

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, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, 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 GAAP, 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

GAAP requires 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 and the schedule of net position by county net of GASB 68 and GASB 75 impact 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 GAAS. In our opinion, the combining financial statements and the schedule of net position by county, net of GASB 68 and GASB 75 impact are fairly stated, in all material 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 July 13, 2025, 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". The signature is written in a cursive, flowing style.

Wipfli LLP

Wausau, Wisconsin
July 13, 2025

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

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, Alcohol and Other Drug Abuse (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 159-bed nursing home on the NCHC campus which is operated for the benefit of Marathon County.
- A 120-bed nursing home in Merrill which is operated for the benefit of Lincoln County.

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.

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

Management's Discussion and Analysis Years Ended December 31, 2024, 2023 and 2022

Statements of Net Position (Continued)

The condensed statements of net position for the years ended December 31, 2024, 2023 and 2022 is as follows:

Condensed Statements of Net Position

	2024	2023	2022
Assets and deferred outflows of resources:			
Current assets, excluding investments	\$ 42,449,365	\$ 27,344,627	\$ 23,101,241
Investments	-	-	1,810,537
Assets limited as to use	1,000,000	1,000,000	1,000,000
Patient trust funds	39,147	39,969	68,835
Net pension asset	-	-	17,453,928
Capital assets - Net	85,454,130	90,594,459	81,036,850
Deferred outflows of resources	28,967,070	45,066,985	35,384,283
Total assets and deferred outflows of resources	\$ 157,909,712	\$ 164,046,040	\$ 159,855,674
Liabilities:			
Current liabilities	\$ 11,868,494	\$ 10,509,986	\$ 8,506,043
Right-of-use lease and SBITA obligations	69,684,807	71,190,813	68,596,744
Net pension liability	4,979,164	13,466,194	2,656,853
Patient trust funds	39,147	39,969	68,834
Total liabilities	86,571,612	95,206,962	79,828,474
insurance	18,417,141	26,441,526	41,502,461
Net position:			
Net investment in capital assets	13,443,480	18,084,462	12,014,522
Restricted for net pension assets	-	-	17,453,928
Unrestricted:			
Board designated	1,000,000	1,000,000	1,000,000
Undesignated	38,477,479	23,313,090	8,056,289
Total net position	52,920,959	42,397,552	38,524,739
Total liabilities, deferred inflows of resources, and net position	\$ 157,909,712	\$ 164,046,040	\$ 159,855,674

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Statements of Net Position (Continued)

Factors affecting NCHC's statement of net position in 2024 are:

- During 2024, cash and cash equivalents increased \$13,699,020. The main reasons for this include:
 - Improvements in CCS/WIMCR cost reporting resulted in final settlements totaling \$7,211,433 in 2024 related to 2023 services, compared to settlements totaling \$2,676,469 recorded in 2023.
 - Significant increases in Medicaid reimbursement rates for Mount View Care Center, Pine Crest Nursing Home, and NCHC's Adult and Youth Behavioral Health Hospitals. In 2024, DHS/Medicaid recognized the depreciation cost of the new MVCC nursing home tower.
 - As a result, Medicaid increase and reimbursements for MVCC services dating back when the new MVCC tower opened in November 2021 and also increased the reimbursement rate going forward.
 - Renegotiating NCHC's banking contract to increase interest earnings on liquid funds. NCHC now utilizes a sweep account that follows the federal funds rate, rather than being locked into a low interest earning checking account. The locked-in interest rate from the past benefited NCHC during the COVID-19 pandemic when the federal funds rate was near 0%. However, switching the account structure under the current rate environment earned NCHC \$731,694 in additional interest in 2024.
 - A one-time liability to the state at the end of the year related to an over payment to NCHC of \$3,217,916.
- Total nondepreciable and depreciable capital assets totaled \$85,454,130 as of December 31, 2024. This was a decrease from 2023 of \$5,140,329. NCHC's Master Facility Plan remodeling was substantially complete by December 31, 2023, and it resulted in the expansion of Mount View Care Center operations, reopened the Lakeside Recovery substance abuse program, improved the operations of the Youth and Adult Crisis Stabilization facilities and Youth and Adult Behavioral Health Hospitals, and included new offices and board rooms to be used by administrative departments such as Human Resources, Accounting, Patient Financial Services, Communications, and Information Management Services departments among others. 2024 was the first full year of depreciation on these items and NCHC's new capital addition needs have decreased significantly.
- As of December 31, 2024, NCHC's net position totaled \$52,920,959 on a combined basis consisting of an investment in capital assets net of related obligations of \$13,443,480, and \$39,477,479 of unrestricted net position.

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Statements of Net Position (Continued)

Factors affecting NCHC's statement of net position in 2023 are:

- During 2023, cash and cash equivalents increased \$5,754,274. The main reasons for this were redeeming investments at their maturity, and significant increases in Medicaid reimbursement rates for Mount View Care Center, Pine Crest Nursing Home, and NCHC's Adult and Youth Behavioral Health Hospitals. Investments decreased \$1,810,537 during 2023. NCHC made an effort to increase liquidity due to experiencing large fluctuations in cash in the past, while also renegotiating its banking contract to increase interest earnings on liquid funds. NCHC now utilizes a sweep account that follows the federal funds rate, rather than being locked into a low interest earning checking account. The locked-in interest rate from the past did benefit NCHC during the COVID-19 pandemic when the federal funds rate was near 0%, however switching the account structure under the current rate environment is projected to earn NCHC around \$600,000 in additional revenues with essentially no overhead cost. NCHC continues to monitor the interest rate environment closely to maximize potential earnings on cash balances.
- While NCHC has targeted, through the strategic planning process, to continue to increase reserves each year, there have been some significant challenges along the way. These challenges include getting Medicaid to recognize the construction/depreciation costs of the new nursing tower and behavioral health units. The State of Wisconsin scheduled a new appraisal to take place in 2024 for Mount View Care Center. We expect reimbursement rates to be updated in 2024, and a retroactive adjustment payment to be made related to services provided since the opening of Mount View's new nursing home tower. This will also have a significant impact on reimbursement rates going forward.
- In 2023, Marathon County awarded NCHC with \$3,115,010 of American Rescue Plan (ARPA) funding, and the Wisconsin State Building Commission awarded NCHC with a \$5,000,000 grant, to support construction costs of NCHC's Master Facility Plan. In addition, Marathon County contributed \$1,461,034 toward these costs. At December 31, 2023, these amounts are included in contributions and grants for capital, and the costs of construction are capitalized according to NCHC's capitalization policy and shown within "Depreciable capital assets – Net".
- Total nondepreciable and depreciable capital assets totaled \$90,594,459 as of December 31, 2023. This was an increase from 2022 of \$9,557,609. NCHC remodeling as part of its Master Facility Plan. The remodeling was substantially complete by December 31, 2023, and it resulted in the expansion of Mount View Care Center operations, reopened the Lakeside Recovery substance abuse program, improved the operations of the Youth and Adult Crisis Stabilization facilities and Youth and Adult Behavioral Health Hospitals, and included new offices and board rooms to be used by administrative departments such as Human Resources, Accounting, Patient Financial Services, Communications, and Information Management Services departments among others.
- As of December 31, 2023, NCHC's net position totaled \$42,397,552 on a combined basis consisting of an investment in capital assets net of related obligations of \$18,084,462, and \$23,313,090 of unrestricted net position.

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Statements of Net Position (Continued)

Factors affecting NCHC's statement of net position in 2022 are:

- During 2022, cash and cash equivalents increased \$5,511,930. This was mainly the result of redeeming investments at their maturity. Investments decreased \$4,990,525 during 2022. While NCHC has targeted, through the strategic planning process, to continue to increase reserves each year, there have been some significant challenges. Costs related to the Covid-19 pandemic, including higher prices for supplies and the need for more staff time, have negatively impacted cash reserves. Medicaid reduced the supplemental payments and certified public expenditure awards for Mount View Care Center and Pine Crest Nursing Home by \$3,590,231 during state fiscal year 2022 compared to state fiscal year 2021.
- 2022 was the first full calendar year NCHC operated its new Electronic Health Record (EHR) system. Various efficiencies were gained in 2022 and late 2021 in the billing and collections process. As a result, patient-related accounts receivable decreased \$890,002 from 2021 to 2022.
- In 2022, Marathon County awarded NCHC with \$1.85M of American Rescue Plan (ARPA) funding to support deficits incurred by Mount View Care Center, the Youth Behavioral Health Hospital, and the Marathon County based Outpatient program. At December 31, 2022, this amount is shown as a receivable and included with current assets.
- Total nondepreciable and depreciable capital assets totaled \$81,036,850 as of December 31, 2022. This was an increase from 2021 of \$10,356,412. NCHC continued remodeling of the Mount View Care Center building as part of its Master Facility Plan. The remodeling will be used to expand Mount View Care Center operations, reopen its Lakeside Recovery substance abuse program, improve the operations of the Youth and Adult Crisis Stabilization facilities, and include new offices and board rooms to be used by administrative departments such as Human Resources, Accounting, Patient Financial Services, Communications, and Information Management Services departments among others.
- As of December 31, 2022, NCHC's net position totaled \$38,524,739 on a combined basis consisting of an investment in capital assets net of related obligations of \$12,014,522, net position restricted for net pension assets of \$17,453,928, and \$9,056,289 of unrestricted net position.
- A significant component of the change during 2022 in NCHC's net position is the income before contributed capital of \$3,554,919. Because of Governmental Accounting Standards Board (GASB) Statement No. 68 and Statement No. 75, a total \$3,814,126 was recorded as a negative expense. In the absence of these adjustments, which do not have a direct impact on operations, NCHC would have recognized a loss in operations for the year of \$259,207.

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, 2024, 2023 and 2022

Capital Assets

NCHC's investment in capital assets as of December 31, 2024, totals \$85,454,130 net of accumulated depreciation and including right-of-use lease assets. NCHC's Master Facility project, which included various renovations throughout its main campus in Marathon County, reached substantial completion during 2023. In 2024, there were depreciable asset additions of \$839,153 offset by depreciation expense of \$5,842,474.

NCHC's investment in capital assets as of December 31, 2023, totals \$90,594,459 net of accumulated depreciation and including right-of-use lease assets. NCHC's Master Facility project, which included various renovations throughout its main campus in Marathon County, reached substantial completion during 2023. In 2023, there were depreciable asset additions of \$33,269,446 offset by depreciation expense of \$4,895,360.

NCHC's investment in capital assets as of December 31, 2022, totals \$81,036,850 net of accumulated depreciation and including right-of-use lease assets. Various projects were in progress during 2022 including the remodeling of NCHC's old Mount View Care Center building. In 2022, there were depreciable asset additions of \$16,339,805 offset by depreciation expense of \$4,214,247.

Capital assets consisted of the following at December 31, 2024, 2023 and 2022:

NCHC's Capital Assets (Net of Accumulated Depreciation)

	2024	2023	2022
Nondepreciable capital assets:			
Right-of-use assets owned by County			
Land	\$ 65,133	\$ 65,133	\$ 65,133
Construction in progress	15,902	122,208	18,574,475
Total nondepreciable capital assets	81,035	187,341	18,639,608
Depreciable capital assets:			
Right-of-use assets:			
Owned by counties	82,044,550	86,243,502	59,945,936
Other equipment	411,852	863,184	18,615
Other equipment	2,916,693	3,300,432	2,432,691
Total depreciable capital assets	85,373,095	90,407,118	62,397,242
Total capital assets - Net	\$ 85,454,130	\$ 90,594,459	\$ 81,036,850

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

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Noncurrent Liabilities

NCHC's noncurrent liabilities totaled \$74,703,118 as of December 31, 2024. Noncurrent liabilities decreased primarily as the result of the net pension liability being reduced by \$8,678,386 in 2024, from \$11,877,189 at December 31, 2024 to \$3,198,803 at December 31, 2023.

NCHC's noncurrent liabilities totaled \$84,696,976 as of December 31, 2023. Noncurrent liabilities increased primarily as the result of the net pension liability of \$11,877,189 at December 31, 2023 and a \$2,730,195 increase in noncurrent lease obligations due to Marathon County for property and equipment. Noncurrent liabilities also increased by \$301,614 due to recognition of subscription-based information technology agreements as a leased asset and liability under GASB 96.

NCHC's noncurrent liabilities totaled \$71,322,431 as of December 31, 2022. Noncurrent liabilities increased primarily as the result of a \$14,498,075 increase in noncurrent lease obligations due to Marathon County for property and equipment primarily 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, 2024, 2023 and 2022

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, 2024, 2023 and 2022 is as follows:

Combined Statements of Revenue, Expenses, and Changes in Net Position			
	2024	2023	2022
Revenue:			
Net patient service revenue	\$ 82,464,236	\$ 69,122,752	\$ 68,787,245
Other revenue	20,871,366	21,962,759	22,741,686
Total revenue	103,335,602	91,085,511	91,528,931
Expenses:			
Salaries	41,802,644	41,764,893	42,478,278
WRS Retirement	2,305,234	6,217,494	(1,204,706)
Other fringe benefits	11,076,887	10,700,582	12,590,962
Supplies and other	30,862,234	30,751,285	28,539,968
Depreciation	5,842,474	4,895,360	4,254,541
Care of patients at other facilities	1,639,637	1,560,104	576,960
Total expenses	93,529,110	95,889,718	87,236,003
Operating income (loss)	9,806,492	(4,804,207)	4,292,928
Nonoperating expense - net	(29,676)	(916,278)	(738,009)
Income (loss) before contributed capital	9,776,816	(5,720,485)	3,554,919
Contributions and grants restricted for capital assets	-	8,115,010	-
Contributions from (to) counties for capital assets	746,591	1,517,550	(40,294)
Change in net position	10,523,407	3,912,075	3,514,625
Net position at beginning	42,397,552	38,524,739	35,010,114
Cumulative effect of accounting change	-	(39,262)	-
Net position at end	\$ 52,920,959	\$ 42,397,552	\$ 38,524,739

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Net Patient Service Revenue

Net patient service revenue, on a combined basis, is 80% of total revenue in 2024. Increasing net patient revenue is a priority for NCHC. Overall net patient revenue increased in 2024 by \$13,341,484 from 2023. Reasons for this increase are discussed below.

51.42/.437 Program

In 2024, NCHC recorded \$47,099,371 of net patient service revenue for its 51.42/.437 program. This reflects an increase from 2023 of \$9,623,032. Significant components of this change are:

- NCHC revamped its CCS/WIMCR Cost Reporting done in 2024 related to 2023 services. This resulted in final settlements totaling \$7,211,433, which represents an increase of \$4,534,964, or 269%, from 2023. As a result, NCHC also increased the expected receivable amount related to CCS/WIMCR for 2024 services, for which the reporting will be completed in 2025, by \$3,889,131.
- Due to increased census and reimbursement rates from Medicaid, the adult and youth behavioral health hospitals increased net patient revenue by \$645,626 in 2024 compared to 2023.

In 2023, NCHC recorded \$37,476,339 of net patient service revenue for its 51.42/.437 program. This reflects a decrease from 2022 of \$2,589,129. Significant components of this change are:

- The previous year included one-time recognition of \$2,272,003 for additional funds received by revising its CCS and WIMCR reports as described below.
- All revenues and expenses of NCHC's residential facilities/programs which served patients with specialized needs were transitioned to new ownership as of October 1, 2023. Due to only operating under NCHC for nine months of 2023, net patient revenue under these facilities/programs decreased by \$1,292,451.
- Due to increased census and reimbursement rates from Medicaid, the adult and youth behavioral health hospitals increased net patient revenue by \$1,326,141 in 2023 compared to 2022.

In 2022, NCHC recorded \$40,065,468 of net patient service revenue for its 51.42/.437 program. This reflects an increase from 2021 of \$6,751,712. Significant components of this change are:

- NCHC hired an independent consultant to review and revise its 2020 Comprehensive Community Services (CCS) and Wisconsin Medicaid Cost Reporting (WIMCR) reporting, and prepare its 2021 CCS and WIMCR reporting. The amended 2020 reporting resulted in an additional revenue of \$867,663. The 2021 reporting resulted in additional revenue of \$672,102 for CCS and \$732,238 for WIMCR. In realizing these increased payments, NCHC was also able to increase its estimates for 2022 CCS and WIMCR settlement payments.
- NCHC increased its gross billing rates for all payors and all services effective September 1, 2022. This resulted in increased payments from some commercial and private pay payors.

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Net Patient Service Revenue (Continued)

Mount View Care Center (MVCC)

Mount View Care Center recorded \$22,177,941 of net patient service revenue in 2024, which was an increase of \$3,073,006 from 2023. Factors impacting Mount View Care Center net patient service revenues in 2024 include:

- In 2024, DHS/Medicaid recognized the costs/value of MVCC's new nursing home tower. As a result reimbursement rates increased going forward and dating back to the opening of the new tower. On average, for all services (vent and non-vent), MVCC was reimbursed by Medicaid \$494 per patient day, compared to \$426 per patient day prior to the increases.

Mount View Care Center recorded \$19,104,935 of net patient service revenue in 2023, which was an increase of \$1,790,032 from 2022. Factors impacting Mount View Care Center net patient service revenues in 2023 include:

- In 2023, Medicaid reimbursement rates increased around 39% depending on the specific acuity of the patient being served. The new rates were applied retroactive to services provided from July 1, 2022 and forward. On average, for all services (vent and non-vent), MVCC was reimbursed by Medicaid \$426 per patient day, compared to \$306 per patient day prior to the increases.
- Medicaid increased its supplemental payment award for Mount View Care Center by \$118,052 in 2023 from 2022.

Mount View Care Center recorded \$17,314,903 of net patient service revenue in 2022, which was an increase of \$1,054,385 from 2021. Factors impacting Mount View Care Center net patient service revenues in 2022 include:

- Effective January 1, 2022, Mount View Care Center increased its standard room and board rate to \$325 from \$295 in 2021. For ventilator services the rate increased to \$750 from \$655. These rates were also increased effective July 1, 2022, to \$338 for standard services and \$780 for ventilator services.
- The 2022 statements also include an estimated increase for Medicaid reimbursement rates which, when finalized, will be effective July 1, 2022. The impact of the estimated rate increase added \$833,819 of net patient service revenues.
- Medicaid reduced its supplemental payment award for Mount View Care Center by \$1,084,000 in 2022 from 2021. Medicaid also eliminated the certified public expenditure award in 2022, whereas Mount View Care Center received an award of \$892,341 in 2021.

Pine Crest Nursing Home (PCNH)

Pine Crest recorded \$13,186,924 of net patient service revenue in 2024, which was an increase of \$645,446 from 2023. Factors impacting Pine Crest Nursing Home net patient service revenues in 2023 include:

- In 2024, Medicaid reimbursement rates increased around 16% depending on the specific acuity of the patient being served. On average, for all services (vent and non-vent), PCNH was reimbursed by Medicaid \$421 per patient day, compared to \$363 per patient day prior to the increases.

Pine Crest recorded \$12,541,478 of net patient service revenue in 2023, which was an increase of \$1,134,604 from 2022. Factors impacting Pine Crest Nursing Home net patient service revenues in 2023 include:

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Net Patient Service Revenue (Continued)

- In 2023, Medicaid reimbursement rates increased around 33% depending on the specific acuity of the patient being served. The new rates were applied retroactive to services provided from July 1, 2022 and forward. On average, for all services (vent and non-vent), PCNH was reimbursed by Medicaid \$363 per patient day, compared to \$273 per patient day prior to the increases.
- Medicaid decreased its supplemental payment award for Pine Crest Nursing Home by \$694,633 in 2023 from 2022.

Pine Crest recorded \$11,406,874 of net patient service revenue in 2022, which was an increase of \$133,601 from 2021. Factors impacting Pine Crest Nursing Home net patient service revenues in 2022 include:

- Effective January 1, 2022, Pine Crest Nursing Home increase its standard room and board rate to \$315 from \$287 in 2021. This rate was further increased to \$328 effective July 1, 2022.
- Effective July 1, 2022, Medicaid increased its reimbursement rates by an average of 41% for Pine Crest Nursing Home.
- Medicaid reduced its supplemental payment award for Pine Crest Nursing Home by \$883,300 in 2022 from 2021. Medicaid also eliminated the certified public expenditure award in 2022, whereas Pine Crest Nursing Home received an award of \$730,590 in 2021.

Other Revenue

In 2024, other revenue totaled \$20,871,366 which was composed of 42% from the State of Wisconsin, 49% from Marathon, Langlade, and Lincoln Counties' appropriations and other county support to subsidize operating expenses, and 9% from other sources. Revenue in other categories stayed relatively consistent from 2023 to 2024.

In 2023, other revenue totaled \$21,962,759 which was composed of 42% from the State of Wisconsin, 43% from Marathon, Langlade, and Lincoln Counties' appropriations and other county support to subsidize operating expenses, and 15% from other sources. Revenue in other categories stayed relatively consistent from 2022 to 2023.

In 2022, other revenue totaled \$22,741,686 which was composed of 40% from the State of Wisconsin, 45% from Marathon, Langlade, and Lincoln Counties' appropriations and other county support to subsidize operating expenses, and 15% from other sources. In 2022, Marathon County awarded NCHC with \$1.85M of ARPA funding to support deficits incurred by Mount View Care Center, the Youth Behavioral Health Hospital, and the Outpatient program in Marathon County. No funding was received in response to the ongoing COVID-19 pandemic in 2022, whereas \$1,589,193 was received in 2021. Revenue in other categories stayed relatively consistent from 2021 to 2022.

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

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Expenses

NCHC's combined operating expenses for the year ended December 31, 2024, totaled \$93,529,110.

Combined salaries accounted for 45% of total expenses in 2024, while fringe benefits accounted for 14%. Combined salaries accounted for 44% of total expenses in 2023, while fringe benefits accounted for 18%. Fringe benefit expenses were decreased by \$411,499 in 2024 as a result of GASB 68 and 75, whereas in 2023 expenses were increased by \$3,519,632. More information on this adjustment can be found in Note 12 and 13 of the combined financial statements.

Mount View Care Center salaries and fringe benefits made up 68% of their total expenses in 2024. For Pine Crest Nursing Home, salaries and fringe benefits were 62% of their total expenses in 2024. For the 51.42/.437 program salaries and fringe benefits were 55% of the program's total expenses in 2024.

Factors that impacted overall expenses in 2024 outside of GASB 68 and 75 were:

- With NCHC's Master Facility Plan reaching significant completion and programs operating out of their new spaces at the end of 2023, depreciation expense increased by 19%, or \$947,114. 2024 was the first full year of depreciation on the renovations made under the Master Facility Plan.
- NCHC reevaluated and increased its reimbursement rates to its community partners under the CCS program. CCS is a fully cost-reimbursed program. Payments to these CCS providers increased by \$1,070,871.
- Expenses related to care of patients at other facilities increased by \$79,533 in 2024 from 2023.

Factors that impacted overall expenses in 2023 outside of GASB 68 and 75 were:

- With NCHC's Master Facility Plan reaching significant completion and programs operating out of their new spaces in 2023, depreciation expense increased by 15%, or \$640,819. We expect this to increase again in 2024 when these new capitalized assets depreciate over a full calendar year.
- NCHC reevaluated and increased its reimbursement rates to its community partners under the CCS program. CCS is a fully cost-reimbursed program. Payments to these CCS providers increased by \$1,403,508.
- Expenses related to care of patients at other facilities increased by \$983,144 in 2023 from 2022.

Factors that impacted overall expenses in 2022 were:

- NCHC hired independent consultants to do a market compensation analysis. In 2022 salary ranges were updated to be in line with the analysis and increases were given to bring employees to an appropriate rate within their updated ranges. Additionally, an average of 3% for merit increases was provided to all employees effective April 1, 2022.
- Depreciation of capital assets increased by \$976,414 or 30%. A majority of the increase was related to the construction of the new Mount View Care Center tower which opened in late 2021.
- Expenses related to care of patients at other facilities decreased by \$935,675 in 2022 from 2021.

North Central Community Services Program

d/b/a North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2024, 2023 and 2022

Nonoperating Revenue (Expense) - Net

2024 was the first full year under NCHC's renegotiated banking contract, which resulted in interest income of \$731,694 in the sweep account. In 2023, NCHC had been paid \$112,073 in interest income in the sweep account, which was implemented during the last few months of the year.

Other Changes in Net Assets

In 2023, Marathon County awarded NCHC with \$3,115,010 of ARPA funding, and the Wisconsin State Building Commission awarded NCHC with a \$5,000,000 grant, both of which supported construction costs of NCHC's Master Facility Plan.

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, 2400 Marshall Street Suite A, Wausau, Wisconsin 54403.

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

December 31, 2024 and 2023

Assets and Deferred Outflows of Resources	2024	2023
Current assets:		
Cash and cash equivalents	\$ 27,751,610	\$ 14,052,590
Accounts receivable:		
Patient - Net	8,897,777	8,358,340
Outpatient WIMCR/CCS	2,426,498	1,335,093
Marathon County	37,046	285,518
Net state receivable	1,459,310	1,905,476
Amounts due from other third-party reimbursement programs	121,034	-
Other	985,413	519,764
Inventory	345,290	370,271
Prepaid and other assets	425,387	517,575
 Total current assets	 42,449,365	 27,344,627
Noncurrent assets:		
Assets limited as to use	1,000,000	1,000,000
Restricted assets - Patient trust funds	39,147	39,969
Nondepreciable capital assets	81,035	187,341
Depreciable capital assets - Net	85,373,095	90,407,118
 Total noncurrent assets	 86,493,277	 91,634,428
 Deferred outflows of resources - Pensions and life insurance	 28,967,070	 45,066,985
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 157,909,712	 \$ 164,046,040

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

December 31, 2024 and 2023

Liabilities, Deferred Inflows of Resources, and Net Position	2024	2023
Current liabilities:		
Current portion of right-of-use lease obligation - Marathon County	\$ 1,173,540	\$ 316,689
Current portion of right-of-use lease obligation - Lincoln County	840,000	415,000
Current portion of right-of-use lease obligation - Other	61,419	32,443
Current portion of software based information technology agreement obligation	250,884	555,052
Accounts payable - Trade	2,170,656	2,495,158
Accrued liabilities:		
Salaries and retirement	1,926,764	2,290,521
Compensated absences	2,157,341	2,105,023
Health and dental insurance	1,322,497	1,045,987
Interest	1,917,232	1,155,434
Other	42,121	56,508
Unearned revenue	6,040	8,844
Amounts due to other third-party reimbursement programs	-	33,327
Total current liabilities	11,868,494	10,509,986
Noncurrent liabilities:		
Right-of-use lease obligation to Marathon County	62,494,887	63,351,738
Right-of-use lease obligation to Lincoln County	7,089,720	7,537,461
Right-of-use lease obligation - other	96,369	46,900
Software based information technology agreement obligation	3,831	254,714
Net pension liability	3,198,803	11,877,189
OPEB life insurance liability	1,780,361	1,589,005
Patient trust funds	39,147	39,969
Total noncurrent liabilities	74,703,118	84,696,976
Total liabilities	86,571,612	95,206,962
Deferred inflows of resources - Pensions and life insurance	18,417,141	26,441,526
Net position:		
Net investment in capital assets	13,443,480	18,084,462
Unrestricted:		
Board designated for contingency	1,000,000	1,000,000
Undesignated	38,477,479	23,313,090
Total net position	52,920,959	42,397,552
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 157,909,712	\$ 164,046,040

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, 2024 and 2023

	2024	2023
Revenue:		
Net patient service revenue	\$ 82,464,236	\$ 69,122,752
Other revenue:		
State grant-in-aid	5,058,639	5,006,825
State match/addendum	3,663,118	4,206,305
Other grants	718,237	1,198,580
Counties' appropriations and other support	10,206,613	9,489,482
Departmental and other revenue	1,224,759	2,061,567
Total other revenue	20,871,366	21,962,759
Total revenue	103,335,602	91,085,511
Expenses:		
Salaries	41,802,644	41,764,893
Fringe benefits:		
WRS Retirement - GASB 68	(526,350)	3,344,879
WRS Retirement - GASB 75	114,851	174,753
WRS Retirement - Contributions	2,716,733	2,697,862
Other fringe benefits	11,076,887	10,700,582
Supplies and other	30,862,234	30,751,285
Depreciation	5,842,474	4,895,360
Care of patients at other facilities	1,639,637	1,560,104
Total expenses	93,529,110	95,889,718
Operating income (loss)	9,806,492	(4,804,207)
Nonoperating revenue (expense):		
Interest expense	(769,285)	(798,633)
Interest income	770,311	246,565
Loss on disposal of capital assets	(30,702)	(364,210)
Total nonoperating expense	(29,676)	(916,278)
Income (loss) before contributed capital	9,776,816	(5,720,485)
Contributions and grants restricted for capital	-	8,115,010
Contributions to Marathon County for capital assets	746,591	1,517,550
Change in net position	10,523,407	3,912,075
Net position at beginning as reported	42,397,552	38,524,739
Cumulative effect of accounting change	-	(39,262)
Net position at end	\$ 52,920,959	\$ 42,397,552

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, 2024 and 2023

	2024	2023
Increase (decrease) in cash and restricted cash:		
Cash flows from operating activities:		
Cash received from patients, third-party reimbursement programs, and other revenue	\$ 91,569,971	\$ 83,029,369
Cash received from Marathon County appropriations and other support	6,052,244	6,052,244
Cash received from other counties' appropriations and other support	4,154,369	3,437,238
Cash paid to employees for services	(42,263,460)	(38,532,808)
Cash paid to suppliers for goods and services	(45,968,041)	(48,453,245)
Net cash from operating activities	13,545,083	5,532,798
Cash flows from capital and related financing activities:		
Contributions and grants restricted for capital	746,591	9,632,560
Acquisition of capital assets	(1,333,559)	(10,794,186)
Principal payments on right-of-use lease obligations	-	(427,740)
Interest paid	(30,228)	(275,126)
Net cash from capital and related financing activities	(617,196)	(1,864,492)
Cash flows from investing activities:		
Decrease in investments	-	1,810,537
Interest received	770,311	246,565
Net cash from investing activities	770,311	2,057,102
Net change in cash and restricted cash	13,698,198	5,725,408
Cash and restricted cash at beginning	14,092,559	8,367,151
Cash and restricted cash at end	\$ 27,790,757	\$ 14,092,559

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

Combined Statements of Cash Flows (Continued)

Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of operating income (loss) to net cash and restricted cash from operating activities:		
Operating income (loss)	\$ 9,806,492	\$ (4,804,207)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	5,842,474	4,895,360
Provision for bad debts	981,671	1,397,524
WRS Retirement - GASB 68 and 75	(411,500)	3,519,632
Changes in operating assets and liabilities:		
Accounts receivable	(2,383,524)	15,201
Inventory	24,981	20,764
Prepaid and other assets	92,188	77,399
Resident trust funds	(822)	(28,865)
Accounts payable	(200,396)	706,922
Accrued liabilities	(49,316)	(287,547)
Unearned revenue	(2,804)	(12,712)
Amounts due to other third-party reimbursement programs	(154,361)	33,327
Total adjustments	3,738,591	10,337,005
Net cash from operating activities	\$ 13,545,083	\$ 5,532,798
Reconciliation of cash and restricted cash to balance sheet:		
Cash and cash equivalents	\$ 27,751,610	\$ 14,052,590
Restricted cash - Patient trust funds	39,147	39,969
Total cash and restricted cash	\$ 27,790,757	\$ 14,092,559
Supplemental disclosure of cash flows information:		
Capital assets acquired under lease obligation	\$ -	\$ 3,046,884
Property and equipment in accounts payable	-	124,106

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 February 2022, Langlade, Lincoln, and Marathon Counties signed a Tri-County Agreement to continue sponsorship of NCHC through May 1, 2027, 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 the agreement, an Executive 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 agreement delineates, 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 159-bed skilled nursing facility for the benefit of Marathon County. NCHC operates 12 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 120-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 of America (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 liquid debt instruments with an original maturity of twelve 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 2024 or 2023.

Lease Accounting

NCHC is a lessee in multiple noncancelable lease agreements and also has several subscription-based information technology agreements (the "agreements"). If the agreement provides NCHC the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be an agreement to be recorded as a right-of-use asset (ROU). ROU assets and related liabilities are recognized at the agreement commencement date based on the present value of the future agreement payments over the expected agreement term. The ROU asset is also adjusted for any agreement made, agreement incentives received, and initial direct costs.

The liability is initially and subsequently recognized based on the present value of its future agreement payments. Variable payments are included in the future agreement payments when those variable payments depend on an index or a rate. Increases (decreases) to variable agreement payments due to subsequent changes in an index or rate are recorded as variable expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the agreement, if it is readily determinable, or NCHC's incremental borrowing rate. The implicit rates of NCHC's agreements are not readily determinable, and accordingly, NCHC uses the incremental borrowing rate based on the information available at the commencement date for all agreements. NCHC's incremental borrowing rate for an agreement is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the agreement payments under similar terms and in a similar economic environment.

ROU assets are amortized on a straight-line basis over the agreement term. For agreements with payments that fluctuate over the agreement term, the total agreement costs are recognized on a straight-line basis over the agreement term. Leasehold improvements are amortized over the lesser of the remaining useful life of the improvements or the remaining term of the lease.

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)

Lease Accounting (Continued)

For all underlying classes of assets, NCHC has elected to not recognize ROU assets and related liabilities for short-term agreements that have a lease term of 12 months or less at the agreement commencement and do not include an option to purchase the underlying asset that NCHC is reasonably certain to exercise. Agreements containing termination clauses in which either party may terminate the agreement without cause and the notice period is less than 12 months are deemed short-term agreements with agreement costs included in current year expense. NCHC recognizes short-term agreement cost on a straight-line basis over the agreement term.

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 twelve months of service, have given proper notice, and have not been terminated for misconduct.

Pensions

The fiduciary net position of the of the Wisconsin Retirement System (WRS) has been determined using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue)

Information about the fiduciary net position of the WRS and additions to/deductions from WRS 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.

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 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.

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

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. Adjustments to estimates related to prior years resulting from retroactive adjustments under reimbursement agreements with third party payors and estimated allowances for contractual adjustments and uncollectible accounts increased net patient service revenue by \$6,230,463 in 2024 and decreased net patient service revenue by \$298,551 in 2023.

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 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).

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.

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)

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.

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 2024 and 2023, approximately 13% and 17%, 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 2024 and 2023, approximately 71% and 72%, 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, 2024, NCHC's investments and assets limited as to use consisted of cash and cash equivalents totaling \$1,000,000.

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, 2024 and 2023, NCHC's bank balances, which include certificates of deposits held as investments totaled \$29,085,133 and \$15,357,107, respectively. All balances were collateralized as of December 31, 2024 and 2023.

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:

	2024		
	51.42/.437 Program	Nursing Homes	Total
Patient accounts receivable	\$ 10,811,386	\$ 4,557,674	\$ 15,369,060
Less:			
Contractual adjustments	5,988,167	-	5,988,167
Allowance for bad debts	132,092	351,024	483,116
Patient accounts receivable - Net	\$ 4,691,127	\$ 4,206,650	\$ 8,897,777

	2023		
	51.42/.437 Program	Nursing Homes	Total
Patient accounts receivable	\$ 8,179,818	\$ 4,856,600	\$ 13,036,418
Less:			
Contractual adjustments	4,210,611	-	4,210,611
Allowance for bad debts	112,681	354,786	467,467
Patient accounts receivable - Net	\$ 3,856,526	\$ 4,501,814	\$ 8,358,340

Note 5: Net Patient Service Revenue

Net patient service revenue consisted of the following:

	2024		
	51.42/.437 Program	Nursing Homes	Total
Gross patient service revenue:			
Medical Assistance	\$ 80,397,708	\$ 21,039,484	\$ 101,437,192
Medicare	12,799,695	4,739,068	17,538,763
Private pay	3,583,022	4,819,099	8,402,121
Insurance and other	8,206,380	1,900,533	10,106,913
Totals	104,986,805	32,498,184	137,484,989
Less:			
Contractual adjustments	57,015,517	(2,976,435)	54,039,082
Provision for bad debts	871,917	109,754	981,671
Net patient service revenue	\$ 47,099,371	\$ 35,364,865	\$ 82,464,236

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)

	2023		
	51.42/.437 Program	Nursing Homes	Total
Gross patient service revenue:			
Medical Assistance	\$ 62,595,964	\$ 18,614,036	\$ 81,210,000
Medicare	14,530,316	4,366,459	18,896,775
Private pay	4,002,611	3,353,236	7,355,847
Insurance and other	4,923,184	1,335,305	6,258,489
Totals	86,052,075	27,669,036	113,721,111
Less:			
Contractual adjustments	47,514,378	(4,313,543)	43,200,835
Provision for bad debts	1,061,358	336,166	1,397,524
Net patient service revenue	\$ 37,476,339	\$ 31,646,413	\$ 69,122,752

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 \$629,000 and \$601,000 in 2024 and 2023, 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, 2024, was as follows:

	January 1, 2024	Increases	Decreases	December 31, 2024
Nondepreciable capital assets:				
Right-of-use assets owned by Counties:				
Land	\$ 65,133	\$ -	\$ -	\$ 65,133
Construction in progress	122,208	1,216,660	(1,322,966)	15,902
Total nondepreciable capital assets	187,341	1,216,660	(1,322,966)	81,035
Depreciable capital assets:				
Right-of-use assets:				
Owned by counties	114,408,740	822,755	(685,791)	114,545,704
Other equipment	887,314	-	(393,264)	494,050
Other equipment	17,643,338	331,997	(60,694)	17,914,641
Total depreciable capital assets	132,939,392	1,154,752	(1,139,749)	132,954,395
Less - Accumulated depreciation:				
Right-of-use assets:				
Owned by counties	28,165,238	4,787,819	(451,903)	32,501,154
Other equipment	24,130	348,006	(289,938)	82,198
Other equipment	14,342,906	706,649	(51,607)	14,997,948
Total accumulated depreciation	42,532,274	5,842,474	(793,448)	47,581,300
Total depreciable capital assets - Net	90,407,118	(4,687,722)	(346,301)	85,373,095
Total capital assets - Net	\$ 90,594,459	\$ (3,471,062)	\$ (1,669,267)	\$ 85,454,130

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, 2023, was as follows:

	January 1, 2023	Increases	Decreases	December 31, 2023
Nondepreciable capital assets:				
Right-of-use assets owned by Counties:				
Land	\$ 65,133	\$ -	\$ -	\$ 65,133
Construction in progress	18,574,475	16,817,846	(35,270,113)	122,208
Total nondepreciable capital assets	18,639,608	16,817,846	(35,270,113)	187,341
Depreciable capital assets:				
Right-of-use assets:				
Owned by counties	102,084,878	29,586,751	(17,262,889)	114,408,740
Other equipment	130,361	887,314	(130,361)	887,314
Other equipment	15,749,624	2,795,381	(901,667)	17,643,338
Total depreciable capital assets	117,964,863	33,269,446	(18,294,917)	132,939,392
Less - Accumulated depreciation:				
Right-of-use assets:				
Owned by counties	42,138,942	3,018,649	(16,992,353)	28,165,238
Other equipment	111,746	24,130	(111,746)	24,130
Other equipment	13,316,933	1,852,581	(826,608)	14,342,906
Total accumulated depreciation	55,567,621	4,895,360	(17,930,707)	42,532,274
Total depreciable capital assets - Net	62,397,242	28,374,086	(364,210)	90,407,118
Total capital assets - Net	\$ 81,036,850	\$ 45,191,932	\$ (35,634,323)	\$ 90,594,459

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

Notes to Combined Financial Statements

Note 8: Leases

NCHC has a ground/facility lease and use agreement with Marathon County under which NCHC leases facilities on the Wausau Campus from Marathon County. The term of the Lease shall match the term of the Tri County Agreement discussed in Note 1. The Tri-County Agreement term expires May 1, 2027 but can be extended upon agreement among the counties. NCHC also has a nursing home management agreement for management and operation of Pine Crest Nursing Home including use of the Pine Crest Facility owned by Lincoln County.

Marathon and Lincoln County have both issued long term debt to finance construction and remodeling of the leased space discussed above. Payments under the lease agreements are based on the related long term debt issued by Marathon and Lincoln County, respectively.

The right of use lease agreement with Marathon County includes annual principal and interest payments, in varying amounts, beginning in 2023 and extending through 2045. Interest rates on the right of use lease agreement with Marathon County vary from 2.05% in 2045 to 2.64% in 2023. The principal and interest payments, through 2045, are intended to reimburse Marathon County for the principal and interest payments of the related long term debt over the term of the debt which extends to 2045.

The right-of-use lease agreement with Lincoln County also includes varying annual principal and interest payments. These principal and interest payments are based on \$6,950,000 General Obligation Refunding Bonds issued in 2017 (the "Series 2017 Bonds") maturing December 1, 2036, and \$2,600,000 Note Anticipation Notes issued in 2017 (the "Notes") maturing December 1, 2021 (collectively the "Securities"). Proceeds of the Securities were used to refund Series 2016 Note Anticipation Notes and pay for additional costs of a construction project to enhance the Pine Crest facilities. The Series 2017 Bonds carry interest rates ranging from 2.0% to 3.5%. The Notes carried an interest rate of 2.09% 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.

In addition, NCHC has lease agreements for other equipment and software, which has a remaining obligation of \$412,503 and \$79,342 at December 31, 2024 and 2023, respectively.

Right of use lease obligation activity for the year ended December 31, 2024, was as follows:

	January 1, 2024	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
Marathon County	\$ 63,668,427	\$ -	\$ -	\$ 63,668,427	\$ 1,173,540
Lincoln County					
Obligation balance	7,655,000	-	-	7,655,000	840,000
Deferred premium	297,461	-	(22,741)	274,720	-
Other equipment	79,343	132,358	(53,913)	157,788	61,419
Totals	\$ 71,700,231	\$ 132,358	\$ (76,654)	\$ 71,755,935	\$ 2,074,959

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

Notes to Combined Financial Statements

Note 8: Leases (Continued)

Lease payable activity for the year ended December 31, 2023, was as follows:

	January 1, 2023	Additions	Reductions	December 31, 2023	Amounts Due within One Year
Marathon County	\$ 60,621,543	\$ 3,046,884	\$ -	\$ 63,668,427	\$ 316,689
Lincoln County					
Obligation balance	8,060,000	-	(405,000)	7,655,000	415,000
Deferred premium	320,201	-	(22,740)	297,461	-
Other equipment	20,584	99,938	(41,179)	79,343	32,443
Totals	\$ 69,022,328	\$ 3,146,822	\$ (468,919)	\$ 71,700,231	\$ 764,132

Future minimum lease payments are as follows:

	Principal	Interest	Total
2025	\$ 2,074,959	\$ 3,753,786	\$ 5,828,745
2026	1,880,717	1,789,895	3,670,612
2027	2,444,696	1,715,857	4,160,553
2028	3,162,310	1,631,520	4,793,830
2029	3,227,392	1,534,252	4,761,644
2030-2034	17,475,417	6,132,605	23,608,022
2035-2039	19,303,702	3,819,348	23,123,050
2039-2043	18,750,379	1,543,321	20,293,700
2044-2048	3,161,643	64,791	3,226,434
Totals	\$ 71,481,215	\$ 21,985,375	\$ 93,466,590

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

Notes to Combined Financial Statements

Note 9: Subscription-Based Agreements Liability

Subscription-based agreements liability activity for the years ended was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amounts due within one year
Cerner	\$ 413,823	\$ -	\$ (244,982)	\$ 168,841	\$ 168,841
UKG	302,047	-	(240,425)	61,622	61,622
Abila	7,616	-	(7,616)	-	-
Modal	13,501	-	(4,738)	8,763	4,932
Onshift	39,900	-	(39,900)	-	-
Safety Zone	15,320	-	(7,507)	7,813	7,813
Vocera	17,559	-	(9,883)	7,676	7,676
Totals	\$ 809,766	\$ -	\$ (555,051)	\$ 254,715	\$ 250,884

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Amounts due within one year
Cerner	\$ 649,215	\$ -	\$ (235,392)	\$ 413,823	\$ 244,982
UKG	533,060	-	(231,013)	302,047	240,425
Abila	37,331	-	(29,715)	7,616	7,616
Modal	-	14,657	(1,156)	13,501	4,739
Onshift	-	69,026	(29,126)	39,900	39,900
Safety Zone	22,533	-	(7,213)	15,320	7,507
Vocera	27,793	-	(10,234)	17,559	9,883
Total	\$ 1,269,932	\$ 83,683	\$ (543,849)	\$ 809,766	\$ 555,052

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

Notes to Combined Financial Statements

Note 9: Subscription-Based Agreements Liability (Continued)

The terms and expiration dates of the NCHC's subscription-based agreements liability at December 31, 2024, are as follows:

- Cerner - Agreement dated September 25, 2020, in the original principal amount of \$1,163,249, due in monthly payments of \$21,423, including imputed interest at 4% through September 25, 2025.
- UKG - Agreement dated May 8, 2019, in the original principal amount of \$1,326,064, due in quarterly payments of \$62,033, including imputed interest at 4% through May 8, 2025.
- Modal - Agreement dated November 17, 2023, in the original principal amount of \$14,658, due in monthly payments of \$433, including imputed interest at 4% through September 30, 2026.
- Onshift - Agreement dated May 1, 2023, in the original principal amount of \$69,026, due in quarterly payments of \$10,193, including imputed interest at 4% through January 1, 2025.
- Safety Zone - Agreement dated November 4, 2023, in the original principal amount of \$30,148, due in annually payments of \$8,024, including imputed interest at 4% through November 4, 2025.
- Vocera - Agreement dated September 15, 2021, in the original principal amount of \$40,877, due in quarterly payments of \$2,610, including imputed interest at 4% through November 15, 2025.

Future minimum payments are as follows:

	Principal		Interest		Total
2024	\$	250,884	\$	3,606	\$ 254,490
2025		3,831		64	3,895
Totals	\$	254,715	\$	3,670	\$ 258,385

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

Notes to Combined Financial Statements

Note 10: Net Position

Net position consisted of the following:

	Marathon County			Lincoln County			Langlade County	
	51.42/.437 Program	MVCC	Total	51.42/.437 Program	Pine Crest	Total	51.42/.437 Program	Total
Balance at December 31, 2022	\$ 23,219,665	\$ 8,723,778	\$ 31,943,443	\$ 3,417,753	\$ 1,268,059	\$ 4,685,812	\$ 1,895,484	\$ 38,524,739
Income (loss) before contributed capital	(7,981,798)	1,165,002	(6,816,796)	436,257	716,964	1,153,221	(56,910)	(5,720,485)
Contributed capital	7,982,248	1,650,312	9,632,560	-	-	-	-	9,632,560
Cumulative effective of accounting change	(39,262)	-	(39,262)	-	-	-	-	(39,262)
Balance at December 31, 2023	23,180,853	11,539,092	34,719,945	3,854,010	1,985,023	5,839,033	1,838,574	42,397,552
Income (loss) before contributed capital	4,878,589	2,636,974	7,515,563	1,374,285	331,232	1,705,517	555,736	9,776,816
Grants and contributions for capital	733,621	12,970	746,591	-	-	-	-	746,591
Balance at December 31, 2024	\$ 28,793,063	\$ 14,189,036	\$ 42,982,099	\$ 5,228,295	\$ 2,316,255	\$ 7,544,550	\$ 2,394,310	\$ 52,920,959

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 2024, NCHC received \$7,921,853, \$1,921,904, and \$362,856, and in 2023, NCHC received \$7,304,513, \$1,785,783, and \$399,186 from Marathon, Lincoln, and Langlade Counties, respectively, to assist in meeting operating costs.

At December 31, 2024 and 2023, NCHC had other receivables due from Marathon County of \$37,046 and \$285,518, respectively.

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

Notes to Combined Financial Statements

Note 11: Related-Party Transactions (Continued)

The City-County Information Technology Commission (the "CCITC") is a joint and cooperative agreement between Marathon County, the City of Wausau, and NCHC. The purpose of the CCITC 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, 2024 and 2023, the City, County, and NCHC split the operating costs not recovered through outside user fees 47.6%, 25.0%, and 27.4%, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit only one owner. In 2024 and 2023, NCHC paid \$1,796,345 and \$1,486,224, respectively, to the Commission for services rendered. At December 31, 2024 and 2023, NCHC had accounts payable due to CCITC totaling \$83,613 and \$165,522, respectively.

Note 12: 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>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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.

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

Notes to Combined Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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.

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
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 %
2021	5.1 %	13.0 %
2022	7.4 %	15.0 %
2023	1.6 %	(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 years ended December 31, 2024 and 2023, the WRS recognized \$2,697,860 and \$2,609,280, 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 12: 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:

	Employee	Employer
General (including teachers, executive, and elected official)	6.80 %	6.80 %

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2024 and 2023, NCHC reported a net pension liability of \$3,198,803 and \$11,877,189, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as December 31, 2023 and the total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023 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, 2024 and 2023, NCHC's proportion was .21514598% and .22419504% (a decrease of .00904906% from the prior year), respectively.

For the years ended December 31, 2024 and 2023, NCHC recognized WRS retirement contribution pension expense of \$2,190,383 and \$6,042,741, respectively.

At December 31, 2024 and 2023, NCHC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,897,543	\$ -	\$ 18,916,682	\$ -
Changes in assumptions	1,394,266	-	2,335,547	-
Net differences between projected and actual earnings on pension plan investments	64,585	-	115,604	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,147,310	17,082,875	20,176,601	24,852,272
Employer contributions subsequent to the measurement date	2,716,732	228,466	2,697,860	328,893
Totals	\$ 28,220,436	\$ 17,311,341	\$ 44,242,294	\$ 25,181,165

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

Notes to Combined Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Deferred outflows of resources, totaling \$2,716,732 at December 31, 2024, 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:

2024	\$ 1,658,193
2025	1,712,667
2026	6,965,099
2027	(2,143,596)

Actuarial Assumptions - The total pension asset in the actuarial valuations used for the year ended December 31, 2024 and 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Actuarial valuation date	December 31, 2022	December 31, 2021
Measurement date of net pension liability	December 31, 2023	December 31, 2022
	January 1, 2018 - December 31, 2020 Published November 19, 2021	January 1, 2018 - December 31, 2020 Published November 19, 2021
Experience Study	2021	2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	6.8 %	6.8 %
Discount rate	6.8 %	6.8 %
Salary increases:		
Inflation	3.0 %	3.0 %
Seniority/merit	0.1%-5.6%	.1%-5.6%
	2020 WRS Experience Mortality	2020 WRS Experience Mortality
Mortality	Table	Table
Postretirement Adjustments*	1.7 %	1.7 %

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. The assumed annual adjustment is 1.7% based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

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

Notes to Combined Financial Statements

Note 12: 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, 2023		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core fund:			
Global equities	40.0 %	7.3 %	4.5 %
Fixed income	27.0 %	5.8 %	3.0 %
Inflation sensitive assets	19.0 %	4.4 %	1.7 %
Real estate	8.0 %	8.0 %	2.6 %
Private equity/debt	18.0 %	9.6 %	6.7 %
Multi-Asset	(12.0)%	3.7 %	1.0 %
Total core fund	100.0 %	7.4 %	4.6 %
Variable fund:			
U.S. equities	70.0 %	6.8 %	4.0 %
International equities	30.0 %	7.6 %	4.5 %
Total variable fund	100.0 %	7.3 %	4.5 %

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

Notes to Combined Financial Statements

Note 12: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Asset Allocation Targets and Expected Returns	As of December 31, 2022		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core fund:			
Global equities	48.0 %	7.6 %	5.0 %
Fixed income	25.0 %	5.3 %	2.7 %
Inflation sensitive assets	19.0 %	3.6 %	1.1 %
Real estate	8.0 %	5.2 %	2.6 %
Private equity/debt	15.0 %	9.6 %	6.9 %
Multi-Asset	- %	- %	- %
Total core fund	115.0 %	7.4 %	4.8 %
Variable fund:			
U.S. equities	70.0 %	7.2 %	4.6 %
International equities	30.0 %	8.1 %	5.5 %
Total variable fund	100.0 %	7.7 %	5.1 %

New England Pension Consultants Long-Term US CPI Forecast: 2.7%

Single Discount Rate: A single discount rate of 6.8% was used to measure the Total Pension Liability in 2023 and 2022. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (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, 2023. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 12: 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 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	2024		2023	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to the rate	5.8 %	\$ (30,917,979)	5.8 %	\$ 39,420,003
Current discount rate	6.8 %	(3,198,803)	6.8 %	11,877,189
1% increase to rate	7.8 %	16,197,476	7.8 %	(7,069,905)

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, 2024 and 2023, NCHC reported a payable of \$415,945 and \$614,958, respectively, for the outstanding amount of employer contributions to the pension plan.

Note 13: 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/about-etf/reports-and-studies/financial-reports-and-statements>

Additionally, EFT issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

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

Notes to Combined Financial Statements

Note 13: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

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.

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, 2024 and 2023, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement coverage	40 % of member contribution
25% Postretirement coverage	20% of member contribution

During the years ended December 31, 2024 and 2023, the LRIF recognized \$7,886 and \$8,278, respectively, in contributions from the employer.

Member 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, 2023, 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 13: 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, 2024 and 2023, NCHC reported a liability of \$1,780,361 and \$1,589,005, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023, rolled forward to December 31, 2023. 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, 2023, NCHC's proportion was 0.38698%, which was an decrease of 0.025625% from its proportion measured as of December 31, 2023.

For the years ended December 31, 2024 and 2023, NCHC recognized OPEB expense of \$114,852 and \$174,751, respectively.

At December 31, 2024 and 2023, NCHC reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 157,566	\$ -	\$ 153,841
Changes in assumptions	556,913	701,068	564,769	927,884
Net differences between projected and actual earnings on pension plan investments	24,051	-	29,497	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	154,196	247,166	222,476	178,636
Employer contributions subsequent to the measurement date	11,474		7,949	-
Totals	\$ 746,634	\$ 1,105,800	\$ 824,691	\$ 1,260,361

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

Notes to Combined Financial Statements

Note 13: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Deferred outflows of resources, totaling \$11,474 at December 31, 2024, 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:

2024	\$ 4,837
2025	(15,230)
2026	73,924
2027	162,440
2028	149,131
2029	(4,462)

Actuarial Assumptions

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

	2024	2023
Actuarial valuation date	January 1, 2023	January 1, 2022
Measurement date of net OPEB liability (asset)	December 31, 2023	December 31, 2022
	January 1, 2018 - December 31, 2020 Published November 19, 2021	January 1, 2018 - December 31, 2020 Published November 19, 2021
Experience Study:	Entry Age Normal	Entry Age Normal
Actuarial cost method	3.26 %	3.72 %
20-year tax-exempt municipal bond yield	4.25 %	4.3 %
Long-term expected rate of return	3.32 %	3.8 %
Discount rate		
Salary increases:		
Inflation	3.0 %	3.0 %
Seniority/merit	.1-5.6	.1-5.6
		2020 WRS
	2020 WRS Experience	Experience
Mortality	Mortality Table	Mortality Table

Actuarial assumptions for 2024, are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2023, is based upon a roll-forward of the liability calculated from the January 1, 2023, actuarial valuation.

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

Notes to Combined Financial Statements

Note 13: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Actuarial assumptions for 2023, are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2021, is based upon a roll-forward of the liability calculated from the January 1, 2021, actuarial valuation.

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.

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2023

<i>Asset Class</i>	<i>Index</i>	<i>Target Allocation</i>	<i>Long-Term Expected Geometric Real Rate of Return</i>
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40.00 %	2.32 %
US Mortgages	Bloomberg U.S. MBS	60.00 %	2.52 %
Inflation			2.30 %
Long-term expected rate of return			4.25 %

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2022

<i>Asset Class</i>	<i>Index</i>	<i>Target Allocation</i>	<i>Long-Term Expected Geometric Real Rate of Return</i>
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50.00 %	2.45 %
U.S. mortgages	Bloomberg U.S. MBS	50.00 %	2.83 %
Inflation			2.30 %
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 13: 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%. 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. The expected inflation rate remained unchanged from 2.30% as of December 31, 2021 and December 31, 2022.

Single Discount Rate: A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022, to 3.26% as of December 31, 2023. 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 3.32%, 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 (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	2024			2023		
	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)

NCHC's
proportionate
share of the
net OPEB

liability (asset) \$ 2,392,163 \$ 1,780,361 \$ 1,313,358 \$ 2,143,193 \$ 1,589,005 \$ 1,134,166

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

Notes to Combined Financial Statements

Note 13: 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 14: 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 years ended December 31 was as follows:

	2024	2023
Unpaid claims liability at beginning	\$ 1,045,987	\$ 1,256,661
Claims expense	7,700,960	7,244,160
Claim payments	(7,424,450)	(7,454,834)
Unpaid claims liability at end	\$ 1,322,497	\$ 1,045,987

Note 15: 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, 2024, 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, 2026.

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

Notes to Combined Financial Statements

Note 16: 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:

	2024	2023
Medicare	17 %	14 %
Medicaid	58 %	65 %
Private pay	7 %	14 %
Insurance and other	18 %	7 %
Totals	100 %	100 %

Note 17: Subsequent Events

Subsequent to December 31, 2024, Lincoln County Board of Trustees approved a purchase agreement with an unrelated party for the sale of Pine Crest. The sale is expected to be effective by August 1, 2025.

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)

	2024	2023	2022	2019	2018	2017	2016	2015
Measurement date	12/31/2023	12/31/2022	12/31/2021	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
NCHC's proportion of the net pension liability (asset)	0.21514598 %	0.22419504 %	0.21531584 %	0.18695914 %	0.18725416 %	0.19194538 %	0.19245642 %	0.19732891 %
NCHC's proportionate share of the net pension liability (asset)	\$ 3,198,803	\$ 11,877,189	\$ (17,453,928)	\$ 6,651,420	\$ (5,559,798)	\$ 1,582,088	\$ 3,127,379	\$ (4,846,938)
NCHC's covered-employee payroll during the measurement period	\$ 39,622,058	\$ 40,142,779	\$ 38,249,095	\$ 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	8.07 %	29.59 %	45.63 %	23.24 %	(20.95)%	5.57 %	11.77 %	(18.01)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.85 %	95.72 %	106.02 %	96.45 %	102.93 %	99.12 %	98.20 %	102.74 %
Schedule of Employer Contributions								
Contractually required contribution for the fiscal year	\$ 2,697,860	\$ 2,609,280	\$ 2,588,420	\$ 1,917,568	\$ 1,905,598	\$ 1,805,306	\$ 1,883,195	\$ 1,802,066
Contributions in relation to the contractually required contribution	(2,697,860)	(2,609,280)	(2,588,420)	(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	\$ 35,106,395	\$ 38,249,094	\$ 40,142,780	\$ 31,154,942	\$ 28,622,271	\$ 26,535,387	\$ 28,424,517	\$ 26,567,926
Contributions as a percentage of covered-employee payroll	7.68 %	6.75 %	6.45 %	6.15 %	6.66 %	6.80 %	6.63 %	6.78 %

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) (Continued)

Notes to the Schedules

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

Changes of assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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)

	2024	2023	2022	2019	2018
Measurement date	12/31/2023	12/31/2022	12/31/2021	12/31/2018	12/31/2017
NCHC's proportion of the net OPEB liability (asset)	0.38698000 %	0.41260500 %	0.44379105 %	0.33847600 %	0.31394900 %
NCHC's proportionate share of the net OPEB liability (asset)	\$ 1,780,361	\$ 1,589,005	\$ 2,656,853	\$ 873,382	\$ 945,541
NCHC's covered payroll	21,361,000	19,829,000	20,348,000	14,607,000	13,202,545
NCHC's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	8.33 %	7.93 %	13.06 %	5.98 %	7.15 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	33.90 %	38.81 %	29.57 %	48.69 %	44.81 %
Schedule of Employer Contributions					
Contractually required contribution for the fiscal period	11,474	7,949	8,307	7,618	6,543
Contributions in relation to the contractually required contribution	(11,474)	(7,949)	(8,307)	(7,618)	(6,543)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
NCHC's covered-employee payroll for the fiscal period	\$ 21,361,000	\$ 19,829,000	\$ 20,348,000	14,607,000	13,507,132
Contributions as a percentage of covered-employee payroll	0.05 %	0.04 %	0.04 %	0.05 %	0.05 %

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) (Continued)

Notes to the Schedules:

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

Assumptions: in addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality table to the Wisconsin 2018 Mortality Table.

See Independent Auditor's Report.

**Supplementary Information - Combining Financial
Statements and Schedule of Net Position by
County, Net of GASB 68 and 75 Impact**

North Central Community Services Program and Affiliates

d/b/a North Central Health Care

Combining Statement of Net Position

December 31, 2024

Assets and Deferred Outflows of Resources	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Current assets:				
Cash and cash equivalents	\$ 10,505,691	\$15,994,410	\$1,251,509	\$ 27,751,610
Accounts receivable:				
Patient - Net	4,691,127	2,741,496	1,465,154	8,897,777
Outpatient WIMCR/CCS	3,276,669	(452,152)	(398,019)	2,426,498
Marathon County	37,046	-	-	37,046
Net state receivable	1,459,310	-	-	1,459,310
Amounts due from other third-party reimbursement programs	121,034	-	-	121,034
Other	985,413	-	-	985,413
Inventory	291,569	34,649	19,072	345,290
Prepays and other assets	393,970	16,709	14,708	425,387
Total current assets	21,761,829	18,335,112	2,352,424	42,449,365
Noncurrent assets:				
Assets limited as to use	500,000	500,000	-	1,000,000
Restricted assets - Patient trust funds	-	24,743	14,404	39,147
Nondepreciable capital assets	67,202	-	13,833	81,035
Depreciable capital assets - Net	37,925,694	39,019,331	8,428,070	85,373,095
Total noncurrent assets	38,492,896	39,544,074	8,456,307	86,493,277
Deferred outflows of resources - Related to pensions and life insurance	16,043,064	8,414,847	4,509,159	28,967,070
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 76,297,789	\$ 66,294,033	\$ 15,317,890	\$ 157,909,712

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

December 31, 2024

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 right-of-use lease obligation - Marathon County	\$ 393,879	\$ 779,661	\$ -	\$ 1,173,540
Current portion of right-of-use lease obligation - Lincoln County	-	-	840,000	840,000
Current portion of right-of-use lease obligation - Other	61,419	-	-	61,419
Current portion of software based information technology agreement obligation	250,884	-	-	250,884
Accounts payable - Trade	1,511,040	350,808	308,808	2,170,656
Accrued liabilities:				
Salaries and retirement	1,079,092	541,789	305,883	1,926,764
Compensated absences	1,208,227	606,625	342,489	2,157,341
Health and dental insurance	740,670	371,874	209,953	1,322,497
Interest	564,974	1,118,337	233,921	1,917,232
Other	23,590	11,844	6,687	42,121
Unearned revenue	6,040	-	-	6,040
Total current liabilities	5,839,815	3,780,938	2,247,741	11,868,494
Noncurrent liabilities:				
Right-of-use lease obligation - Marathon County	20,975,333	41,519,554	-	62,494,887
Right-of-use lease obligation - Lincoln County	-	-	7,089,720	7,089,720
Right-of-use lease obligation - Other	96,369	-	-	96,369
Software based information technology agreement obligation	3,831	-	-	3,831
Net Pension Liability	1,771,618	929,243	497,942	3,198,803
OPEB life insurance liability	995,042	500,395	284,924	1,780,361
Patient trust funds	-	24,743	14,404	39,147
Total noncurrent liabilities	23,842,193	42,973,935	7,886,990	74,703,118
Total liabilities	29,682,008	46,754,873	10,134,731	86,571,612
Deferred inflows of resources - Pensions and life insurance	10,200,113	5,350,124	2,866,904	18,417,141
Net position:				
Net investment in capital assets	16,211,181	(3,279,884)	512,183	13,443,480
Unrestricted:				
Board designated for contingency	500,000	500,000	-	1,000,000
Undesignated	19,704,487	16,968,920	1,804,072	38,477,479
Total net position	36,415,668	14,189,036	2,316,255	52,920,959
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 76,297,789	\$ 66,294,033	\$ 15,317,890	\$ 157,909,712

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, 2024

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Revenue:				
Net patient service revenue	\$ 47,099,371	\$22,177,941	\$13,186,924	\$ 82,464,236
Other revenue:				
State grant-in-aid	5,058,639	-	-	5,058,639
State match/addendum	3,663,118	-	-	3,663,118
Other grants	718,237	-	-	718,237
Counties' appropriations and other support	5,960,920	2,941,827	1,303,866	10,206,613
Departmental and other revenue	427,148	733,278	64,333	1,224,759
Total other revenue	15,828,062	3,675,105	1,368,199	20,871,366
Total revenue	62,927,433	25,853,046	14,555,123	103,335,602
Expenses:				
Salaries	23,411,755	11,754,509	6,636,380	41,802,644
Fringe benefits:				
WRS Retirement - GASB 68	(291,513)	(152,903)	(81,934)	(526,350)
WRS Retirement - GASB 75	63,609	33,364	17,878	114,851
WRS Retirement - Contributions	1,504,630	789,203	422,900	2,716,733
Other fringe benefits	6,134,801	3,217,802	1,724,284	11,076,887
Supplies and other	21,326,064	4,948,844	4,587,326	30,862,234
Depreciation	2,511,639	2,534,512	796,323	5,842,474
Care of patients at other facilities	1,639,637	-	-	1,639,637
Total expenses	56,300,622	23,125,331	14,103,157	93,529,110
Operating Income	6,626,811	2,727,715	451,966	9,806,492
Nonoperating revenue (expense):				
Interest expense	(311,507)	(227,839)	(229,939)	(769,285)
Interest income	509,623	149,489	111,199	770,311
Loss on disposal of capital assets	(16,317)	(12,391)	(1,994)	(30,702)
Total nonoperating revenue (expense)	181,799	(90,741)	(120,734)	(29,676)
Income before contributed capital	6,808,610	2,636,974	331,232	9,776,816
Contributed capital from Marathon County	733,621	12,970	-	746,591
Change in net position	7,542,231	2,649,944	331,232	10,523,407
Net position at beginning - As previously reported	28,873,437	11,539,092	1,985,023	42,397,552
Net position at end	\$ 36,415,668	\$ 14,189,036	\$ 2,316,255	\$ 52,920,959

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, 2024

	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	\$ 54,262,160	\$ 22,814,969	\$ 14,492,842	\$ 91,569,971
Cash received from Marathon County appropriations and other support	4,019,429	1,592,000	440,815	6,052,244
Cash received from other counties' appropriations and other support	1,941,491	1,349,827	863,051	4,154,369
Cash paid to employees for services	(23,666,525)	(11,895,588)	(6,701,347)	(42,263,460)
Cash paid to suppliers for goods and services	(30,442,066)	(8,881,688)	(6,644,287)	(45,968,041)
Net cash from operating activities	6,114,489	4,979,520	2,451,074	13,545,083
Cash flows from capital and related financing activities:				
Contributions and grants restricted for capital	746,591	-	-	746,591
Acquisition of capital assets	(441,263)	(756,331)	(135,965)	(1,333,559)
Interest paid	(128,272)	134,865	(36,821)	(30,228)
Net cash from capital and related financing activities	177,056	(621,466)	(172,786)	(617,196)
Cash flows from investing activities - Interest received	509,623	149,489	111,199	770,311
Net change in cash and restricted cash	6,801,168	4,507,543	2,389,487	13,698,198
Cash and restricted cash at beginning	3,704,523	11,511,610	(1,123,574)	14,092,559
Cash and restricted cash at end	\$ 10,505,691	\$ 16,019,153	\$ 1,265,913	\$ 27,790,757

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

Combining Statement of Cash Flows (Continued)

Year Ended December 31, 2024

	51.42/.437 Program	MVCC Nursing Home	Pine Crest Nursing Home	Total
Reconciliation of operating income to net cash and restricted cash from operating activities:				
Operating income	\$ 6,626,811	\$ 2,727,715	\$ 451,966	\$ 9,806,492
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	2,511,639	2,534,512	796,323	5,842,474
Provision for bad debts	1,081,678	30,377	(130,384)	981,671
WRS Retirement - GASB 68 and 75	(192,783)	(185,001)	(33,716)	(411,500)
Changes in operating assets and liabilities:				
Accounts receivable	(3,628,866)	(126,627)	1,371,969	(2,383,524)
Inventory	26,218	(12,068)	10,831	24,981
Prepaid and other assets	68,720	14,852	8,616	92,188
Resident trust funds	-	3,691	(4,513)	(822)
Accounts payable	(159,776)	(51,853)	11,233	(200,396)
Accrued liabilities	(61,987)	43,922	(31,251)	(49,316)
Unearned revenue	(2,804)	-	-	(2,804)
Amounts due to other third-party reimbursement programs	(154,361)	-	-	(154,361)
Total adjustments	(512,322)	2,251,805	1,999,108	3,738,591
Net cash from operating activities	\$ 6,114,489	\$ 4,979,520	\$ 2,451,074	\$ 13,545,083
Reconciliation of cash and restricted cash to balance sheet:				
Cash	\$ 10,505,691	\$ 15,994,410	\$ 1,251,509	\$ 27,751,610
Restricted cash - Patient trust funds	-	24,743	14,404	39,147
Total cash and restricted cash	\$ 10,505,691	\$ 16,019,153	\$ 1,265,913	\$ 27,790,757

See Independent Auditor's Report.

North Central Community Services Program and Affiliates
d/b/a North Central Health Care
Schedule of Net Position by County, Net of GASB 68 and 75 Impact
Year Ended December 31, 2024

	Marathon County			Lincoln County			Langlade County	
	51.42/.437	MVCC	Total	51.42/.437	Pine Crest	Total		Total
Net position at December 31, 2024	\$ 28,793,063	\$ 14,189,036	\$ 42,982,099	\$ 5,228,295	\$ 2,316,255	\$ 7,544,550	\$ 2,394,310	\$ 52,920,959
Less - Capital assets net of depreciation	(37,680,526)	(39,019,331)	(76,699,857)	(301,913)	(8,441,903)	(8,743,816)	(10,457)	(85,454,130)
Add:								
Right of use lease obligations to Marathon County	21,369,212	42,299,215	63,668,427	-	-	-	-	63,668,427
Right of use lease obligation to Lincoln County	-	-	-	-	7,929,720	7,929,720	-	7,929,720
Right of use lease obligation - other	156,491	-	156,491	1,254	-	1,254	43	157,788
Software based information technology agreement obligation	252,621	-	252,621	2,024	-	2,024	70	254,715
Net GASB 68/75 balance sheet amounts	(2,287,103)	(1,635,085)	(3,922,188)	(448,018)	(859,389)	(1,307,407)	(341,170)	(5,570,765)
Net position - Net of capital assets and GASB 68/75 amounts - 12/31/2024	\$ 10,603,758	\$ 15,833,835	\$ 26,437,593	\$ 4,481,642	\$ 944,683	\$ 5,426,325	\$ 2,042,796	\$ 33,906,714
Net position - Net of capital assets and GASB 68/75 amounts - 12/31/2023	\$ 2,833,154	\$ 11,591,290	\$ 14,424,444	\$ 3,169,197	\$ 7,556	\$ 3,176,753	\$ 1,552,628	\$ 19,153,825
Change	\$ 7,770,604	\$ 4,242,545	\$ 12,013,149	\$ 1,312,445	\$ 937,127	\$ 2,249,572	\$ 490,168	\$ 14,752,889

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, 2024, and the related combined statements of revenue, expenses, and changes in net position and cash flows for the year ended December 31, 2024, 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 July 13, 2025.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

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". The signature is written in a cursive, flowing style.

Wipfli LLP

Wausau, Wisconsin
July 13, 2025