM BY: D. Osowski

NORTH CENTRAL COMMUNITY SERVICES PROGRAM

BOARD MEETING MINUTES

May 26, 2022

3:00 p.m.

North Central Health Care

Present: X	Eric Anderson	X _(WebEx)	Randy Balk	X	Chad Billeb
X	Angela Cummings	X	Kurt Gibbs	ABS	Deb Hager
X _(WebEx)	Renee Krueger	X	Alyson Leahy	X	Lance Leonhard
ABS	Bruce McDougal	X	Dave Oberbeck	X	Robin Stowe
X	Gabe Ticho	EXC	Cate Wylie		

Staff Present: Mort McBain, Tom Boutain, Bobby Splinter

Others Present: Dejan Adzic, Deputy Corp. Counsel, John Robinson, Marathon County Board Supervisor

Call to Order

- Meeting was called to order at 3:02 p.m. by Chair Gibbs.

Chairman's Announcements

- Welcome and introduction of new and current Board members.

Public Comment for Matters Appearing on the Agenda

- None

Consent Agenda and Monitoring Reports

- **Motion**/second, Ticho/Billeb, to approve the March 31, 2022 and April 28, 2022 NCCSP Board Minutes. Motion carried.
- **Motion**/second, Leonhard/Billeb, to approve the recommendations of the Medical Executive Committee for initial appointments for James Billings, M.D., Jessica Ryan-Geiger, APNP, Michelle Wolff, APNP, and appointment amendments for Jessica Dotson, D.O., Daniel Hoppe, M.D., and Waqas Yasin, M.D. Motion carried.
 - Request made for an update on use of locums at an upcoming meeting.

Board Discussion and Action

- Executive Director Report – M. McBain
 - The Executive Committee today approved Executive Director recruitment plan and job posting. L. Leonhard noted that under the new Tri-County Agreement the responsibility of hiring the Executive Director now rests with the Executive Committee rather than with the three County Boards as identified in the previous Agreement. Credit and appreciation was expressed to Jessica Meadows for creating the excellent recruiting documents.

- Gary Olsen, Finance Director has been hired and will start May 31, 2022. G. Olsen was the Village Administrator for Rothschild and previously worked as Finance Director for Langlade County and Shawano County.
- Executive Management Team (EMT) is in the process of evaluating all programs of North Central Health Care (NCHC). This is a preliminary step to the budget process. Evaluations will be used to help set the budget, intended to put NCHC on good solid financial footing, and help the Board understand every program. K. Gibbs noted that the Executive Committee has provided feedback to EMT, and the program evaluations are very well done.
- Presentation of April Financials – B. Splinter
 - M. McBain requested that the presentation of financials be postponed to the June meeting when more time can be spent with G. Olsen in reviewing them.
 - **Motion**/second, Leahy/Ticho, to postpone the review of April financials to the June Board meeting.
 - NCHC is still significantly in the negative and there remains serious concerns about the financial status, Board Members would like more details regarding the revenue changes and an in-depth review on any improvements.
 - The draft 2021 audit has been received. We anticipate a presentation of the 2021 audit in June.
 - Motion carried.
- ARPA Funding Request to Marathon County for Construction Cost Increases Due to COVID
 - M. McBain will be providing an update on the construction and related cost increases to the Marathon County Health & Human Services Committee June 1. June 8 will be a follow-up meeting with the Marathon County Human Resources, Finance & Property Committee to present a formal request to fund the construction cost increases for phase 6 of the campus project. Cost increases are due to COVID i.e., supply chain, material costs, labor shortages. The request to the County Board will be to fund the additional Covid-related increases with ARPA funds in the about of \$3.4 million.
 - J. Robinson, Chair of the Marathon County Human Resources, Finance & Property Committee asked to speak to the Board. While Marathon County has \$26.3 million in ARPA funds, they have already received requests exceeding that amount and will need to make tough choices with allocating those funds. The County Board members understand the difficulties but will need a plan from NCHC i.e., what the plan is for NCHC going forward, status of NCHC reserves, etc. The use of ARPA funds will require two-thirds approval of the County Board and has many new members who were not involved in the initial bonding. NCHC should be prepared to talk about the direction of NCHC, the crisis relative to behavioral health needs and the plan to address them. There will also be an ask for CART expansion and a case manager for dealing with a certain population.

Board Member Orientation - M. McBain

- Board Member Orientation binder was provided to all members.
- M. McBain provided a high-level overview of each section. Additional in-depth reviews will be provided in upcoming meetings.
- D. Adzic, Deputy Corporation Counsel, does not provide personal legal services to board members, however, if questions arise on conflict of interest, ethics, open meetings law, etc., he is available for assistance.
- K. Gibbs noted that it is the role and responsibility of each board member to review the documentation that is provided.

Board Calendar and Future Agenda Items

- Next scheduled Board meeting: June 30 at 3:00 p.m.

Adjourn

- **Motion**/second, Cummings/Oberbeck, to adjourn the meeting at 4:05 p.m. Motion carried.

Minutes prepared by Debbie Osowski, Executive Assistant to CEO

NORTH CENTRAL COMMUNITY SERVICES PROGRAM EXECUTIVE COMMITTEE MEETING MINUTES

May 19, 2022

3:00 p.m.

Wausau Board Room

Present: EXC Kurt Gibbs X_(WebEx) Deb Hager X Lance Leonhard
 X Robin Stowe X Cate Wylie

Staff Present: Mort McBain, Dr. Rob Gouthro, Jarret Nickel, Tom Boutain, Jennifer Peaslee

Others Present: Dejan Adzic, Marathon County Deputy Corp. Counsel

Call to Order

- Meeting was called to order at 3:00 p.m. by L. Leonhard.

Public Comment

- None

Approval of March 24, 2022, April 21, 2022, April 28, 2022, and May 5, 2022 Executive Committee Minutes

- **Motion**/second, Wylie/Stowe, to approve the March 24, 2022, April 21, 2022, April 28, 2022, and May 5, 2022 Executive Committee Minutes. Motion carried.

Operational Functions Statute, Ordinance, or Resolution

- None

Educational Presentations/Outcome Monitoring Reports

- Executive Director Report – M. McBain
 - Gary Olsen has been hired as Finance Director and will begin May 31, 2022. He has spent a few hours meeting with staff and gathering information already in preparation for his official start.
 - One of the first priorities will be completing the 2021 WIMCR report due 7/1/2022. The report is extensive and have asked Kim Heller at Wipfli if they have resources to help us. May recommend enlisting a consultant to assist with this report. The previous report may have missed an opportunity for additional revenue, and any amendments to that report would have had to have been submitted by 3/31/2022.
 - Other priorities include completing the 2023 budget and recruitment of the Executive Director.

- Met with a couple of neighbors who had questions about our renovation project, deadlines, changes, fencing, etc. There is a monthly neighborhood meeting that J. Meadows has been attending regularly and J. Nickel providing written updates. M. McBain has offered to be a direct point of contact along with J. Meadows.
- The timeline to complete NCHC and Marathon County construction projects is scheduled through 2024.
- J. Nickel provided a brief overview of the Organizational Dashboard. Vacancy target was achieved due to turnover reduction which is a great success considering the challenging recruitment market and comparing to some of our competitors. Service and Quality areas are doing well. Out of County Placement is doing well. We continue to review data in detail for accuracy.
- April financials have been provided. B. Splinter is out of the office but will be asked to provide a review with the Board on May 26. R. Gouthro noted that an error was identified with the Adult Behavioral Health Hospital in the breakdown for each county and is being corrected. The year-to-date data is accurate.

NCCSP Bylaws Review

- The purpose of this agenda item is to amend the Bylaws to conform to the new Tri-County Agreement. D. Adzic noted the current Bylaws and the Policy Governance Manual are not currently consistent with the new Tri-County Agreement.
- With the new Tri-County Agreement and new structure of procedures and operation of the Executive Committee, and a change of the Board to a policy board, three options are possible: 2 sets of governing documents, one for the Executive Committee and another for the Board, one governance document to address both bodies (with different sub-sections), or no bylaws and govern according to Roberts Rules of Order.
- **Motion**/second, Wylie/Stowe, to dissolve the Amended and Restated Bylaws of North Central Community Services Program Dated May 1, 2020. Following discussion L. Leonhard, acting Chair, ruled a motion to dissolve the current Bylaws is out of order but could be acted on at a later date.
- The new Tri-County agreement calls for the Executive Committee to elect a chair at its May meeting. A meeting of the Executive Committee will be scheduled for Thurs, May 26 at 2:30 p.m. immediately preceding the next NCCSP Board meeting. At that time the Committee could also consider dissolution of the preexisting bylaws and policy governance.

Program Evaluation

- Executive Management Team has identified the evaluation order of programs. Number of programs for evaluation totals 62 with 33 identified as non-core. In prioritizing the 33 programs those with the least impact on the core programs will be evaluated first with core programs being evaluated last. A request to evaluate Lincoln Industries is almost complete as this was a priority request by C. Wylie and Lincoln County. There may be further prioritization changes based on county needs.
- Completing the evaluations will take time. Executive Committee expressed appreciation to the staff for the huge undertaking but that it is value added work.

Executive Director Recruitment Update

- A recruitment plan was developed to identify a clear process for recruitment of the next Executive Director.
- Executive Director needs to understand both county and health care, understanding it may be challenging with current pay range as approved 12/16/2021.
- Length of initial advertising/recruitment will be 6 weeks.
- The following items were added to the recruitment plan:
 - Approve draft job posting – 5/26/22
 - Recruitment options: National Association of Counties (NACo), Wisconsin Counties Association (WCA), list job opening on tri-county websites

Future agenda Items

- None noted

Adjournment

- **Motion**/second, Stowe/Wylie, to adjourn the meeting at 4:00 p.m. Motion carried.

Minutes prepared by Debbie Osowski, Executive Assistant to CEO

NORTH CENTRAL COMMUNITY SERVICES PROGRAM EXECUTIVE COMMITTEE MEETING MINUTES

May 26, 2022

2:30 p.m.

Wausau Board Room

Present:	X	Kurt Gibbs	EXC	Deb Hager	X	Lance Leonhard
	X	Robin Stowe	X	Cate Wylie		

Staff Present: Mort McBain, Jessica Meadows (WebEx)

Others Present: Dejan Adzic, Marathon County Deputy Corp. Counsel (WebEx)

Call to Order

- Meeting was called to order at 2:31 p.m. by K. Gibbs.

Election of Chair

- M. McBain, Interim Executive Director, was asked to call for nominations for Chair.
- M. McBain called for nominations from the members of the Executive Committee to fill the position of Chair.
- R. Stowe nominated K. Gibbs for Chair.
- Nominations were called for a second and third time.
- **Motion**/second, Leonhard/Stowe, to close nominations and cast a unanimous ballot for K. Gibbs for Chair. Motion carried.

Consideration of Dissolution of Amended and Restated Bylaws of North Central Community Services Program Dated May 1, 2020

- With updated Tri-County Agreement approved by the three counties and Department of Health Services (DHS), the effect is that the Bylaws, to some extent, are out of date and would need to be redrafted. The recommendation is to dissolve the Bylaws at this time but may revise them in the future if needed.
- **Motion**/second, Stowe/Wylie, to dissolve the Amended and Restated Bylaws of North Central Community Services Program Dated May 1, 2020.
- Corporation Counsel verified that the practice to follow the Tri-County Agreement for the operation of the Board and Executive Committee is to operate under Roberts Rules of Parliament procedures.
- Corporation Counsel also verified that State Statutes requires every nursing home to have a quality assurance committee that meets quarterly. The current charter for the Nursing Home Operations Committee outlines the composition and purpose and meets more frequently which meets these requirements.
- Motion carried.

Consideration of Dissolution of Policy Governance

- With the approval of the updated Tri-County Agreement all responsibilities have been assigned to the Executive Committee.
- **Motion**/second, Leonhard/Stowe, to dissolve the existing Policy Governance Manual. Motion carried.

Executive Director Job Posting

- M. McBain reviewed the updated Executive Director recruitment plan and Executive Director job posting. If approved, the position will be posted 5/31/22 with the deadline for submission on 7/8/22.
- **Motion**/second, Wylie/Stowe, to approve the Executive Director recruitment plan as presented. The suggestion was made to add ICMA (International City/County Manager Association) to the list of associations for online recruitment. Motion carried.
- A special thank you was given to J. Meadows for assistance in creating the timeline and job posting.
- **Motion**/second, Leonhard/Stowe, to approve the Executive Director job posting as presented, with the caveat that if anyone has a grammatical suggestion to reach out to M. McBain. Motion carried.

Adjournment

- **Motion**/second, Stowe/Leonhard, to adjourn the meeting at 2:58 p.m. Motion carried.

Minutes prepared by Debbie Osowski, Executive Assistant to CEO

MEMORANDUM

DATE: June 24, 2022
TO: North Central Community Services Program Board
FROM: Jennifer Peaslee, Compliance Officer
RE: Regulatory Survey Update

Following is information regarding two regulatory visits our organization experienced from the Department of Health Services (DHS). This memo follows receipt of the statement of deficiencies received since the last board meeting.

On 3/16/22, a routine survey was conducted for our Bissell Street Community Based Residential Facility (CBRF). As a result of the survey, a corresponding statement of deficiency was issued for three violations of Wisconsin Administrative Code 83 and included a citation of \$195.00. The violations included a failure to provide timely notification to DHS of change in administrator, staff sampled did not have the required number of hours (15) of continuing education, and finally an employee was observed not following proper hand washing procedure. As part of the plan of correction, we immediately corrected the administrator contact information for Bissell Street and verified that the other locations were accurate. The staff who did not have up to date training was removed from the schedule until education was completed. Management implemented a process to review and track all employee training for compliance monthly and staff were re-educated on proper hand hygiene.

Second, an onsite complaint investigation was conducted on 4/20/22 and an additional virtual meeting was held on 4/28/22. The complaints were made by a patient of the Comprehensive Community Services (CCS) Program which holds certification in accordance with Wisconsin Administrative Code 36. There was a total of two complaints made relative to service provision and compliance with the regulations. One was unsubstantiated, and one allegation of two for the second complaint was substantiated. In total, three deficiencies were identified. The program did not include all required domains in the client's comprehensive assessment and did not have a completed assessment summary as required. Also, the surveyor determined that insufficient information was documented in the client's chart to demonstrate that the program had an accurate understanding of the consumer, the consumer's needs, desired outcomes, and progress toward goals. The plan of correction includes the development of an assessment guide that reflects all CCS requirements and re-education given to staff based on the guide. A checklist will be utilized when reviewing CCS documentation indicating that all requirements are met prior to acceptance of the plan by clinical supervisors. When completing treatment plan updates, staff will review each goal area and detail progress toward meeting goals and address the status of services listed in the plan. Finally, an assessment summary signature page will be completed for each initial assessment and assessment update. This will identify participants in the assessment and the signatures of those participants.

It is expected that both plans of correction will be accepted with no further action required by DHS.

To: North Central Community Services Program Board
From: Gary D. Olsen, MPA, Finance Director
Date: June 21, 2022
RE: Board Report Regarding Financial Statements

The financial statements provided in the Board packet show a year-to-date loss of (\$2,063,782). As a reminder, the budget for the year was calculated with a (\$2,100,000) loss. We are currently on track to be closer to (\$4,000,000) over budget for 2022. This is concerning and the Executive Team has been working to find ways to reduce this overage. Expenses are down, but revenue is also down and below targeted numbers. We will be looking at revenue projections and how to better monitor productivity for revenue. I will give a more detailed explanation at the meeting and the 2021 audit will be presented also.

North Central Health Care
Programs by Service Line
For the Period Ending May 31, 2022

	Revenue			Expense			Net Income/ (Loss)	Variance From Budget
	Actual	Budget	Variance	Actual	Budget	Variance		
BEHAVIORAL HEALTH SERVICES								
Adult Behavioral Health Hospital	2,606,116	2,737,694	(131,578)	2,763,739	2,910,450	146,711	(157,624)	15,132
Adult Crisis Stabilization Facility	601,209	595,261	5,948	625,825	623,027	(2,799)	(24,616)	3,149
Lakeside Recovery MMT	78,856	-	78,856	29,325	-	(29,325)	49,531	49,531
Youth Behavioral Health Hospital	744,173	725,170	19,003	1,270,545	1,255,554	(14,991)	(526,373)	4,011
Youth Crisis Stabilization Facility	354,329	446,373	(92,043)	335,123	411,837	76,714	19,206	(15,330)
Crisis Services	1,050,015	1,216,665	(166,651)	1,168,195	1,463,615	295,421	(118,180)	128,770
Psychiatry Residency	115,261	147,583	(32,322)	153,882	196,238	42,356	(38,621)	10,034
	5,549,959	5,868,746	(318,788)	6,346,635	6,860,721	514,086	(796,676)	195,298
COMMUNITY SERVICES								
Outpatient Services (Marathon)	1,945,526	2,280,474	(334,948)	2,499,643	2,682,618	182,975	(554,116)	(151,973)
Outpatient Services (Lincoln)	482,054	478,994	3,061	333,155	383,763	50,607	148,899	53,668
Outpatient Services (Langlade)	398,674	415,000	(16,325)	298,641	297,017	(1,624)	100,033	(17,949)
Community Treatment Adult (Marathon)	2,059,691	2,316,957	(257,266)	2,031,403	2,301,372	269,969	28,288	12,703
Community Treatment Adult (Lincoln)	325,537	437,229	(111,692)	342,733	396,272	53,538	(17,196)	(58,154)
Community Treatment Adult (Langlade)	175,689	291,631	(115,943)	187,791	266,032	78,241	(12,103)	(37,702)
Community Treatment Youth (Marathon)	1,851,132	2,401,026	(549,894)	1,982,739	2,389,457	406,718	(131,607)	(143,176)
Community Treatment Youth (Lincoln)	621,515	796,964	(175,450)	574,461	758,394	183,933	47,053	8,483
Community Treatment Youth (Langlade)	495,266	700,178	(204,912)	433,433	597,424	163,991	61,833	(40,921)
Community Corner Clubhouse	73,830	74,519	(689)	119,900	131,658	11,758	(46,070)	11,069
	8,428,914	10,192,973	(1,764,059)	8,803,901	10,204,006	1,400,105	(374,987)	(363,954)
COMMUNITY LIVING								
Adult Day Services (Marathon)	273,934	321,824	(47,890)	239,590	291,735	52,145	34,344	4,255
Prevocational Services (Marathon)	209,434	239,327	(29,892)	338,634	301,817	(36,818)	(129,200)	(66,710)
Lincoln Industries	570,795	251,555	319,239	687,982	437,097	(250,885)	(117,187)	68,354
Day Services (Langlade)	199,555	146,850	52,706	138,295	162,048	23,753	61,260	76,459
Andrea St Group Home	241,767	219,328	22,439	202,737	195,822	(6,916)	39,029	15,523
Chadwick Group Home	244,357	214,663	29,694	198,781	207,403	8,622	45,576	38,316
Bissell Street Group Home	228,593	270,360	(41,767)	176,373	210,593	34,221	52,220	(7,547)
Heather Street Group Home	219,446	206,554	12,892	204,912	178,930	(25,983)	14,533	(13,091)
Jelinek Apartments	350,633	363,813	(13,180)	324,440	338,772	14,332	26,193	1,152
River View Apartments	299,514	308,901	(9,386)	254,676	358,090	103,414	44,839	94,028
Forest Street Apartments	11	-	11	1,375	-	(1,375)	(1,364)	(1,364)
Fulton Street Apartments	105,418	115,496	(10,078)	166,043	135,547	(30,496)	(60,625)	(40,574)
Riverview Terrace	143,436	148,482	(5,047)	104,484	132,999	28,515	38,952	23,469
Hope House (Sober Living Marathon)	3,729	378	3,351	29,065	28,410	(655)	(25,336)	2,696
Homelessness Initiative	66	-	66	10,990	11,792	802	(10,923)	868
Sober Living (Langlade)	8,969	16,974	(8,005)	22,629	43,912	21,283	(13,660)	13,279
	3,099,657	2,824,504	275,152	3,101,006	3,034,966	(66,040)	(1,350)	209,112
NURSING HOMES								
Mount View Care Center	8,580,907	9,241,049	(660,143)	8,860,954	9,192,556	331,603	(280,047)	(328,540)
Pine Crest Nursing Home	5,059,892	4,976,762	83,130	5,418,558	5,459,483	40,926	(358,665)	124,055
	13,640,799	14,217,812	(577,013)	14,279,511	14,652,040	372,528	(638,712)	(204,485)
Pharmacy	3,236,607	3,354,808	(118,201)	3,409,901	3,080,094	(329,807)	(173,294)	(448,008)
OTHER PROGRAMS								
Aquatic Services	508,290	498,387	9,902	596,540	591,259	(5,281)	(88,250)	4,621
Birth To Three	130,070	166,667	(36,596)	130,070	166,667	36,596	-	-
Adult Protective Services	382,778	331,564	51,214	355,576	331,716	(23,861)	27,202	27,353
Demand Transportation	193,638	211,560	(17,921)	211,353	153,596	(57,757)	(17,715)	(75,678)
	1,214,776	1,208,178	6,598	1,293,539	1,243,238	(50,302)	(78,763)	(43,703)
Total NCHC Service Programs	35,170,711	37,658,689	(2,487,978)	37,234,493	38,677,018	1,442,525	(2,063,782)	(1,045,453)

North Central Health Care
Review of Services in Marathon County
For the Period Ending May 31, 2022

	Revenue			Expense			Net Income/ (Loss)	Variance From Budget
	Actual	Budget	Variance	Actual	Budget	Variance		
Direct Services								
Outpatient Services	1,945,526	2,280,474	(334,948)	2,499,643	2,682,618	182,975	(554,116)	(151,973)
Community Treatment-Adult	2,059,691	2,316,957	(257,266)	2,031,403	2,301,372	269,969	28,288	12,703
Community Treatment-Youth	1,851,132	2,401,026	(549,894)	1,982,739	2,389,457	406,718	(131,607)	(143,176)
Day & Prevocational Services	483,368	561,151	(77,783)	578,224	593,552	15,328	(94,856)	(62,455)
Clubhouse	73,830	74,519	(689)	119,900	131,658	11,758	(46,070)	11,069
Homelessness Initiative	66	-	66	10,990	11,792	802	(10,923)	868
Hope House Sober Living	3,729	378	3,351	29,065	28,410	(655)	(25,336)	2,696
Riverview Terrace	143,436	148,482	(5,047)	104,484	132,999	28,515	38,952	23,469
Demand Transportation	193,638	211,560	(17,921)	211,353	153,596	(57,757)	(17,715)	(75,678)
Aquatic Services	508,290	498,387	9,902	596,540	591,259	(5,281)	(88,250)	4,621
Pharmacy	3,236,607	3,354,808	(118,201)	3,409,901	3,080,094	(329,807)	(173,294)	(448,008)
Mount View Care Center	8,580,907	9,241,049	(660,143)	8,860,954	9,192,556	331,603	(280,047)	(328,540)
	19,080,220	21,088,792	(2,008,572)	20,435,195	21,289,363	854,168	(1,354,975)	(1,154,404)
Shared Services								
Adult Behavioral Health Hospital	1,948,904	2,046,578	(97,674)	2,051,603	2,160,510	108,907	(102,699)	11,233
Youth Behavioral Health Hospital	552,372	538,266	14,106	943,162	932,034	(11,128)	(390,790)	2,978
Residency Program	85,561	109,555	(23,994)	114,231	145,673	31,442	(28,670)	7,449
Crisis Services	820,760	944,470	(123,710)	867,184	1,086,483	219,299	(46,424)	95,590
Adult Crisis Stabilization Facility	446,295	441,880	4,415	464,568	462,491	(2,078)	(18,273)	2,338
Youth Crisis Stabilization Facility	263,029	331,355	(68,326)	248,772	305,718	56,947	14,257	(11,380)
Lakeside Recovery MMT	58,537	-	58,537	21,769	-	(21,769)	36,768	36,768
Residential	1,641,246	1,650,353	(9,107)	1,485,448	1,578,517	93,069	155,797	83,962
Adult Protective Services	283,624	245,606	38,018	263,954	246,242	(17,712)	19,669	20,305
Birth To Three	97,173	124,513	(27,340)	97,173	124,513	27,340	-	-
	6,197,501	6,432,576	(235,075)	6,557,864	7,042,182	484,318	(360,363)	249,243
Excess Revenue/(Expense)	25,277,721	27,521,368	(2,243,647)	26,993,059	28,331,545	1,338,486	(1,715,338)	(905,161)

North Central Health Care
Review of Services in Lincoln County
For the Period Ending May 31, 2022

	Revenue			Expense			Net Income/ (Loss)	Variance From Budget
	Actual	Budget	Variance	Actual	Budget	Variance		
Direct Services								
Outpatient Services	482,054	478,994	3,061	333,155	383,763	50,607	148,899	53,668
Community Treatment-Adult	325,537	437,229	(111,692)	342,733	396,272	53,538	(17,196)	(58,154)
Community Treatment-Youth	621,515	796,964	(175,450)	574,461	758,394	183,933	47,053	8,483
Lincoln Industries	570,795	251,555	319,239	687,982	437,097	(250,885)	(117,187)	68,354
Pine Crest Nursing Home	5,059,892	4,976,762	83,130	5,418,558	5,459,483	40,926	(358,665)	124,055
	7,059,793	6,941,505	118,287	7,356,889	7,435,008	78,119	(297,096)	196,406
Shared Services								
Adult Behavioral Health Hospital	418,347	438,457	(20,110)	422,397	444,820	22,423	(4,050)	2,313
Youth Behavioral Health Hospital	113,677	110,773	2,904	194,184	191,893	(2,291)	(80,507)	613
Residency Program	17,616	22,556	(4,940)	23,519	29,992	6,474	(5,903)	1,534
Crisis Services	158,263	183,733	(25,470)	178,541	223,692	45,151	(20,279)	19,681
Adult Crisis Stabilization Facility	91,886	90,977	909	95,648	95,221	(428)	(3,762)	481
Youth Crisis Stabilization Facility	54,154	68,222	(14,067)	51,219	62,943	11,725	2,935	(2,343)
Lakeside Recovery MMT	12,052	-	12,052	4,482	-	(4,482)	7,570	7,570
Residential	-	-	-	-	-	-	-	-
Adult Protective Services	57,865	50,037	7,827	54,345	50,698	(3,647)	3,520	4,181
Birth To Three	19,580	25,090	(5,509)	19,580	25,090	5,509	-	-
	943,440	989,844	(46,404)	1,043,915	1,124,348	80,433	(100,475)	34,029
Excess Revenue/(Expense)	8,003,233	7,931,349	71,884	8,400,805	8,559,356	158,552	(397,572)	230,435

North Central Health Care
Review of Services in Lantada County
For the Period Ending May 31, 2022

	Revenue			Expense			Net Income/ (Loss)	Variance From Budget
	Actual	Budget	Variance	Actual	Budget	Variance		
Direct Services								
Outpatient Services	398,674	415,000	(16,325)	298,641	297,017	(1,624)	100,033	(17,949)
Community Treatment-Adult	175,689	291,631	(115,943)	187,791	266,032	78,241	(12,103)	(37,702)
Community Treatment-Youth	495,266	700,178	(204,912)	433,433	597,424	163,991	61,833	(40,921)
Sober Living	8,969	16,974	(8,005)	22,629	43,912	21,283	(13,660)	13,279
Day Services	199,555	146,850	52,706	138,295	162,048	23,753	61,260	76,459
	1,278,153	1,570,632	(292,479)	1,080,790	1,366,433	285,643	197,363	(6,836)
Shared Services								
Adult Behavioral Health Hospital	238,865	252,659	(13,794)	289,739	305,120	15,381	(50,875)	1,586
Youth Behavioral Health Hospital	78,124	76,131	1,992	133,199	131,627	(1,572)	(55,075)	421
Residency Program	12,083	15,472	(3,389)	16,132	20,573	4,440	(4,049)	1,052
Crisis Services	70,991	88,462	(17,471)	122,469	153,440	30,971	(51,477)	13,500
Adult Crisis Stabilization Facility	63,028	62,405	624	65,609	65,316	(293)	(2,581)	330
Youth Crisis Stabilization Facility	37,146	46,796	(9,649)	35,133	43,175	8,042	2,013	(1,607)
Lakeside Recovery MMT	8,267	-	8,267	3,074	-	(3,074)	5,193	5,193
Residential	48,493	48,762	(269)	43,890	46,639	2,750	4,603	2,481
Adult Protective Services	41,289	35,920	5,369	37,277	34,776	(2,501)	4,012	2,868
Birth To Three	13,317	17,064	(3,747)	13,317	17,064	3,747	-	-
	611,604	643,672	(32,067)	759,840	817,730	57,890	(148,235)	25,823
Excess Revenue/(Expense)	1,889,757	2,214,304	(324,547)	1,840,629	2,184,163	343,533	49,128	18,987

North Central Health Care
Fund Balance Review
For the Period Ending May 31, 2022

	<u>Marathon</u>	<u>Langlade</u>	<u>Lincoln</u>	<u>Total</u>
YTD Appropriation (Tax Levy) Revenue	1,992,169	87,578	433,689	2,513,435
Total Net Position at Period End	25,277,721	1,889,757	8,003,233	35,170,711
County Percent of Total Net Position	71.9%	5.4%	22.8%	
Total Operating Expenses, Year-to-Date	26,993,059	1,840,629	8,400,805	37,234,493
Share of Operating Cash	3,515,849	262,844	1,113,160	4,891,853
Days Cash on Hand	20	22	20	20
Minimum Target - 20%	12,956,668	883,502	4,032,386	17,872,557
Over/(Under) Target	(9,440,820)	(620,658)	(2,919,226)	(12,980,704)

North Central Health Care
Summary of Revenue Write-Offs
For the Period Ending May 31, 2022

	<u>MTD</u>	<u>YTD</u>
Behavioral Health Hospitals		
Administrative Write-Off	53,266	336,714
Bad Debt	-	-
Outpatient & Community Treatment		
Administrative Write-Off	27,325	133,486
Bad Debt	-	-
Nursing Home Services		
Administrative Write-Off	26,378	71,782
Bad Debt	635	37,900
Aquatic Services		
Administrative Write-Off	566	5,107
Bad Debt	3	3
Pharmacy		
Administrative Write-Off	87	319
Bad Debt	-	-
Other Services		
Administrative Write-Off	1,911	7,908
Bad Debt	60	60
Grand Total		
Administrative Write-Off	<u>109,533</u>	<u>555,315</u>
Bad Debt	698	37,963

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Combined Financial Statements and
Required Supplementary Combining Information

Years Ended December 31, 2021 and 2020



North Central Health Care
Person centered. Outcome focused.

WIPFLI

Independent Auditor's Report

Board of Directors
North Central Health Care
Wausau, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements (the "financial statements") of North Central Community Services Program and Affiliates d/b/a North Central Health Care, which comprise the combined statements of net position as of December 31, 2021 and 2020, and the related combined statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of North Central Community Services Program and Affiliates d/b/a North Central Health Care as of December 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Central Community Services Program and Affiliates d/b/a North Central Health Care and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Central Community Services Program and Affiliates d/b/a North Central Health Care's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Central Community Services Program and Affiliates d/b/a North Central Health Care's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, the schedule of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, and the schedule of the employer's proportionate share of the net OPEB liability (asset) and employer contributions - Local Retiree Insurance Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Auditing Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Central Community Services Program and Affiliates d/b/a North Central Health Care's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements is fairly stated, in all materiality respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 on our consideration of North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Wausau, Wisconsin

June 27, 2022

North Central Community Services Program d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Overview of the Financial Statements

The annual financial report consists of management's discussion and analysis, the combined financial statements, including notes to the combined financial statements and related combining information, and other information. The combined financial statements present different views of North Central Community Services Program d/b/a North Central Health Care's (NCHC) financial activities and consist of the following:

- The combined statements of net position compare assets to liabilities to give an overall view of the financial health of NCHC.
- The combined statements of revenue, expenses, and changes in net position provide information on an aggregate view of NCHC's finances.
- The combined statements of cash flows provide sources and uses of cash for NCHC.

NCHC financial statements represent three distinct businesses:

- The 51.42/.437 Human Services Program which includes a 16-bed psychiatric hospital, AODA and mental health services, crisis services, adult protective services, the aquatic program, community programs, and residential program serving the specialized needs of targeted populations for the benefit of Marathon, Lincoln, and Langlade Counties.
- A 155-bed nursing home on the NCHC campus which is operated for the benefit of Marathon County.
- A 160-bed nursing home in Merrill which is operated for the benefit of Lincoln County.

North Central Community Services Program d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Financial Analysis

Statements of Net Position

One of the most important questions asked about NCHC's finances is, "Is NCHC as a whole better or worse off as a result of the year's activities?" The statements of net position and statements of revenue, expenses, and changes in net position report information about NCHC's resources and its activities in a manner that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All current year's revenue and expenses are considered regardless of when cash is received or paid.

NCHC's net position – the difference between assets and liabilities – is one way to measure NCHC's financial health or financial position. Over time, increases or decreases in NCHC's net assets are one indicator whether financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in NCHC's revenue base and measures of the quality of service it provides to the community, as well as local economic factors, to assess the overall health of NCHC.

Condensed Statements of Net Position				
	2021		2020	
Assets and deferred outflows of resources:				
Current assets	\$	15,264,086	\$	14,946,130
Investments		6,801,062		11,635,464
Assets limited as to use		1,000,000		1,990,604
Patient trust funds		100,257		105,264
Net pension asset		14,388,349		7,280,177
Capital assets - Net		70,680,438		53,891,713
Deferred outflows of resources		25,608,896		18,262,408
Total assets and deferred outflows of resources	\$	133,843,088	\$	108,111,760
Liabilities:				
Current liabilities	\$	9,501,577	\$	9,896,328
Net pension liability		3,028,071		2,506,809
Amounts due to Marathon County for property and equipment		45,674,820		27,984,156
Long-term portion of capital lease liability and bonds payable		8,423,849		6,215,877
Patient trust funds		100,257		88,178
Total liabilities		66,728,574		46,691,348
Deferred inflows of resources - Pensions and life insurance		32,104,400		22,225,906
Net position:				
Net investment in capital assets		15,319,425		16,540,064
Restricted for net pension assets		14,388,349		7,280,177
Unrestricted:				
Board designated		1,000,000		1,990,604
Undesignated		4,302,340		13,383,661
Total net position		35,010,114		39,194,506
Total liabilities, deferred inflows of resources, and net position	\$	133,843,088	\$	108,111,760

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Statements of Net Position (Continued)

Factors affecting NCHC's statement of net position in 2021 are:

- During 2021, cash and cash equivalents decreased \$1,762,766. Investments and assets limited as to use decreased \$5,825,006 during 2021 as well. While NCHC has targeted, through the strategic planning process, to continue to increase reserves each year, costs related to the Covid-19 pandemic, including higher prices for supplies and the need for more staff time, have reduced cash reserves. NCHC has been working to replace its old EMR with a new system. This project has created delays in the billing and collections process that management is working through. As a result, patient-related accounts receivable increased \$2,989,264 from 2020 to 2021.
- Total nondepreciable and depreciable capital assets totaled \$70,680,438 as of December 31, 2021. This is an increase from 2020 of \$16,788,725. NCHC finished the construction of its new Mount View Care Center Nursing Home on the Wausau campus during 2021, as well as the completion of new Adult and Youth Crisis Stabilization facilities. Mount View Care Center is a skilled nursing facility that overlooks picturesque Lake Wausau and has been recognized by U.S. News and World Report as one of the Best Nursing Homes in the United States.
- Current liabilities totaled \$9,501,577 as of December 31, 2021, which includes accounts payable, accrued payroll and related fringe benefits, and amounts payable to and deferred revenue related to third-party reimbursement programs and patient trust funds which are managed by NCHC for residents of the nursing home. The decrease of current liabilities of \$394,751 from 2020 is mainly the result of refunding a Note Anticipation Note that came due in 2021 for Pine Crest Nursing Home. Due to lower interest rates nationwide, Pine Crest's new debt has a lower interest rate and received a premium for refunding.
- As of December 31, 2021, NCHC's net position totaled \$35,010,114 on a combined basis consisting of an investment of \$15,319,425 in capital assets net of related debt, net position restricted for net pension assets of \$14,388,349, and \$5,302,340 of unrestricted net position.
- A significant component of the change in NCHC's net position is the 2021 loss before contributed capital of \$4,133,827. Because of Governmental Accounting Standards Board (GASB) Statement No. 68 and Statement No. 75, a total \$4,054,904 was recorded as a negative expense. In the absence of these adjustments, which do not have a direct impact on operations, NCHC would have realized a loss in operations for the year of \$8,188,731.

The supplementary information includes a combining statement of net position and a combining statement of revenue, expenses, and changes in net position. These combining statements present separate information for the 51.42/.437 program and the Nursing Home program of NCHC.

North Central Community Services Program d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Capital Assets

NCHC's investment in capital assets as of December 31, 2021, totals \$15,319,425 net of accumulated depreciation and related debt proceeds used to fund capital expenditures. Various projects were in progress during 2021 including the completion of Mount View Care Center, two Crisis Stabilization Facilities (adult and youth), and campus remodeling. In 2021, there were depreciable asset additions of \$38,883,101 offset by depreciation expense of \$3,392,711, and an increase in construction-related payables of \$18,376,392.

Capital assets consisted of the following at December 31, 2021 and 2020:

NCHC's Capital Assets (Net of Accumulated Depreciation)			
	2021	2020	
Land and land improvements	\$ 496,933	\$ 383,220	
Building and building improvements	58,602,875	24,386,826	
Equipment	7,425,081	6,281,449	
Construction in progress	4,155,549	22,840,218	
Totals	\$ 70,680,438	\$ 53,891,713	

Noncurrent liabilities

NCHC's noncurrent liabilities totaled \$57,226,997 as of December 31, 2021. Noncurrent liabilities increased primarily as the result of a \$17,690,664 increase in noncurrent amounts due to Marathon County for property and equipment primarily related to the master facility plan project.

Long-Term Debt

NCHC's long term-debt totaled \$55,361,013 which is composed of \$8,798,930 of revenue bonds payable related to Pine Crest Nursing Home, \$47,906 of capital lease obligations, and \$46,514,177 in amounts due to Marathon County related to the master facility plan project.

North Central Community Services Program d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Statements of Revenue, Expenses, and Changes in Net Position

The combined statement of revenue, expenses, and changes in net position for the years ended December 31, 2021 and 2020 is as follows:

Combined Statements of Revenue, Expenses, and Changes in Net Position		
	2021	2020
Revenue:		
Net patient service revenue	\$ 60,847,547	\$ 62,969,374
Other revenue	21,693,279	22,084,859
Total revenue	82,540,826	85,054,233
Expenses:		
Salaries	36,780,534	38,862,065
WRS Retirement	(1,471,950)	2,979,652
Other fringe benefits	16,365,430	11,950,187
Supplies and other	29,192,834	30,796,962
Utilities	314,383	240,430
Depreciation	3,278,127	3,082,659
Care of patients at other facilities	1,512,635	1,072,374
Total expenses	85,971,993	88,984,329
Operating loss	(3,431,167)	(3,930,096)
Nonoperating loss	(702,660)	(22,711)
Loss before contributed capital	(4,133,827)	(3,952,807)
Contributions restricted for capital assets	-	93,156
Contributions from (to) counties for capital assets	(50,565)	2,329,930
Change in net position	(4,184,392)	(1,529,721)
Net position at beginning	39,194,506	40,724,227
Net position at end	\$ 35,010,114	\$ 39,194,506

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Net Patient Service Revenue

Net patient service revenue, on a combined basis, is 74% of total revenue in 2021. Increasing net patient revenue is a priority for NCHC. As net patient revenue increases, the reliance on the county subsidy can decrease. Unfortunately, overall net patient revenue decreased by \$2,121,827 from 2020, and the biggest factor was the global COVID-19 pandemic. The COVID-19 pandemic resulted in a major decrease to the nursing homes net patient revenues for various reasons including:

- People and families have actively done more on their own to avoid staying at nursing homes as COVID-19 spread uncontrollably throughout the world. This hesitancy stemmed from the portrayal of nursing homes as "COVID hotspots," with massive outbreaks and many deaths stemming from those outbreaks. There were also strict restrictions put on visitations that families wanted to avoid dealing with.
- The nursing homes, like many throughout the nation, experienced a significant decrease in staffing and extreme turnover as a profession in nursing became far less popular during the pandemic. The nursing homes were unable to fill beds available if they were not able to meet minimum staffing standards.
- Nursing homes were required to stop admitting new patients if they experienced COVID-19 positive cases. So, at various times throughout the year, discharges of patients were far greater than new admissions because a hold on new admissions was in place due to a patient testing positive.

51.42/.437 Program

In 2021, NCHC recorded \$33,313,756 of net patient service revenue for its 51.42/.437 program. This reflects an increase from the prior year of \$737,365. Significant components of this change are:

- The Human Services Programs (51.42/.437) patient services are billed based on units of services, either hours or days. Changes in the volume of units or changes in payor can impact net patient services revenue. Net revenue from billed services increased \$830,000 compared to 2020. The Covid-19 pandemic and the inability to see many patients in person for most of 2020 and all of 2021 greatly impacted billed revenue compared to previous years. Net revenue from billed services decreased approximately \$4,600,000 from 2019 to 2020.
- The settlement for the Wisconsin Medicaid Program (WIMCR) decreased about \$1,465,000, and the Comprehensive Community Services (CCS) reconciliation revenue decreased about \$250,000 in 2021. CCS has experienced a decrease from 2019 to 2020 of approximately \$1,770,000.

Mount View Care Center

Mount View Care Center recorded \$16,260,518 of net patient service revenue in 2021, which was a decrease of \$1,232,016 from 2020. Factors impacting Mount View Care Center revenue include:

- Mount View Care Center's census decreased in 2021 with an average census of 124 per day compared to the average census of 155 in 2020 and 180 in 2019. The nursing home's patient payor mix remained very similar to 2020 with about 10% of patients being insured by Medicare, 75% insured by Medicaid, and 15% having commercial insurance or being uninsured.
- The nursing home received a Supplemental Payment (SP) award in 2021 of \$2,416,100. The nursing home received another Certified Public Expenditure (CPE) payment in 2021 of just over \$890,000.

North Central Community Services Program d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Pine Crest Nursing Home

During January 2020, North Central Health Care added the management of Pine Crest Nursing Home located in Merrill, Wisconsin. Pine Crest recorded \$11,273,273 of net patient service revenue in 2021, which was a decrease of \$1,627,176 from 2020. Contributing factors include:

- The nursing home had an average daily census of 92 in 2021 compared to an average census of 121 in 2020.
- The nursing home received a SP in 2021 of \$2,095,650 and a CPE payment in 2021 of just over \$730,000.

Other Revenue

In 2021, other revenue totaled \$21,693,279 which was composed of 39% from the State of Wisconsin, 38% from Marathon, Langlade, and Lincoln Counties' appropriations and other county support to subsidize operating expenses, 7% from CARES Act, American Rescue Plan Act, and other COVID-19 related relief funding, and 16% from other sources.

There was a net increase of \$71,177 in the category of county appropriations for 2021.

In response to the Covid-19 pandemic, NCHC received \$1,589,193 additional funding to offset a portion of the related costs. Identified costs related to COVID-19 in 2021 totaled \$2,211,504, which exceeds funding receipts. For comparison, in 2020, NCHC received \$2,955,365 of COVID-19 related funding and had identified \$3,175,102 of related costs. These calculated costs do not include the lost revenues realized in the nursing homes previously discussed.

Revenue in the other categories remains relatively consistent from 2020 to 2021.

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Expenses

NCHC's combined expenses for the year ended December 31, 2021, totaled \$85,971,993.

Combined salaries accounted for 43% of total expenses in 2021, while fringe benefits accounted for 17%. Salaries and fringe benefits combined equate to 60% of total expenses in 2021. Fringe benefit expenses were reduced by \$4,286,559 under GASB 68. More information on this adjustment can be found in Note 12 of the combined financial statements.

Mount View Care Center salaries and fringe benefits made up 70% of their total expenses in 2021. For Pine Crest Nursing Home, salaries and fringe benefits were 65% of their total expenses in 2021. For the 51.42/.437 program salaries and fringe benefits were 55% of the programs total expenses in 2021.

Factors that impacted overall expenses in 2021 were:

- Overall salaries decreased \$2,081,531 or 5.4% from 2020 to 2021. During the year NCHC experienced an annual turnover rate of 31.8%, which resulted in many open positions during the year. Consistent with 2020, there were still several open positions at the end of 2021. An average of 2% for merit increases was included in the 2021 budget. Increases were given to RNs and CNAs to compete with other businesses during the pandemic. Call time increased from 2020 by \$458,933 due to several vacant positions and the need for additional staffing to manage COVID-19 related requirements such as employee and resident testing.
- The overall employee benefit percentage increased from 38% in 2020 to 40% in 2021. Considering overall salaries were down \$2,081,531 in total, the dollar amount of the benefits also decreased by \$36,359, even though the benefit percentage increased. The most significant change impacting employee benefits is the decrease in the required GASB 68 and 75 entries of \$4,444,095 from the prior year. The entries are noncash items but are required entries. Health and dental insurance expenses increased in 2021 compared to 2020 by \$1,444,755.
- Provider-contracted services decreased in 2021 by \$172,268, and by \$828,162 in 2020, driven by hiring of psychiatrists to replace contracted locums. Staffing-contracted services were \$1,033,283 in 2021 and primarily relate to filling staffing shortages exacerbated by the COVID-19 pandemic. Drug expense increased by \$552,940 in 2021, and by \$1,436,277 in 2020, which is due to the addition of Pine Crest Nursing Home in 2020, the Crisis Stabilization Facilities in 2021, as well as the use of more expensive drugs for treatment of severe substance use disorders.
- Expenses for diverting care of patients to other institutes, due to a shortage of staffing or threats to safety of staff, saw an increase in 2021 compared to 2020 of \$440,260.

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Expenses (Continued)

While the year ended December 31, 2021, was a financially challenging year, there continues to be growth in programs. With the significant addition of psychiatry services, there should be revenue growth related to these services. Expense management continues to be a priority, and work continues to be done to alleviate the number of diversions to the state institutes.

Healthcare reform will continue to significantly impact how healthcare is provided and paid for in the future. Government programs will face even greater pressure to reduce reimbursement levels in the future. In addition, labor costs, fringe benefits, and other expenses will likely continue to increase at a faster rate than revenue which places an additional financial burden on Marathon, Langlade, and Lincoln Counties. Finally, each of the sponsoring counties is facing less shared revenue from the State of Wisconsin; thus, it may not be possible for them to increase payments for NCHC's programs in the future.

As a result of the coronavirus (COVID-19) as a pandemic, there are evolving federal and state regulatory requirements and laws that affect NCHC operations. NCHC is incorporating processes to comply with the evolving regulatory requirements and laws. At this time, it is unclear what the prolonged economic impact of COVID-19 will have on NCHC's operations.

This financial report is designed to provide our readers with a general overview of NCHC's finances and to show NCHC's accountability for the funding it receives. If there are questions about this report or if additional financial information is needed, contact the administration office at North Central Health Care, 1100 Lake View Drive, Wausau, Wisconsin 54403.

North Central Community Services Program and Affiliates

d/b/a North Central Health Care

Combined Statements of Net Position

December 31, 2021 and 2020

Assets and Deferred Outflows of Resources	2021	2020
Current assets:		
Cash and cash equivalents	\$ 2,786,386	\$ 4,549,152
Accounts receivable:		
Patient - Net	7,649,236	4,659,972
Outpatient WIMCR/CCS	1,020,545	2,118,899
Marathon County	103,137	641,408
Net state receivable	2,343,623	1,771,708
Amounts due from other third-party reimbursement programs	39,135	65,603
Other	431,000	445,085
Inventory	516,822	429,333
Prepaid and other assets	374,202	264,970
Total current assets	15,264,086	14,946,130
Noncurrent assets:		
Investments	6,801,062	11,635,464
Assets limited as to use	1,000,000	1,990,604
Restricted assets - Patient trust funds	100,257	105,264
Net pension asset	14,388,349	7,280,177
Nondepreciable capital assets	4,220,682	22,905,351
Depreciable capital assets - Net	66,459,756	30,986,362
Total noncurrent assets	92,970,106	74,903,222
Deferred outflows of resources - Pensions and life insurance	25,608,896	18,262,408
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 133,843,088	\$ 108,111,760

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combined Statements of Net Position (Continued)

December 31, 2021 and 2020

Liabilities, Deferred Inflows of Resources, and Net Position	2021	2020
Current liabilities:		
Current portion of long-term debt:		
Bonds payable	\$ 395,000	\$ 2,970,000
Capital lease liability	27,987	27,987
Amounts due to Marathon County for property and equipment	839,357	153,629
Accounts payable - Trade	2,324,425	1,686,643
Accrued liabilities:		
Salaries and retirement	2,084,867	1,881,200
Compensated absences	2,272,869	2,353,882
Health and dental insurance	1,299,761	503,000
Interest	97,298	21,838
Other	129,446	258,959
Unearned revenue	30,567	39,190
Total current liabilities	9,501,577	9,896,328
Noncurrent liabilities:		
Long-term debt:		
Bonds payable	8,403,930	6,167,972
Capital lease liability	19,919	47,905
Amounts due to Marathon County for property and equipment	45,674,820	27,984,156
OPEB life insurance liability	3,028,071	2,506,809
Patient trust funds	100,257	88,178
Total noncurrent liabilities	57,226,997	36,795,020
Total liabilities	66,728,574	46,691,348
Deferred inflows of resources - Pensions and life insurance	32,104,400	22,225,906
Net position:		
Net investment in capital assets	15,319,425	16,540,064
Restricted for net pension assets	14,388,349	7,280,177
Unrestricted:		
Board designated for contingency	1,000,000	1,000,000
Board designated for capital assets	-	990,604
Undesignated	4,302,340	13,383,661
Total net position	35,010,114	39,194,506
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 133,843,088	\$ 108,111,760

See accompanying notes to combined financial statements.

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combined Statements of Revenue, Expenses,
and Changes in Net Position

Years Ended December 31, 2021 and 2020

	2021	2020
Revenue:		
Net patient service revenue	\$ 60,847,547	\$ 62,969,374
Other revenue:		
State grant-in-aid	5,018,291	5,018,984
State match/addendum	3,483,793	2,914,714
Other grants	2,360,237	3,672,320
Counties' appropriations and other support	8,163,044	8,091,867
Departmental and other revenue	2,667,914	2,386,974
Total other revenue	21,693,279	22,084,859
Total revenue	82,540,826	85,054,233
Expenses:		
Salaries	36,780,534	38,862,065
Fringe benefits:		
WRS Retirement - GASB 68	(4,286,559)	(384,365)
WRS Retirement - GASB 75	231,655	773,551
WRS Retirement - Contributions	2,582,954	2,590,466
Other fringe benefits	16,365,430	11,950,187
Supplies and other	29,192,834	30,796,962
Utilities	314,383	240,430
Depreciation	3,278,127	3,082,659
Care of patients at other facilities	1,512,635	1,072,374
Total expenses	85,971,993	88,984,329
Operating loss	(3,431,167)	(3,930,096)
Nonoperating revenue (expense):		
Interest expense	(785,828)	(242,363)
Interest income	70,938	276,065
Income (loss) on disposal of capital assets	12,230	(56,413)
Total nonoperating expense	(702,660)	(22,711)
Loss before contributed capital	(4,133,827)	(3,952,807)
Contributions restricted for capital assets	-	93,156
Contributions from (to) Marathon County for capital assets	(50,565)	2,329,930
Change in net position	(4,184,392)	(1,529,721)
Net position at beginning	39,194,506	40,724,227
Net position at end	\$ 35,010,114	\$ 39,194,506

See accompanying notes to combined financial statements.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Combined Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Increase (decrease) in cash and restricted cash:		
Cash flows from operating activities:		
Cash received from patients, third-party reimbursement programs, and other revenue	\$ 72,485,158	\$ 77,311,480
Cash received from Marathon County appropriations and other support	6,488,917	7,002,554
Cash received from other counties' appropriations and other support	1,674,127	1,089,313
Cash paid to employees for services	(40,045,536)	(38,847,875)
Cash paid to suppliers for goods and services	(45,345,742)	(46,671,512)
Net cash from operating activities	(4,743,076)	(116,040)
Cash flows from capital and related financing activities:		
Contributions restricted for capital assets	-	3,306,418
Contributions from Marathon County for capital assets	(50,565)	2,329,930
Acquisition of capital assets	(1,822,069)	(6,652,339)
Payment on bonds payable	(375,000)	(360,000)
Payment on capital lease obligation	(27,986)	(27,433)
Interest paid	(645,021)	(274,665)
Net cash from capital and related financing activities	(2,920,641)	(1,678,089)
Cash flows from investing activities:		
Decrease in investments	4,834,402	2,659,026
(Increase) decrease in assets limited as to use	990,604	(833,332)
Interest received	70,938	276,065
Net cash from investing activities	5,895,944	2,101,759
Net change in cash and restricted cash	(1,767,773)	307,630
Cash and restricted cash at beginning	4,654,416	4,346,786
Cash and restricted cash at end	\$ 2,886,643	\$ 4,654,416

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Combined Statements of Cash Flows (Continued)

Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of operating loss to net cash and restricted cash from operating activities:		
Operating loss	\$ (3,431,167)	\$ (3,930,096)
Adjustments to reconcile operating loss to net cash from operating activities:		
Provision for depreciation	3,278,127	3,082,659
Provision for bad debts	494,613	544,090
Depreciation charged to capital contribution	114,450	191,472
Changes in operating assets and liabilities:		
Accounts receivable	(2,378,614)	(124,986)
Inventory	(87,489)	16,950
Other current assets	(109,232)	229,940
Resident trust funds	12,079	22,429
Accounts payable	637,782	(92,698)
Accrued liabilities	789,902	(374,996)
Amounts payable to third-party reimbursement programs	-	(70,000)
Unearned revenue	(8,623)	10
Net pension changes	(4,054,904)	389,186
Total adjustments	(1,311,909)	3,814,056
Net cash from operating activities	\$ (4,743,076)	\$ (116,040)
Reconciliation of cash and restricted cash to balance sheet:		
Cash and cash equivalents	\$ 2,786,386	\$ 4,549,152
Restricted cash - Patient trust funds	100,257	105,264
Total cash and restricted cash	\$ 2,886,643	\$ 4,654,416
Supplemental disclosure of cash flows information:		
Contributions restricted for capital assets	\$ -	\$ 3,306,418
Contribution of capital from Marathon County	(50,565)	2,329,930
Amounts due to Marathon County for capital assets	46,514,177	28,137,785

See accompanying notes to combined financial statements.

North Central Community Services Program and Affiliates d/b/a North Central Health Care Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

North Central Community Services Program and Affiliates d/b/a North Central Health Care (NCHC) is an entity established under a contract with Langlade, Lincoln, and Marathon Counties as a quasi-political subdivision. The County Board of Supervisors from the three counties appoint board members to NCHC. The 14-member Board of Directors is made up of nine members from Marathon County, three members from Lincoln County, and two members from Langlade County.

In May 2020, Langlade, Lincoln, and Marathon Counties signed an agreement to continue sponsorship of NCHC through April 30, 2025, for the purposes of administering a community mental health, alcoholism, and drug abuse program, protective services, protective placement, and nursing home services. Under terms of a separate December 2016 agreement, a Retained County Board Authority Committee (the "Committee") was established to exercise authority retained by the respective County Boards, as provided under Sec. 51.42(5) of the Wisconsin Statutes. The May 2020 and December 2016 agreements delineate, among other things, the programmatic and management responsibilities of NCHC and the responsibilities and authorities of the Committee and the Board of Directors.

Annually, the three counties fund an amount equal to expenses in excess of federal and state grants and patient fees relating to the respective county's proportionate share of operating costs. Capital facilities are the direct responsibility of each county.

NCHC manages North Central Health Care Facilities (NCHCF), which includes a licensed 16-bed psychiatric hospital providing care and treatment for residents of Langlade, Lincoln, and Marathon Counties affected by mental illness, chemical dependency, or developmental disability to enable them to better their lives. Inpatient, outpatient, transitional living, and day services are provided to meet these needs.

NCHC also manages Mount View Care Center (MVCC), a nursing home on the NCHCF campus licensed as a 154-bed skilled nursing facility for the benefit of Marathon County. NCHC operates 25 of the nursing home beds as a unit for individuals needing specialized short- and long-term ventilator care.

Beginning January 1, 2020, NCHC also manages Pine Crest Nursing Home ("Pine Crest"), a 160-bed skilled nursing facility for the benefit of Lincoln County.

Basis of Presentation

The accompanying combined financial statements include the operations of NCHCF (51.42/.437), MVCC, and Pine Crest. All significant intrafund accounts are eliminated.

Method of Accounting

NCHC's financial statements are presented using the flow of economic resources measurement focus, which uses the accrual basis of accounting. NCHC applies all applicable standards issued by the Governmental Accounting Standards Board (GASB).

North Central Community Services Program and Affiliates d/b/a North Central Health Care Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during that period. Actual results may differ from these estimates.

Cash Equivalents

NCHC considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments and Assets Limited as to Use

NCHC is authorized by Wisconsin Statute 66.0603 to invest in obligations of the U.S. Treasury, agencies and instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin, bonds of authorized special-purpose districts, any security that matures in less than seven years which has the highest or second highest rating category, the State of Wisconsin Local Government Investment Pool, and other qualifying investment pools. Investments and assets limited as to use, consisting of certificates of deposit with an original maturity of more than three months, are stated at cost, which approximates fair value. Assets limited as to use include assets designated by the Board of Directors for acquisition of capital assets and amounts designated for contingency.

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from residents of Marathon, Langlade, and Lincoln Counties, most of whom are insured under third-party payor agreements. NCHC bills third-party payors on each patient's behalf or, if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patient's responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement. NCHC does not have a policy to charge interest on past due accounts.

The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient receivables. In addition, management provides for probable uncollectible amounts, primarily from uninsured patients and amounts for which patients are personally responsible, through a charge to operations and a credit to a valuation allowance based on its assessment of historical collection likelihood and the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivables and Credit Policy (Continued)

Patient accounts receivable are recorded in the accompanying statement of net position net of contractual adjustments and allowance for doubtful accounts.

In evaluating the collectibility of accounts receivable, NCHC analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, NCHC analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected doubtful deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), NCHC records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or net realizable value.

Capital Assets and Depreciation

Capital assets are recorded at cost if purchased, at fair value at date of donation, or net book value if transferred from a related party. Maintenance and repair costs are charged to expense as incurred. Gain or loss on disposition of capital assets is reflected in nonoperating gains or losses. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 10 to 40 years for land improvements, buildings and building improvements, and fixed equipment and from 3 to 15 years for other equipment.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from income or loss before contributed capital. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted expendable net position. Absent explicit donor stipulations about how long these assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the statement of revenue, expenses, and changes in net position. No impairment loss was recorded in 2021 or 2020.

Compensated Absences

NCHC has a paid leave time system for all paid time off from work. Paid leave time is available for use as it is earned. Paid leave time is accrued in varying amounts based on job classification and length of service. Employees are paid for accrued paid leave time upon resignation provided they have completed six months of service, have given proper notice, and have not been terminated for misconduct.

Pensions

For purposes of measuring the Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Long-Term Debt Interest Premium

Deferred long-term debt interest premium is amortized over the life of the related debt using the straight-line method. Amortization of long-term debt interest premium is reported in interest expense in the statement of revenue, expenses, and changes in net position.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

North Central Community Services Program and Affiliates d/b/a North Central Health Care Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. NCHC reports deferred outflows of resources related to pensions and life insurance for its proportionate shares of collective deferred outflows of resources related to pensions and life insurance, and NCHC contributions to pension and life insurance plans subsequent to the measurement date of the collective net pension and life insurance liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. NCHC reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions and life insurance.

Net Position

Net position of NCHC is classified in three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* must be used for a particular purpose, as specified by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. *Unrestricted net position* is remaining net position that does not meet the definitions above.

When both restricted and unrestricted resources are available for use, it is NCHC's policy to use externally restricted resources first.

Operating Revenue and Expenses

NCHC's statements of revenue, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue includes exchange transactions associated with providing healthcare services, government grants, and county appropriations designated for operations. Operating expenses are all expenses incurred to provide healthcare services.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

North Central Community Services Program and Affiliates d/b/a North Central Health Care Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue (Continued)

For uninsured patients who do not qualify for community care, NCHC recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). Based on historical experience, a significant portion of NCHC's uninsured patients will be unable or unwilling to pay for the services provided. Thus, NCHC records a significant provision for bad debts related to uninsured patients in the period services are provided. This provision is offset by recoveries that are received on prior-year bad debts from patient payments.

Charity Care

NCHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. NCHC maintains records to identify the amount of charges forgone for services and supplies furnished under its charity care policy. Because NCHC does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Operating Deficit Grants

The Supplemental Payment (SP) program, the Certified Public Expenditures program, the Wisconsin Medicaid Cost Reporting (WIMCR) grants, and the Comprehensive Community Services (CCS) program grants are recorded as part of net patient service revenue at the estimated realizable amount from the Wisconsin Department of Health Services. These programs provide for the allocation of federal funds to facilities owned and operated by a local government unit, such as a county, city, or village, in an effort to reduce overall operating deficits from the nursing home (SP) and certain hospital outpatient services (WIMCR). Estimated awards are recorded when earned or determinable.

Grants and Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Contributions that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Unemployment Compensation

NCHC has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred.

North Central Community Services Program and Affiliates d/b/a North Central Health Care Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to assist organizations in recognizing the right to use of an asset and its related liability or obligation when there is a contract in place which includes the right to control or direct the use of an identifiable asset. This statement also includes provisions where the majority of leases that have lease terms greater than one year are to be recorded as liabilities on the statement of net position. This statement is effective for NCHC's year ending December 31, 2022.

Note 2: Reimbursement Arrangement With Third-Party Payors

NCHC has agreements with third-party payors that provide for reimbursement to NCHC at amounts which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

In 2021 and 2020, approximately 25% and 23%, respectively, of NCHC's patient service revenue was for services provided to patients whose bills are paid in whole or in part by the Medicare program.

Inpatient hospital services rendered to Medicare program beneficiaries are paid based on prospectively determined rates based on a patient classification system. Outpatient hospital services are paid primarily on prospectively determined rates also based on a patient classification system or fixed fee schedules. Nursing home resident care is paid based on a predetermined rate per inpatient day, which varies depending on the patient's level of care and types of services provided.

Medicaid

In 2021 and 2020, approximately 64% and 65%, respectively, of NCHC's patient service revenue was for services provided to patients whose bills are paid in whole or in part by the Medicaid program. Hospital and nursing home services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates which vary depending on the patient's level of care and types of services provided.

Accounting for Contractual Adjustments

NCHC's hospital is reimbursed for cost-reimbursable items at an interim rate with final settlements determined after audit of NCHC's related annual cost reports by the Medicare fiscal intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying financial statements.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 2: Reimbursement Arrangement With Third-Party Payors (Continued)

Compliance

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violations of these laws and regulations by healthcare providers could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes NCHC is in substantial compliance with current laws and regulations.

Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to healthcare providers and that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. NCHC has not been notified by the RAC of any potential significant reimbursement adjustments.

Note 3: Cash and Cash Equivalents and Investments

Deposits and Investments

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, NCHC's deposits and investments may not be returned to NCHC. Amounts on deposit with depository entities are insured up to \$250,000 by the FDIC and up to an additional \$400,000 by the State of Wisconsin Public Deposit Guarantee program. NCHC has a policy to collateralize all amounts which exceed the FDIC and State of Wisconsin Public Deposit Guarantee program limits.

Interest Rate and Credit Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, NCHC's investment policy limits its investment portfolio to certificates of deposit, the local government investment pool, and government obligations such as treasury bills and treasury notes. As of December 31, 2021, NCHC's investments and assets limited as to use consisted of cash and cash equivalents totaling \$1,000,000, \$500,870 in government obligation mutual funds, certificates of deposit totaling \$4,800,192 maturing in less than one year, and certificates of deposit totaling \$1,500,000 maturing in one to two years.

Concentration of Credit Risk - NCHC's custodial credit risk policy for investments allows for no more than 60% of its investment portfolio in one bank or one issue.

At December 31, 2021 and 2020, NCHC's bank balances, which include certificates of deposits held as investments totaled \$11,166,523 and \$18,813,504, respectively. NCHC bank balances which were not insured, guaranteed, or collateralized as of December 31, 2021, totaled \$2,358,680. All bank balances of NCHC at December 31, 2020, were insured, guaranteed, or collateralized.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 4: Patient Accounts Receivable - Net

Patient accounts receivable consisted of the following at December 31:

	2021		
	51.42/.437 Program	Nursing Homes	Total
Patient accounts receivable	\$ 8,253,322	\$ 3,668,222	\$ 11,921,544
Less:			
Contractual adjustments	3,591,636	11,132	3,602,768
Allowance for bad debts	221,144	448,396	669,540
Patient accounts receivable - Net	\$ 4,440,542	\$ 3,208,694	\$ 7,649,236

	2020		
	51.42/.437 Program	Nursing Homes	Total
Patient accounts receivable	\$ 4,281,522	\$ 2,550,063	\$ 6,831,585
Less:			
Contractual adjustments	1,514,673	11,348	1,526,021
Allowance for bad debts	389,354	256,238	645,592
Patient accounts receivable - Net	\$ 2,377,495	\$ 2,282,477	\$ 4,659,972

Note 5: Net Patient Service Revenue

Net patient service revenue consisted of the following:

	2021		
	51.42/.437 Program	Nursing Homes	Total
Gross patient service revenue:			
Medical Assistance	\$ 31,908,619	\$ 19,124,298	\$ 51,032,917
Medicare	13,989,786	6,389,484	20,379,270
Private pay	3,016,945	1,634,640	4,651,585
Insurance and other	3,517,470	1,085,875	4,603,345
Totals	52,432,820	28,234,297	80,667,117
Less:			
Contractual adjustments	18,745,436	579,521	19,324,957
Provision for bad debts	373,628	120,985	494,613
Net patient service revenue	\$ 33,313,756	\$ 27,533,791	\$ 60,847,547

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 5: Net Patient Service Revenue (Continued)

	2020		
	51.42/.437 Program	Nursing Homes	Total
Gross patient service revenue:			
Medical Assistance	\$ 31,323,997	\$ 24,654,320	\$ 55,978,317
Medicare	13,790,479	6,147,861	19,938,340
Private pay	4,182,648	2,338,332	6,520,980
Insurance and other	2,375,660	1,079,686	3,455,346
Totals	51,672,784	34,220,199	85,892,983
Less:			
Contractual adjustments	18,681,407	3,698,112	22,379,519
Provision for bad debts	414,986	129,104	544,090
Net patient service revenue	\$ 32,576,391	\$ 30,392,983	\$ 62,969,374

Note 6: Charity Care

NCHC provides healthcare services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of NCHC, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in NCHC's charity care policy and from applications completed by patients and their families.

The estimated cost of providing care to patients under NCHC's community care policy was approximately \$2,343,000 and \$3,185,000 in 2021 and 2020, respectively, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing community care.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 7: Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	January 1, 2021	Increases	Decreases	December 31, 2021
Nondepreciable capital assets:				
Land	\$ 65,133	\$ -	\$ -	\$ 65,133
Construction in progress	22,840,218	20,037,924	(38,722,593)	4,155,549
Total nondepreciable capital assets	22,905,351	20,037,924	(38,722,593)	4,220,682
Depreciable capital assets:				
Land improvements	1,782,870	161,725	-	1,944,595
Buildings and building improvements	54,605,848	36,272,977	(570,161)	90,308,664
Fixed equipment	7,778,750	1,938,117	-	9,716,867
Other equipment	19,455,081	510,282	(70,920)	19,894,443
Capital lease	130,361	-	-	130,361
Total depreciable capital assets	83,752,910	38,883,101	(641,081)	121,994,930
Less - Accumulated depreciation:				
Land improvements	1,464,784	49,739	-	1,514,523
Buildings and building improvements	30,218,621	2,028,121	(570,161)	31,676,581
Fixed equipment	5,707,378	365,392	-	6,072,770
Other equipment	15,319,891	921,523	(53,924)	16,187,490
Capital lease	55,874	27,936	-	83,810
Total accumulated depreciation	52,766,548	3,392,711	(624,085)	55,535,174
Total depreciable capital assets - Net	30,986,362	35,490,390	(16,996)	66,459,756
Total capital assets - Net	\$ 53,891,713	\$ 55,528,314	\$ (38,739,589)	\$ 70,680,438

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 7: Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2020, was as follows:

	January 1, 2020	Increases	Decreases	December 31, 2020
Nondepreciable capital assets:				
Land	\$ 65,133	\$ -	\$ -	\$ 65,133
Construction in progress	6,391,915	30,050,867	(13,602,564)	22,840,218
Total nondepreciable capital assets	6,457,048	30,050,867	(13,602,564)	22,905,351
Depreciable capital assets:				
Land improvements	1,786,418	-	(3,548)	1,782,870
Buildings and building improvements	43,097,056	11,544,130	(35,338)	54,605,848
Fixed equipment	7,775,283	46,431	(42,964)	7,778,750
Other equipment	18,888,396	690,069	(123,384)	19,455,081
Capital lease	130,361	-	-	130,361
Total depreciable capital assets	71,677,514	12,280,630	(205,234)	83,752,910
Less - Accumulated depreciation:				
Land improvements	1,418,419	49,914	(3,549)	1,464,784
Buildings and building improvements	29,069,268	1,171,859	(22,506)	30,218,621
Fixed equipment	4,798,183	930,972	(21,777)	5,707,378
Other equipment	14,325,416	1,093,449	(98,974)	15,319,891
Capital lease	27,937	27,937	-	55,874
Total accumulated depreciation	49,639,223	3,274,131	(146,806)	52,766,548
Total depreciable capital assets - Net	22,038,291	9,006,499	(58,428)	30,986,362
Total capital assets - Net	\$ 28,495,339	\$ 39,057,366	\$ (13,660,992)	\$ 53,891,713

In 2018, NCHC began planning for a significant master facility project at the Wausau campus. The project, which includes the aquatic pool and a redesign of the Wausau campus, is expected to be completed in 2022. The project will be financed with proceeds from a capital campaign and general obligation revenue bonds issued by Marathon County as discussed in Note 9. NCHC had commitments related to this master facility plan project totaling \$9.5 million at December 31, 2021.

Construction in progress at December 31, 2021 and 2020, consisted primarily of the master facility plan related costs.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 8: Long-Term Debt

Pursuant to a resolution adopted on November 8, 2016, Lincoln County, Wisconsin (the "County") authorized the issuance of \$7,000,000 Taxable Note Anticipation Notes ("Series 2016 NANs") to provide interim financing for purposes of paying a portion of the cost of the construction of an addition to Pine Crest, renovation of a portion of the existing Pine Crest nursing home, and acquisition of related equipment. The Series 2016 NANs dated December 1, 2016, matured on March 1, 2017. On February 14, 2017, the County issued \$6,950,000 General Obligation Refunding Bonds (the "Series 2017 Bonds") maturing December 1, 2036, and \$2,600,000 Note Anticipation Notes (the "Notes") maturing December 1, 2021 (collectively the "Securities"). Proceeds of the Securities were used to refund the Series 2016 NANs at maturity on March 1, 2017, with the remainder available to pay for costs of the construction project.

The Series 2017 Bonds carry interest rates ranging from 2.0% to 3.5%. The Bonds require semiannual interest only payments through June 1, 2018, and semiannual payments of interest and principal (with principal amounts varying from \$350,000 on December 1, 2019, to \$480,000 on December 1, 2036). The Notes carried an interest rate of 2.09% and required semiannual interest only payments with the balance due on December 1, 2021.

On December 1, 2021, Lincoln County issued \$2,595,000 in General Obligation Refunding Bonds ("Series 2021 Bonds") to refinance the Notes. The Series 2021 Bonds carry interest rates varying from .65% to 3.00% and mature in varying amounts through December 1, 2038.

Long-term debt consisted of the following at December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Series 2017 General Obligation Refunding Bonds with interest of 2.78%	\$ 6,230,000	\$ -	\$ (370,000)	\$ 5,860,000	\$ 315,000
Series 2017 Note Anticipation Notes with interest of 2.09%	2,600,000	-	(2,600,000)	-	-
Series 2021 General Obligation Refunding Bonds with interest of	-	2,595,000	-	2,595,000	80,000
Deferred amounts - Premium	307,962	65,188	(29,220)	343,930	-
Total	\$ 9,137,962	\$ 2,660,188	\$ (2,999,220)	\$ 8,798,930	\$ 395,000

Long-term debt consisted of the following at December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Series 2017 General Obligation Refunding Bonds with interest of 2.78%	\$ 6,590,000	\$ -	\$ (360,000)	\$ 6,230,000	\$ 370,000
Series 2017 Note Anticipation Notes with interest of 2.09%	2,600,000	-	-	2,600,000	2,600,000
Deferred amounts - Premium	338,489	-	(30,527)	307,962	-
Total	\$ 9,528,489	\$ -	\$ (390,527)	\$ 9,137,962	\$ 2,970,000

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 8: Long-Term Debt (Continued)

Long-term debt service requirements to maturity are as follows:

	Principal	Interest	Total
2022	\$ 395,000	\$ 190,980	\$ 585,980
2023	405,000	227,010	632,010
2024	415,000	216,740	631,740
2025	425,000	206,170	631,170
2026	435,000	195,300	630,300
2027-2031	2,385,000	773,150	3,158,150
2032-2036	2,765,000	392,734	3,157,734
2037-2038	1,230,000	37,000	1,267,000
Total	\$ 8,455,000	\$ 2,239,084	\$ 10,694,084

Note 9: Amounts Due to Marathon County for Property and Equipment

As discussed in Note 7, Marathon County is financing construction of the NCHC Wausau Campus Master Facility project. Through December 31, 2021, Marathon County had issued Series 2019A General Obligation Promissory Notes, Series 2020A General Obligation Promissory Notes, Series 2020B General Obligation Health Care Project Building Bonds, and Series 2021B General Obligation Health Care Project Building Bonds (collectively "Project-Related Bonds") of which \$44,597,054 was used to finance the NCHC Wausau Campus Master Facility Plan project. NCHC will repay Marathon County based on an allocation of principal and interest on Project-Related Bonds.

As of December 31, 2021, Marathon County had issued Project-Related Bonds totaling \$44,443,425 for the NCHC Wausau Campus Master Facility Plan project and expects to finance the remaining amount owed at December 31, 2021, totaling \$2,070,752, along with future NCHC Wausau Campus Master Facility Plan project costs, with bonds to be issued in future years.

The Project-Related Bonds carry interest rates ranging from 2.0% to 2.125%, and NCHC's portion of the Project-Related Bonds issued as of December 31, 2021, mature in varying amounts through December 1, 2041.

Amounts owed to Marathon County for property and equipment consisted of the following at December 31:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2020	\$ 6,061,225	\$ 22,076,560	\$ -	\$ 28,137,785	\$ 153,629
2021	\$ 28,137,785	\$ 18,530,021	\$ 153,629	\$ 46,514,177	\$ 839,359

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 9: Amounts Due to Marathon County for Property and Equipment (Continued)

Debt service requirements for amounts owed to Marathon County for NCHC Wausau Campus Master Facility Plan project related costs are as follows:

	Principal	Interest	Total
Project-Related Bonds:			
2022	\$ 839,357	\$ 930,595	\$ 1,769,952
2023	1,736,407	772,180	2,508,587
2024	2,082,867	748,117	2,830,984
2025	2,111,782	719,864	2,831,646
2026	2,134,987	690,629	2,825,616
2027-2031	11,133,025	2,953,491	14,086,516
2032-2036	12,160,000	1,852,200	14,012,200
2037-2041	12,245,000	584,150	12,829,150
Total Project-Related Bonds	44,443,425	9,251,226	53,694,651
Future bonds	2,070,752		
Total owed to Marathon County	\$ 46,514,177		

Note 10: Net Position

Net position consists of the following:

	51.42/.437 Program					
	Marathon County	Langlade County	Lincoln County	MVCC	Pine Crest	Total
Balance at December 31, 2020	\$ 23,369,397	\$ 2,418,092	\$ 3,298,789	\$ 8,667,663	\$ 2,970,286	\$ 40,724,227
Income (loss) before contributed capital	(2,373,971)	(505,460)	(213,742)	(384,076)	(475,558)	(3,952,807)
Contributions restricted for capital assets	93,156	-	-	-	-	93,156
Contributed capital	2,329,930	-	-	-	-	2,329,930
Balance at December 31, 2020	23,418,512	1,912,632	3,085,047	8,283,587	2,494,728	39,194,506
Income (loss) before contributed capital	(2,283,694)	(198,475)	(363,330)	(445,029)	(843,299)	(4,133,827)
Contributed capital	(50,565)	-	-	-	-	(50,565)
Balance at December 31, 2021	\$ 21,084,253	\$ 1,714,157	\$ 2,721,717	\$ 7,838,558	\$ 1,651,429	\$ 35,010,114

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 11: Related-Party Transactions

NCHC 51.42/.437 operations are financed, in part, by Marathon, Langlade, and Lincoln Counties. Contributions for operations are based on NCHC budget amounts. A Joint County Human Services Agreement delineates the methodology for calculating each county's actual contribution and the resulting overpayment or underpayment for that particular year. NCHC also receives contributions from Marathon County and Lincoln County for the nursing home operations.

In 2021, NCHC received \$6,488,918, \$1,217,853, and \$456,273, and in 2020, NCHC received \$6,485,871, \$1,228,134, and \$377,861 from Marathon, Lincoln, and Langlade Counties, respectively, to assist in meeting operating costs. In 2021 and 2020, Marathon County (received capital contribution from) contributed capital to NCHC of \$(50,565) and \$2,329,930, respectively, for capital assets.

Land and buildings, with a cost of \$86,564,295 and \$59,087,376 at December 31, 2021 and 2020, respectively, utilized by the 51.42/.437 program and MVCC nursing home are held in title by Marathon County. These capital assets, net of accumulated depreciation, are included in the statement of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the financial statements of NCHC.

Land, buildings, and equipment with a cost of \$20,540,508 and \$20,542,722 at December 31, 2021 and 2020, respectively, utilized by Pine Crest nursing home are held in title by Lincoln County. These capital assets, net of accumulated depreciation, are included in the statement of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the financial statements of NCHC.

At December 31, 2021 and 2020 NCHC had receivables due from Marathon County of \$37,563 and \$641,408, respectively. At December 31, 2021 and 2020, NCHC had amounts payable to Lincoln County of \$165,983 and \$138,309, respectively. In addition, at December 31, 2021, NCHC had amounts due to Marathon County totaling \$46,514,177 and \$28,137,785, respectively, for the master facility plan project discussed in Note 7.

The City-County Information Technology Commission (the "Commission") is a joint and cooperative agreement between Marathon County, the City of Wausau, and NCHC. The purpose of the commission is to provide for the implementation and operation of a cooperative data and management system and to foster efficiency in the provision of services under the direction of the governing Board of Commissioners. The CCITC is governed by an eight member Board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County Chairman of the Board of Supervisors, County Administrator, and NCHC CEO and Finance Director. The Board of Commissioners has the authority to fix cost sharing charges for members in an amount sufficient to provide the funds required by the budget. Funding for services is recovered through three sources. At December 31, 2021 and 2020 the City, County, and NCHC split the operating costs not recovered through outside user fees 21%, 41%, and 38%, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit only one owner. In 2021 and 2020, NCHC paid \$1,661,637 and \$1,610,479, respectively, to the Commission for services rendered. At December 31, 2021 and 2020, NCHC had accounts payable due to CCITC totaling \$64,255 and \$256,662, respectively.

North Central Community Services Program and Affiliates d/b/a North Central Health Care Notes to Combined Financial Statements

Note 12: Provider Relief Funds

During 2021 and 2020, NCHC received grant funding from the U.S. Department of Health and Human Services (HHS) Provider Relief Fund which was established as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Based on the terms and conditions of the grant, NCHC earns the grant by incurring COVID-19 expenses or by incurring lost patient revenues as a result of COVID-19.

NCHC recorded grant revenue totaling \$1,482,000 and \$2,796,000 in 2021 and 2020, respectively, for the HHS Provider Relief Funds based on incurring qualifying expenses that management believes meet the terms and conditions of the HHS Provider Relief Funds program.

Note 13: Employee Retirement Plans - Wisconsin Retirement System

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees), and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 13: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments - The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with Sec. 40.27 of the Wisconsin Statutes. An increase (decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %
2019	- %	(10.0)%
2020	1.7 %	21.0 %

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee-required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee-required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$2,603,048 and \$2,449,628, respectively, in contributions from the employer.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 13: Employee Retirement Plans - Wisconsin Retirement System (Continued)

NCHC has employees in only the general category, which had the following contribution rates as of December 31:

	2021	
	Employee	Employer
General (including teachers)	6.75 %	6.75 %
	2020	
	Employee	Employer
General (including teachers)	6.75 %	6.75 %

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2021 and 2020, NCHC reported an asset of \$14,388,349 and \$7,280,177, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of the calendar year that falls within NCHC's fiscal year and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation one year prior to that date rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net pension liability was based on NCHC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021 and 2020, NCHC's proportion was .0284075% and .02577999% (a decrease of .02293924% from the prior year), respectively.

For the years ended December 31, 2021 and 2020, NCHC recognized WRS retirement contribution pension expense of \$1,703,610 and \$2,206,101, respectively.

At December 31, 2021 and 2020, NCHC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,824,359	\$ -	\$ 13,819,441	\$ -
Changes in assumptions	326,356	-	567,318	-
Net differences between projected and actual earnings on pension plan investments	-	27,012,953	-	14,883,272
Changes in proportion and differences between employer contributions and proportionate share of contributions	279,147	4,485,529	88,041	6,915,705
Employer contributions subsequent to the measurement date	2,582,954	59,638	2,610,560	10,072
Totals	\$ 24,012,816	\$ 31,558,120	\$ 17,085,360	\$ 21,809,049

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 13: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Deferred outflows of resources, totaling \$2,582,954 at December 31, 2021, related to pension resulting from NCHC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2021	\$ (2,597,306)
2022	(656,568)
2023	(4,833,445)
2024	(2,040,939)

Actuarial Assumptions - The total pension liability in the actuarial valuations used for the year ended December 31, 2021 and 2020, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Actuarial valuation date	December 31, 2019	December 31, 2018
Measurement date of net pension liability	December 31, 2020	December 31, 2019
Actuarial cost method	Entry Age	Entry Age
Asset valuation method	Fair Market Value	Fair Market Value
Long-term expected rate of return	7.0 %	7.0 %
Discount rate	7.0 %	7.0 %
Salary increases:		
Inflation	3.0 %	3.0 %
Seniority/merit	.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9 %	1.9 %

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. The assumed annual adjustment is 1.9% based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from January 1, 2015, through December 31, 2017. The Total Pension Liability for December 31, 2020, is based upon a roll-forward of the liability calculated from the December 31, 2019, actuarial valuation.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 13: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Long-Term Expected Return on Plan Assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns	As of December 31, 2020		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core fund:			
Global equities	51.0 %	7.2 %	4.7 %
Fixed income	25.0 %	3.2 %	0.8 %
Inflation sensitive assets	16.0 %	2.0 %	(0.4)%
Real estate	8.0 %	5.6 %	3.1 %
Private equity/debt	11.0 %	10.2 %	7.6 %
Multi-Asset	4.0 %	5.8 %	3.3 %
Total core fund	115.0 %	6.6 %	4.1 %
Variable fund:			
U.S. equities	70.0 %	6.6 %	4.1 %
International equities	30.0 %	7.4 %	4.9 %
Total variable fund	100.0 %	7.1 %	4.6 %

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 13: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Asset Allocation Targets and Expected Returns	As of December 31, 2019		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core fund:			
Global equities	49.0 %	8.0 %	5.1 %
Fixed income	24.5 %	4.9 %	2.1 %
Inflation sensitive assets	15.5 %	4.0 %	1.2 %
Real estate	9.0 %	6.3 %	3.5 %
Private equity/debt	8.0 %	10.6 %	4.0 %
Multi-Asset	4.0 %	6.9 %	4.0 %
Total core fund	110.0 %	40.7 %	19.9 %
Variable fund:			
U.S. equities	70.0 %	7.5 %	4.6 %
International equities	30.0 %	8.2 %	5.3 %
Total variable fund	100.0 %	7.8 %	4.9 %

New England Pension Consultants Long-Term US CPI Forecast: 2.4%

Assets allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

Single Discount Rate: A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 13: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Sensitivity of NCHC's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate:

The following presents NCHC's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.00 percent, as well as what NCHC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	2021		2020	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to the rate	6.0 %	\$ 13,695,714	6.0 %	\$ 18,747,757
Current discount rate	7.0 %	(14,388,349)	7.0 %	(7,280,177)
1% increase to rate	8.0 %	(35,015,855)	8.0 %	(26,739,052)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available online at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan - At December 31, 2021 and 2020, NCHC reported a payable of \$624,033 and \$593,829, respectively, for the outstanding amount of employer contributions to the pension plan.

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online at <http://etf.wi.gov/publications/cafr.htm>.

In addition, EFT issued a standalone Retiree Life Insurance Financial Report, which can be found at <http://eftonline.wi.gov/EFTGASBPublicWeb/gasb75Local.do>.

Benefits Provided

The LRLIF plan provides fully paid-up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 and 2020, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
25% Postretirement coverage	20% of employee contribution

During the years ended December 31, 2021 and 2020, the LRIF recognized \$10,796 and \$10,641, respectively, in contributions from the employer.

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020, are as listed below:

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2021 and 2020, NCHC reported a liability of \$3,028,071 and \$2,506,809, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net OPEB liability was based on NCHC's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, NCHC's proportion was 0.39479299%, which was a decrease of 0.19390931% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2021 and 2020, NCHC recognized OPEB expense of \$231,655 and \$773,551, respectively.

At December 31, 2021 and 2020, NCHC reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 144,488	\$ -	\$ 112,301
Changes in assumptions	1,177,962	207,767	924,773	178,949
Net differences between projected and actual earnings on pension plan investments	59,160	-	68,308	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	348,056	194,025	175,682	125,607
Employer contributions subsequent to the measurement date	10,901	-	8,285	-
Totals	\$ 1,596,079	\$ 546,280	\$ 1,177,048	\$ 416,857

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Deferred outflows of resources, totaling \$10,901 and \$8,285, respectively, at December 31, 2021 and 2020, resulting from NCHC's contributions subsequent to the measurement date, will be recognized as a decrease in the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ (196,605)
2022	(191,839)
2023	(186,928)
2024	(173,667)
2025	(201,280)
2026	(84,940)
2027	(3,099)

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Actuarial valuation date	January 1, 2020	January 1, 2019
Measurement date of net OPEB liability (asset)	December 31, 2020	December 31, 2019
Actuarial cost method	Entry Age normal	Entry Age normal
20-year tax-exempt municipal bond yield	2.12 %	2.74 %
Long-term expected rate of return	4.3 %	4.3 %
Discount rate	2.3 %	2.9 %
Salary increases:		
Inflation	3.0 %	3.0 %
Seniority/merit	.1% - 5.6%	0.1% - 5.6%
	Wisconsin 2018	Wisconsin 2018
Mortality	Mortality Table	Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020, is based upon a roll-forward of the liability calculated from the January 1, 2020, actuarial valuation.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return, and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2020

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S credit bonds	Barclays Credit	50.00 %	1.47 %
U.S mortgages	Barclays MBS	50.00 %	0.82 %
Inflation			2.20 %
Long-term expected rate of return			4.25 %

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. government bonds	Barclays Credit	45.00 %	2.12 %
U.S. long credit bonds	Barclays Long Credit	5.00 %	2.90 %
U.S. mortgages	Barclays MBS	50.00 %	1.53 %
Inflation			2.20 %
Long-term expected rate of return			4.25 %

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate and expected inflation rate remain unchanged from the prior year at 4.25% and 2.20%, respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate: A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019, to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of NCHC's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents NCHC's proportionate share of the Net OPEB Liability (Asset) calculated using the discount rate of 2.25 percent, as well as what NCHC's proportionate share of the Net OPEB Liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	2021			2020		
	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
NCHC's proportionate share of the net OPEB liability (asset)	\$ 4,119,043	\$ 3,028,071	\$ 2,203,001	\$ 3,461,483	\$ 2,506,809	\$ 1,780,488

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 14: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Note 15: Self-Funded Insurance

NCHC has a self-funded health insurance plan that provides benefits to employees and their dependents. Health costs are expensed as incurred. Health expense is based on claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The health plan has reinsurance to cover catastrophic individual claims over \$225,000.

NCHC also has a self-funded dental insurance plan that provides benefits to employees and their dependents. Dental costs are expensed as incurred. Dental expense is based on claims paid, administration fees, and unpaid claims at year-end. The plan covers annual individual claims up to \$1,000 and has no reinsurance.

Unpaid health and dental claims liability activity for the year ended December 31 was as follows:

	2021	2020
Unpaid claims liability at beginning	\$ 503,000	\$ 670,000
Claims expense	9,627,227	7,965,002
Claim payments	(8,830,466)	(8,132,002)
Unpaid claims liability at end	\$ 1,299,761	\$ 503,000

Note 16: Comprehensive General and Professional Liability Insurance

NCHC's comprehensive general liability insurance covers losses of up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage). NCHC's professional liability insurance covers losses up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims reported during a policy year (claims-made coverage). NCHC also carries an umbrella liability policy of \$3,000,000 for claims reported during a policy year (claims-made coverage).

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with NCHC. Although there exists the possibility of claims arising from services provided to patients through December 31, 2021, which have not yet been asserted, NCHC is unable to determine the ultimate cost, if any, of such possible claims and, accordingly, no provision has been made for them. These insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending through January 1, 2023.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Notes to Combined Financial Statements

Note 17: Concentration of Credit Risk

Financial instruments that potentially subject NCHC to credit risk consist principally of cash deposits in excess of insured limits, investments of surplus operating funds, as discussed in Note 3, and accounts receivable.

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies. NCHC grants credit to its patients, primarily residents of Langlade, Lincoln, and Marathon Counties, for these services. NCHC is also required to meet the Wisconsin Statutes and Administrative Code under the Uniform Fee and Ability to Pay Provisions. The mix of receivables from patients and third-party payors was as follows at December 31:

	2021	2020
Medicare	17 %	21 %
Medicaid	67 %	50 %
Private pay	10 %	16 %
Insurance and other	6 %	13 %
Totals	100 %	100 %

Required Supplementary Information

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System Last Ten Fiscal Years (When Available)

	2021	2020	2019	2018	2017	2016	2015
Measurement date	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
NCHC's proportion of the net pension liability (asset)	0.20284075 %	0.22577999 %	0.18695914 %	0.18725416 %	0.19194538 %	0.19245642 %	0.19732891 %
NCHC's proportionate share of the net pension liability (asset)	\$ (14,388,349)	\$ (7,280,177)	\$ 6,651,420	\$ (5,559,798)	\$ 1,582,088	\$ 3,127,379	\$ (4,846,938)
NCHC's covered-employee payroll during the measurement period	\$ 38,346,585	\$ 36,980,141	\$ 28,622,270	\$ 26,535,387	\$ 28,545,517	\$ 26,567,926	\$ 29,908,431
NCHC's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(37.52)%	(19.69)%	23.24 %	(20.95)%	5.57 %	11.77 %	(18.01)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.26 %	102.96 %	96.45 %	102.93 %	99.12 %	98.20 %	102.74 %
Schedule of Employer Contributions							
Contractually required contribution for the fiscal year	\$ 2,603,048	\$ 2,449,628	\$ 1,917,568	\$ 1,905,598	\$ 1,805,306	\$ 1,883,195	\$ 1,802,066
Contributions in relation to the contractually required contribution	(2,603,048)	(2,449,628)	(1,917,568)	(1,905,598)	(1,805,306)	(1,883,195)	(1,802,066)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NCHC's covered-employee payroll for the fiscal period	\$ 38,249,095	\$ 38,354,184	\$ 31,154,942	\$ 28,622,271	\$ 26,535,387	\$ 28,424,517	\$ 26,567,926
Contributions as a percentage of covered-employee payroll	6.81 %	6.39 %	6.15 %	6.66 %	6.80 %	6.63 %	6.78 %

Notes to the Schedules

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. No significant changes in assumptions were noted from the prior year.

See Independent Auditor's Report.

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund Last Ten Fiscal Years (When Available)

	2021	2020	2019	2018
Measurement date	12/31/2020	12/31/2019	12/31/2018	12/31/2017
NCHC's proportion of the net OPEB liability (asset)	0.39479299 %	0.58870230 %	0.33847600 %	0.31394900 %
NCHC's proportionate share of the net OPEB liability (asset)	\$ 3,028,071	\$ 2,506,809	\$ 873,382	\$ 945,541
NCHC's covered payroll	\$ 20,989,000	\$ 21,137,552	\$ 14,607,000	\$ 13,202,545
NCHC's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	14.43 %	11.86 %	5.98 %	7.15 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	31.36 %	37.58 %	48.69 %	44.81 %
Schedule of Employer Contributions				
Contractually required contribution for the fiscal period	\$ 10,901	\$ 8,285	\$ 7,618	\$ 6,543
Contributions in relation to the contractually required contribution	\$ (10,901)	\$ (8,285)	\$ (7,618)	\$ (6,543)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
NCHC's covered-employee payroll for the fiscal period	\$ 20,989,000	\$ 21,137,552	\$ 14,607,000	\$ 13,507,132
Contributions as a percentage of covered-employee payroll	0.05 %	0.04 %	0.05 %	0.05 %

Notes to the Schedules:

Changes of benefit terms: There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return, and expected inflation.

See Independent Auditor's Report.

Supplementary Information - Combining Financial Statements

North Central Community Services Program and Affiliates

d/b/a North Central Health Care

Combining Statement of Net Position

December 31, 2021

Assets and Deferred Outflows of Resources	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Current assets:				
Cash and cash equivalents	\$ 193,367	\$ 3,066,566	\$ (473,547)	\$ 2,786,386
Accounts receivable:				
Patient - Net	4,440,542	2,196,699	1,011,995	7,649,236
Outpatient WIMCR/CCS	1,020,545	-	-	1,020,545
Marathon County	103,137	-	-	103,137
Net state receivable	2,343,623	-	-	2,343,623
Amounts due from other third-party reimbursement programs	39,135	-	-	39,135
Other	431,000	-	-	431,000
Inventory	448,142	42,145	26,535	516,822
Prepays and other assets	338,676	23,092	12,434	374,202
Total current assets	9,358,167	5,328,502	577,417	15,264,086
Noncurrent assets:				
Investments	6,801,062	-	-	6,801,062
Assets limited as to use	500,000	500,000	-	1,000,000
Restricted assets - Patient trust funds	45,526	23,741	30,990	100,257
Net pension asset	8,201,358	3,890,610	2,296,381	14,388,349
Nondepreciable capital assets	4,185,380	-	35,302	4,220,682
Depreciable capital assets - Net	20,257,923	35,905,114	10,296,719	66,459,756
Total noncurrent assets	39,991,249	40,319,465	12,659,392	92,970,106
Deferred outflows of resources - Related to pensions and life insurance	14,597,071	6,924,645	4,087,180	25,608,896
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 63,946,487	\$ 52,572,612	\$ 17,323,989	\$ 133,843,088

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Net Position (Continued)

December 31, 2021

Liabilities, Deferred Inflows of Resources, and Net Position	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Current liabilities:				
Current portion of long-term debt:				
Bonds payable	\$ -	\$ -	\$ 395,000	\$ 395,000
Capital lease liability	27,987	-	-	27,987
Amounts due to Marathon County for property and equipment	839,357			839,357
Accounts payable - Trade	1,597,345	402,823	324,257	2,324,425
Accrued liabilities:				
Salaries and retirement	1,188,374	563,748	332,745	2,084,867
Compensated absences	1,295,535	614,584	362,750	2,272,869
Health and dental insurance	740,864	351,455	207,442	1,299,761
Interest	-	77,550	19,748	97,298
Other	73,784	35,002	20,660	129,446
Unearned revenue	30,567	-	-	30,567
Total current liabilities	5,793,813	2,045,162	1,662,602	9,501,577
Noncurrent liabilities:				
Long-term debt:				
Bonds payable	-	-	8,403,930	8,403,930
Capital lease liability	19,919	-	-	19,919
Amounts due to Marathon County for property and equipment	12,779,166	32,895,654	-	45,674,820
OPEB life insurance liability	1,726,001	818,790	483,280	3,028,071
Patient trust funds	45,526	23,741	30,990	100,257
Total noncurrent liabilities	14,570,612	33,738,185	8,918,200	57,226,997
Total liabilities	20,364,425	35,783,347	10,580,802	66,728,574
Deferred inflows of resources - Pensions and life insurance	18,061,935	8,950,707	5,091,758	32,104,400
Net position:				
Net investment in capital assets	10,776,874	3,009,460	1,533,091	15,319,425
Restricted for net pension assets	8,201,358	3,890,610	2,296,381	14,388,349
Unrestricted:				
Board designated for contingency	500,000	500,000	-	1,000,000
Undesignated	6,041,895	438,488	(2,178,043)	4,302,340
Total net position	25,520,127	7,838,558	1,651,429	35,010,114
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 63,946,487	\$ 52,572,612	\$ 17,323,989	\$ 133,843,088

See Independent Auditor's Report.

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2021

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Revenue:				
Net patient service revenue	\$ 33,313,756	\$ 16,260,518	\$ 11,273,273	\$ 60,847,547
Other revenue:				
State grant-in-aid	5,018,291	-	-	5,018,291
State match/addendum	3,483,793	-	-	3,483,793
Other grants	1,537,120	177,193	645,924	2,360,237
Counties' appropriations and other support	5,055,970	2,489,259	617,815	8,163,044
Departmental and other revenue	2,209,648	365,133	93,133	2,667,914
Total other revenue	17,304,822	3,031,585	1,356,872	21,693,279
Total revenue	50,618,578	19,292,103	12,630,145	82,540,826
Expenses:				
Salaries	20,965,770	9,944,052	5,870,712	36,780,534
Fringe benefits:				
WRS Retirement - GASB 68	(2,461,432)	(1,052,239)	(772,888)	(4,286,559)
WRS Retirement - GASB 75	133,021	56,865	41,769	231,655
WRS Retirement - Contributions	1,483,186	634,048	465,720	2,582,954
Other fringe benefits	9,312,100	4,078,251	2,975,079	16,365,430
Supplies and other	20,848,510	4,846,352	3,497,972	29,192,834
Utilities	65,867	13,921	234,595	314,383
Depreciation	1,450,111	994,890	833,126	3,278,127
Care of patients at other facilities	1,512,635	-	-	1,512,635
Total expenses	53,309,768	19,516,140	13,146,085	85,971,993
Operating loss	(2,691,190)	(224,037)	(515,940)	(3,431,167)
Nonoperating revenue (expense):				
Interest expense	(237,477)	(220,992)	(327,359)	(785,828)
Interest income	70,938	-	-	70,938
Gain on disposal of capital assets	12,230	-	-	12,230
Total nonoperating expense	(154,309)	(220,992)	(327,359)	(702,660)
Loss before contributed capital	(2,845,499)	(445,029)	(843,299)	(4,133,827)
Contributions from (to) Marathon County for capital assets	(50,565)	-	-	(50,565)
Change in net position	(2,896,064)	(445,029)	(843,299)	(4,184,392)
Net position at beginning	28,416,191	8,283,587	2,494,728	39,194,506
Net position at end	\$ 25,520,127	\$ 7,838,558	\$ 1,651,429	\$ 35,010,114

See Independent Auditor's Report.

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Cash Flows

Year Ended December 31, 2021

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Increase (decrease) in cash and restricted cash:				
Cash flows from operating activities:				
Cash received from patients, third-party reimbursement programs, and other revenue	\$ 44,596,201	\$ 16,043,427	\$ 11,845,530	\$ 72,485,158
Cash received from Marathon County appropriations and other support	3,999,658	2,489,259	-	6,488,917
Cash received from other counties' appropriations and other support	1,056,312	-	617,815	1,674,127
Cash paid to employees for services	(22,808,446)	(9,901,482)	(7,335,608)	(40,045,536)
Cash paid to suppliers for goods and services	(30,612,092)	(8,363,837)	(6,369,813)	(45,345,742)
Net cash from operating activities	(3,768,367)	267,367	(1,242,076)	(4,743,076)
Cash flows from capital and related financing activities:				
Contributions from Marathon County for capital assets	(50,565)	-	-	(50,565)
Acquisition of capital assets	(602,752)	(1,110,406)	(108,911)	(1,822,069)
Payment on bonds payable	-	-	(375,000)	(375,000)
Payment on capital lease obligation	(27,986)	-	-	(27,986)
Interest paid	(208,088)	(143,442)	(293,491)	(645,021)
Net cash from capital and related financing activities	(889,391)	(1,253,848)	(777,402)	(2,920,641)
Cash flows from investing activities:				
Decrease in investments	4,834,402	-	-	4,834,402
Increase in assets limited as to use	990,604	-	-	990,604
Interest received	70,938	-	-	70,938
Net cash from investing activities	5,895,944	-	-	5,895,944
Net change in cash and restricted cash	1,238,186	(986,481)	(2,019,478)	(1,767,773)
Cash and restricted cash at beginning	(999,293)	4,076,788	1,576,921	4,654,416
Cash and restricted cash at end	\$ 238,893	\$ 3,090,307	\$ (442,557)	\$ 2,886,643

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Combining Statement of Cash Flows (Continued)

Year Ended December 31, 2021

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Reconciliation of operating loss to net cash and restricted cash from operating activities:				
Operating loss	\$ (2,691,190)	\$ (224,037)	\$ (515,940)	\$ (3,431,167)
Adjustments to reconcile operating loss to net cash from operating activities:				
Provision for depreciation	1,450,111	994,890	833,126	3,278,127
Provision for bad debts	373,628	91,800	29,185	494,613
Depreciation charged to capital contribution	114,450	-	-	114,450
Changes in operating assets and liabilities:				
Accounts receivable	(1,331,412)	(851,217)	(195,985)	(2,378,614)
Inventory	(97,476)	(1,947)	11,934	(87,489)
Other current assets	(210,094)	90,611	10,251	(109,232)
Resident trust funds	28,198	(21,925)	5,806	12,079
Accounts payable	446,717	146,622	44,443	637,782
Accrued liabilities	643,264	159,444	(12,806)	789,902
Unearned revenue	(8,623)	-	-	(8,623)
Net pension changes	(2,485,940)	(116,874)	(1,452,090)	(4,054,904)
Total adjustments	(1,077,177)	491,404	(726,136)	(1,311,909)
Net cash from operating activities	\$ (3,768,367)	\$ 267,367	\$ (1,242,076)	\$ (4,743,076)
Reconciliation of cash and restricted cash to balance sheet:				
Cash	\$ 193,367	\$ 3,066,566	\$ (473,547)	\$ 2,786,386
Restricted cash - Patient trust funds	45,526	23,741	30,990	100,257
Total cash and restricted cash	\$ 238,893	\$ 3,090,307	\$ (442,557)	\$ 2,886,643
Supplemental disclosure of cash flows information:				
Contribution of capital from Marathon County	\$ (50,565)	-	-	\$ (50,565)
Amounts due to Marathon County for capital assets	12,779,166	32,895,654	-	46,514,177

See Independent Auditor's Report.

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Net Position

December 31, 2020

Assets and Deferred Outflows of Resources	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Eliminations	Total
Current assets:					
Cash and cash equivalents	\$ (1,017,121)	\$ 4,031,122	\$ 1,535,151	\$ -	\$ 4,549,152
Accounts receivable:					
Patient - Net	2,377,495	1,437,282	845,195	-	4,659,972
Outpatient WIMCR/CCS	2,118,899	-	-	-	2,118,899
Marathon County	641,408	-	-	-	641,408
Net state receivable	1,771,708	-	-	-	1,771,708
Amounts due from other third-party reimbursement programs	65,603	-	-	-	65,603
Other	445,085	-	-	-	445,085
Inventory	350,666	40,198	38,469	-	429,333
Prepays and other assets	128,582	113,703	22,685	-	264,970
Total current assets	6,882,325	5,622,305	2,441,500	-	14,946,130
Noncurrent assets:					
Investments	11,635,464	-	-	-	11,635,464
Assets limited as to use	1,490,604	500,000	-	-	1,990,604
Restricted assets - Patient trust funds	17,828	45,666	41,770	-	105,264
Net pension asset	3,786,326	2,229,321	1,264,530	-	7,280,177
Nondepreciable capital assets	4,485,318	18,406,200	13,833	-	22,905,351
Depreciable capital assets - Net	17,050,015	2,893,944	11,042,403	-	30,986,362
Total noncurrent assets	38,465,555	24,075,131	12,362,536	-	74,903,222
Deferred outflows of resources - Related to pensions and life insurance	9,669,082	5,692,984	2,900,342	-	18,262,408
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 55,016,962	\$ 35,390,420	\$ 17,704,378	\$ -	\$ 108,111,760

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Net Position (Continued)

December 31, 2020

Liabilities, Deferred Inflows of Resources, and Net Position	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Eliminations	Total
Current liabilities:					
Current portion of long-term debt:					
Bonds payable	\$ -	\$ -	\$ 2,970,000	\$ -	\$ 2,970,000
Capital lease liability	27,987	-	-	-	27,987
Amounts due to Marathon County for property and equipment	153,629				153,629
Accounts payable - Trade	1,150,628	256,201	279,814	-	1,686,643
Accrued liabilities:					
Salaries and retirement	989,700	535,013	356,487	-	1,881,200
Compensated absences	1,238,377	669,444	446,061	-	2,353,882
Health and dental insurance	264,628	143,053	95,319	-	503,000
Interest	-	-	21,838	-	21,838
Other	162,588	57,835	38,536	-	258,959
Unearned revenue	39,190	-	-	-	39,190
Total current liabilities	4,026,727	1,661,546	4,208,055	-	9,896,328
Noncurrent liabilities:					
Long-term debt:					
Bonds payable	-	-	6,167,972	-	6,167,972
Capital lease liability	47,905	-	-	-	47,905
Amounts due to Marathon County for property and equipment	9,577,956	18,406,200	-	-	27,984,156
OPEB life insurance liability	1,055,871	571,049	879,889	-	2,506,809
Patient trust funds	17,328	45,666	25,184	-	88,178
Total noncurrent liabilities	10,699,060	19,022,915	7,073,045	-	36,795,020
Total liabilities	14,725,787	20,684,461	11,281,100	-	46,691,348
Deferred inflows of resources - Pensions and life insurance	11,874,984	6,422,372	3,928,550	-	22,225,906
Net position:					
Net investment in capital assets	11,727,856	2,893,944	1,918,264	-	16,540,064
Restricted for net pension assets	3,786,326	2,229,321	1,264,530	-	7,280,177
Unrestricted:					
Board designated for contingency	500,000	500,000	-	-	1,000,000
Board designated for capital assets	990,604	-	-	-	990,604
Undesignated	11,411,405	2,660,322	(688,066)	-	13,383,661
Total net position	28,416,191	8,283,587	2,494,728	-	39,194,506
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 55,016,962	\$ 35,390,420	\$ 17,704,378	\$ -	\$ 108,111,760

See Independent Auditor's Report.

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2020

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Eliminations	Total
Revenue:					
Net patient service revenue	\$ 32,576,391	\$ 17,492,534	\$ 12,900,449	\$ -	\$ 62,969,374
Other revenue:					
State grant-in-aid	5,018,984	-	-	-	5,018,984
State match/addendum	2,914,714	-	-	-	2,914,714
Other grants	1,425,030	1,289,627	957,663	-	3,672,320
Counties' appropriations and other support	4,836,036	2,638,016	617,815	-	8,091,867
Departmental and other revenue	1,584,472	708,517	93,985	-	2,386,974
Total other revenue	15,779,236	4,636,160	1,669,463	-	22,084,859
Total revenue	48,355,627	22,128,694	14,569,912	-	85,054,233
Expenses:					
Salaries	20,056,918	11,809,158	6,995,989	-	38,862,065
Fringe benefits:					
WRS Retirement - GASB 68	(197,987)	(111,850)	(74,528)	-	(384,365)
WRS Retirement - GASB 75	398,456	225,103	149,992	-	773,551
WRS Retirement - Contributions	1,334,349	753,826	502,291	-	2,590,466
Other fringe benefits	5,991,175	3,782,350	2,176,662	-	11,950,187
Supplies and other	21,772,643	5,050,975	3,973,344	-	30,796,962
Utilities	59,048	10,693	170,689	-	240,430
Depreciation	1,208,697	968,963	904,999	-	3,082,659
Care of patients at other facilities	1,072,374	-	-	-	1,072,374
Total expenses	51,695,673	22,489,218	14,799,438	-	88,984,329
Operating loss	(3,340,046)	(360,524)	(229,526)	-	(3,930,096)
Nonoperating revenue (expense):					
Interest expense	(910)	(734)	(240,719)	-	(242,363)
Interest income	276,065	-	-	-	276,065
Loss on disposal of capital assets	(28,282)	(22,818)	(5,313)	-	(56,413)
Total nonoperating revenue (expense)	246,873	(23,552)	(246,032)	-	(22,711)
Loss before contributed capital	(3,093,173)	(384,076)	(475,558)	-	(3,952,807)
Contributions restricted for capital assets	93,156	-	-	-	93,156
Contributions from Marathon County for capital assets	2,329,930	-	-	-	2,329,930
Change in net position	(670,087)	(384,076)	(475,558)	-	(1,529,721)
Net position at beginning	29,086,278	8,667,663	2,970,286	-	40,724,227
Net position at end	\$ 28,416,191	\$ 8,283,587	\$ 2,494,728	\$ -	\$ 39,194,506

See Independent Auditor's Report.

North Central Community Services Program and Affiliates

d/b/a North Central Health Care

Combining Statement of Cash Flows

Year Ended December 31, 2020

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Increase (decrease) in cash and restricted cash:				
Cash flows from operating activities:				
Cash received from patients, third-party reimbursement programs, and other revenue	\$ 43,002,360	\$ 19,912,597	\$ 14,396,523	\$ 77,311,480
Cash received from Marathon County appropriations and other support	4,364,538	2,638,016	-	7,002,554
Cash received from other counties' appropriations and other support	471,498	-	617,815	1,089,313
Cash paid to employees for services	(20,168,871)	(12,682,048)	(5,996,956)	(38,847,875)
Cash paid to suppliers for goods and services	(29,732,966)	(10,143,777)	(6,794,769)	(46,671,512)
Net cash from operating activities	(2,063,441)	(275,212)	2,222,613	(116,040)
Cash flows from capital and related financing activities:				
Contributions restricted for capital assets	3,306,418	-	-	3,306,418
Contributions from Marathon County for capital assets	2,329,930	-	-	2,329,930
Acquisition of capital assets	(6,533,773)	(53,216)	(65,350)	(6,652,339)
Payment on bonds payable	-	-	(360,000)	(360,000)
Payment on capital lease obligation	(8,256)	(19,177)	-	(27,433)
Interest paid	(910)	(734)	(273,021)	(274,665)
Net cash from capital and related financing activities	(906,591)	(73,127)	(698,371)	(1,678,089)
Cash flows from investing activities:				
Decrease in investments	2,659,026	-	-	2,659,026
Increase (decrease) in assets limited as to use	(856,293)	-	22,961	(833,332)
Interest received	276,065	-	-	276,065
Net cash from investing activities	2,078,798	-	22,961	2,101,759
Net change in cash and restricted cash	(891,234)	(348,339)	1,547,203	307,630
Cash and restricted cash at beginning	(108,059)	4,425,127	29,718	4,346,786
Cash and restricted cash at end	\$ (999,293)	\$ 4,076,788	\$ 1,576,921	\$ 4,654,416

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Combining Statement of Cash Flows (Continued)

Year Ended December 31, 2020

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Reconciliation of operating loss to net cash and restricted cash from operating activities:				
Operating loss	\$ (3,340,046)	\$ (360,524)	\$ (229,526)	\$ (3,930,096)
Adjustments to reconcile operating loss to net cash from operating activities:				
Provision for depreciation	1,734,240	625,352	723,067	3,082,659
Provision for bad debts	357,349	62,661	124,080	544,090
Depreciation charged to capital contribution	191,472	-	-	191,472
Changes in operating assets and liabilities:				
Accounts receivable	(738,987)	359,258	320,346	(59,383)
Amounts receivable from third-party reimbursement programs	(65,603)	-	-	(65,603)
Inventory	30,472	(11,492)	(2,030)	16,950
Other current assets	250,654	(33,077)	12,363	229,940
Resident trust funds	2,302	24,661	(4,534)	22,429
Accounts payable	(303,351)	(69,161)	279,814	(92,698)
Accrued liabilities	(389,229)	(461,192)	475,425	(374,996)
Amounts receivable from third-party reimbursement programs	(70,000)	-	-	(70,000)
Unearned revenue	10	-	-	10
Net pension changes	277,276	(411,698)	523,608	389,186
Total adjustments	1,276,605	85,312	2,452,139	3,814,056
Net cash from operating activities	\$ (2,063,441)	\$ (275,212)	\$ 2,222,613	\$ (116,040)
Reconciliation of cash and restricted cash to balance sheet:				
Cash	\$ (1,017,121)	\$ 4,031,122	\$ 1,535,151	\$ 4,549,152
Restricted cash - Patient trust funds	17,828	45,666	41,770	105,264
Total cash and restricted cash	\$ (999,293)	\$ 4,076,788	\$ 1,576,921	\$ 4,654,416
Supplemental disclosure of cash flows information:				
Contributions restricted for capital assets	\$ 3,306,418	\$ -	\$ -	\$ 3,306,418
Contribution of capital from Marathon County	\$ 2,329,930	\$ -	\$ -	\$ 2,329,930
Amounts due to Marathon County for capital assets	28,137,785	-	-	28,137,785

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors

North Central Community Services Program and Affiliates d/b/a North Central Health Care
Wausau, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of North Central Community Services Program and Affiliates d/b/a North Central Health Care, which comprise the combined statement of financial position as of December 31, 2021, and the related combined statements of revenue, expenses, and changes in net position and cash flows for the year ended December 31, 2021, and the related notes to the combined financial statements, which collectively comprise North Central Community Services Program and Affiliates d/b/a North Central Health Care's basic financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control. Accordingly, we do not express an opinion on the effectiveness of North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of North Central Community Services Program and Affiliates d/b/a North Central Health Care's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, identified on the schedule of findings as Finding 2021.001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Central Community Services Program and Affiliates d/b/a North Central Health Care's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Central Community Services Program and Affiliates d/b/a North Central Health Care's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on North Central Community Services Program and Affiliates d/b/a North Central Health Care's response to the finding identified in our audit and described in the accompanying schedule of findings. North Central Community Services Program and Affiliates d/b/a North Central Health Care's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Community Services Program and Affiliates d/b/a North Central Health Care's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Wausau, Wisconsin

June 27, 2022

North Central Community Services Program and Affiliates d/b/a North Central Health Care

Schedule of Findings Year Ended December 31, 2021

Finding 2021.001 Financial Reporting Processes

Condition: Material adjustments related to capital assets and accounts receivable contractual allowances were recorded as part of the audit process.

Criteria: *Government Auditing Standards* consider the inability to report financial data reliably in accordance with GAAP to be an internal control deficiency.

Cause: Management made an error in calculating allowances for contractual adjustments at December 31, 2021. In addition, processes for tracking and reconciling property and equipment balances did not work as intended in 2021.

Effect: The completeness of the financial statement disclosures and the accuracy of the overall financial presentation may be negatively impacted as a result of deficiencies in financial reporting processes and practices.

Recommendation: We recommend management improve the review process for key account reconciliations and improve processes for tracking and reconciling property and equipment balances.

View of responsible: NCHC Accounting Department experienced a turnover rate of 50% and a loss of over 75 years cumulative knowledge of a complex organization between March 2020 and March 2022. Roles went unfilled for months during this time as recruiting efforts found it increasingly difficult to find qualified candidates during the pandemic. The COVID-19 pandemic also put immense financial challenges on the organization which set up new finance leadership with steep learning curves and substantial responsibilities upon hire. As of May 31, 2022, the Accounting Department is fully staffed, and a new Finance Director for the organization has been hired. Internal control procedures have been fully reinstated and efforts to document and share knowledge of policies and procedures is being enhanced to prevent similar challenges for NCHC in the future.