

NORTH CENTRAL COMMUNITY SERVICES PROGRAM BOARD FINANCE, PERSONNEL & PROPERTY MEETING MINUTES

March 8, 2016

10:30 AM

NCHC – Wausau Campus

PRESENT: Bob Weaver, Ron Nye, Bill Miller, Randy Balk

ALSO PRESENT: Jeff Zriny, Jean Burgener, Ben Bliven, Michael Loy, Gary Bezucha, Brenda Glodowski, Debbie Osowski

Finance, Personnel & Property Committee meeting was called to order by Bob Weaver for a joint meeting with the Executive Committee to discuss the 2015 audit report.

Introductions were made.

Audit Report

- Audit will be presented at the joint meeting of the Board and Finance Committee in March.
- Since there has been confusion/misunderstanding surrounding the term 'intrafund', the CFO and the audit firm were asked to provide options to better clarify the data. Questions have focused on whether the nursing home is taking money away from the mental health system and as of 2015 it is not. Providing two full balance sheets may better clarify the answer.
- Four options were presented along with a copy of a Resolution adopted in 2011 regarding the intrafund (attached).
- A brief history was provided:
 - In 1986 Marathon County bonded for the current nursing home, Mount View Care Center (MVCC), in the amount of \$7.8 million. MVCC replaced two facilities (Mount View Nursing Home and Sunny Vale Nursing Home).
 - Revenue from MVCC paid Marathon County for the obligation each year until the bonds concluded in 2004.
 - The nursing home has and is still part of North Central Health Care (NCHC).
 - In 1993, on the balance sheet of the audit report, there was a partial split of the nursing home from NCHC in that the nursing home would show some of the assets but no cash (refer to **Option #4** of handouts). Also, liabilities remained with the human services program. The amount of levy was one payment to NCHC and NCHC designated levy to all programs. The column 'eliminations' represented the net effect of the balance sheet. Because there was not a 100% split, not all assets and liabilities were split. The nursing home showed a negative fund balance but no liabilities were identified.
 - Around 2004, significant study was performed on the nursing home. At that time the nursing home began splitting out its own profit and loss statement from the mental health system.

- In 2011, there was additional discussion and confusion about the 'elimination column'. The 2011 Resolution indicated to eliminate the intrafund account and roll into a fund balance (refer to **Option #3** of handouts). This is the format used from 2011 forward. There was confusion, understandably, as the net position change was previously noted as 'intrafund transfer' representing a net impact of the balance sheet because the nursing home did not have a full balance sheet recorded. If Option #3 is preferred, a possible revision to wording could be considered by using 'net position change' rather than 'intrafund payable'.
- **Option #2** would not have a settlement and we could begin the process for 2015 moving forward. The nursing home would start out with more cash because it is an area that will see changes. The nursing home and human services programs would each have a balance sheet.
- **Option #1** represents the number dissolved per the 2011 Resolution. 2011-2014 shows activity, and could settle with the nursing home to bring it up to date in the amount of \$2,651,785. This options would show a full balance sheet split, include an asset page, the nursing home would show cash, and there would be a full split of liabilities. We would use cost allocation (step-down allocation) which is a Medicare driven allocation method for health care, and is what we currently do.
- Following extensive discussion, a **motion** was made and seconded, by Nye and Weaver, to proceed with **Option 2** for a split balance sheet and include a historical appendix in this year's audit such as: how the levy has reduced for Marathon County and why, TMG recommendations, documentation of any changes due to management analysis, etc. Motion carried unanimously.
- It was noted that in addition to the certified annual audit, which is currently done by Wipfli, NCHC is audited by the Medicare and Medicaid programs.

Motion/second, Miller/Nye, to adjourn the joint meeting with the Finance, Personnel and Property Committee at 11:35 a.m. Motion carried.