



NORTH CENTRAL COMMUNITY SERVICES PROGRAM

OFFICIAL NOTICE AND AGENDA of a meeting of the Board or a Committee

A meeting of the Finance, Personnel & Property Committee will be held at **North Central Health Care – Wausau Badger Room, 1100 Lake View Drive, Wausau WI 54403** at **11:00 AM**, on **Thursday, May 26th, 2016**.

(In addition to attendance in person at the location described above, Committee members and the public are invited to attend by telephone conference. Persons wishing to attend the meeting by phone should contact Debbie Osowski at 715-848-4405, 24 hours prior to the meeting start time for further instructions.)

AGENDA

1. Call to order
2. Action: Approval of 4/28/2016 Finance, Personnel & Property Committee Meeting Minutes
3. April Financials
 - a. Action: Accept the April Financial Report and Statement
 - b. Review Write-offs
4. CFO Report
5. Review and Discussion of Capital Policy/Processes
6. Action: Approval of 5-Year Facilities Capital Plan and Marathon County 2017 CIP Requests
7. Discussion: 2017 Budget Process
8. Consideration of Collateralization of Funds Requirements in the Investment Policy
9. Future agendas
10. Adjourn

- Action may be taken on any agenda item.
- In the event that any individuals attending this meeting may constitute a quorum of another governmental body, the existence of the quorum shall not constitute a meeting as no action by such body is contemplated.

Signed: /s/Michael Loy
Presiding Officer or His Designee

COPY OF NOTICE DISTRIBUTED TO:

Wausau Daily Herald
Tomahawk Leader
Lincoln & Marathon County Clerk Offices

Antigo Daily Journal
Merrill Foto News

DATE: 05/20/16 TIME: 4:00 PM
VIA: FAX: X MAIL: X
BY: K. Coles

THIS NOTICE POSTED AT:

North Central Health Care
DATE: 05/20/16 TIME: 4:00 PM
By: Katlyn Coles

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

**NORTH CENTRAL COMMUNITY SERVICES PROGRAM
FINANCE, PERSONNEL & PROPERTY COMMITTEEMEETING MINUTES**

April 28, 2016

11:00 a.m.

NCHC – Antigo Health Care Center

Present:

X	Randy Balk	X	Bill Miller
X	Bob Weaver	X	Jeff Zriny

Others Present: Ben Bliven, Michael Loy, Gary Bezucha, Brenda Glodowski, Robin Stowe

Introductions: Robin Stowe was introduced as new Langlade County Board member.

The meeting was called to order at 11:00 AM, roll call taken, and a quorum noted.

Minutes

- **Motion**/second, Weaver/Balk, to approve the minutes of the 3/31/16 Finance, Personnel & Property Committee meeting. Motion carried.

Financials

- March showed a deficit of \$406,000.
- Revenue targets overall were met in March.
- Nursing home census averaged 205 per day in March; Medicare census improved over February averaging 21 per day; Hospital census averaged almost 15 per day.
- Several expenses that were high for the month were: health insurance, salaries in the hospital and nursing home, Crisis, other institutes, drug costs, and accrued PLT which typically goes down over summer months.
 - In regard to expenses for other institutes, the Crisis Manager visited Trempealeau County to case manage the individuals currently there and determined four individuals can return to NCHC.
 - Private room/capacity is under discussion and in process of seeking clarification on code requirements.
- Excess expenses year to date is \$781,000 overall for the organization.
- The nursing home census is still down; March averaged 205.
- **Motion**/second, Balk/Miller, to approve March financial statements. Motion carried.

Write-off's

- Write-off's are in line overall.

CFO Report

- We continue to work closely with the electronic medical record vendor, Netsmart, who was on site to work through concerns we are having with the system. Action items were laid out including establishing an IT Governance Committee. Its role will be to assist prioritization of IT, how to strategically utilize resources, how to work well with the vendor, begin culture change i.e. clinical practice should drive IT rather than IT driving clinical practice.
- Days in Accounts Receivable improved in March.

Review 2015 Year End Fund Balance/Invested Cash by County

- Year end fund balance/invested cash by county with policy was reviewed. Policy was developed by the three county finance directors.
- Intent was to monitor and understand the fund balance level of each county, to look for consistencies, and to keep counties informed on the invested reserves and at what point counties have the options as to what they would like to do with funds.
- Each county receives information at the end of the audit.
- Brenda reviewed handouts.
- Not all fund balance is cash; at the time discussion looked at reserves (invested cash).

Accounts Receivable Action

- Accounts Receivable is still high; higher than what we would have predicted being into the 2nd year of conversion.
- This action plan helps us work through items that contribute to billing issues.
- We continue to implement the billing software.
- The organization has multiple software programs i.e. ECS for nursing home, TIER for mental health system. TIER was supposed to be used to do both programs but has not been working in the nursing home. We will be using ECS for nursing home billing; we already use ECS for electronic medical record and there is a small expense to utilize the ECS nursing home billing system.
- Weekly calls with vendor are being made to help address the unique issues between nursing home and mental health billing.
- A target for this year is to implement more frequent billing. This process will start in Birth to Three and Outpatient.

Motion/second, Balk/Miller, to adjourn the Finance, Personnel & Property Committee meeting. Motion carried. Meeting adjourned at 11:55 a.m.

dko

MEMO

TO: North Central Health Care Finance Committee
FROM: Brenda Glodowski
DATE: May 20, 2016
RE: Attached Financials

Attached please find a copy of the April Financial Statements for your review. To assist in your review, the following information is provided:

BALANCE SHEET

The Balance Sheet is consistent with the prior month which reflects the change in the format.

STATEMENT OF REVENUE AND EXPENSES

The month of April shows a small gain of \$1526, compared to the targeted gain of \$12,680.

Overall revenue for April exceeded targets. While the overall revenue exceeded overall targets, not all individual areas did. Nursing home census continues to struggle, with an average census for the month of 204 per day. This is a decrease from the previous month. The target is 210 per day. The Medicare census did improve, with an average of 22 per day. The target is 23 per day. The Hospital census averaged over 15 per day compared to the target of 14 per day. Community treatment exceeded targets again for April; however, Outpatient continues to be below target.

Overall expenses continue to exceed budget targets. There was improvement compared to the prior month, but more work continues to be done in this area. Health insurance was back in line with budget for April, however, state institutions exceeded target by \$217,000. Drugs was another area over target for April.

Crisis and the hospital continue to exceed budget targets, and likely will for the rest of the year as work continues to be done in these areas.

If you have questions, please feel free to contact me.

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF NET POSITION
APRIL 2016**

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
Current Assets:				
Cash and cash equivalents	4,669,041	1,162,605	5,831,646	7,754,318
Accounts receivable:				
Patient - Net	3,815,860	3,605,463	7,421,323	7,690,598
Outpatient - WIMCR	495,000	0	495,000	400,333
Nursing home - Supplemental payment program	0	136,100	136,100	143,014
Marathon County	189,754	0	189,754	72,809
Net state receivable	103,997	0	103,997	1,137,872
Other	262,354	0	262,354	187,009
Inventory	0	303,535	303,535	273,822
Other	<u>615,893</u>	<u>521,911</u>	<u>1,137,804</u>	<u>464,235</u>
Total current assets	<u>10,151,900</u>	<u>5,729,614</u>	<u>15,881,514</u>	<u>18,124,010</u>
Noncurrent Assets:				
Investments	9,800,000	0	9,800,000	7,092,791
Assets limited as to use	1,937,716	946,426	2,884,142	2,207,210
Restricted assets - Patient trust funds	25,750	34,459	60,209	56,851
Net pension asset	2,642,551	2,204,387	4,846,938	0
Nondepreciable capital assets	233,507	523,562	757,069	1,085,690
Depreciable capital assets - Net	<u>7,680,005</u>	<u>3,326,919</u>	<u>11,006,924</u>	<u>10,626,335</u>
Total noncurrent assets	<u>22,319,528</u>	<u>7,035,753</u>	<u>29,355,281</u>	<u>21,068,877</u>
Deferred outflows of resources - Related to pensions	<u>2,645,224</u>	<u>2,206,618</u>	<u>4,851,842</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>35,116,652</u>	<u>14,971,985</u>	<u>50,088,637</u>	<u>39,192,886</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF NET POSITION
APRIL 2016**

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
Current Liabilities:				
Current portion of related-party note payable	151,257	0	151,257	148,264
Accounts payable - Trade	655,084	572,585	1,227,669	1,204,527
Appropriations advances	1,069,965	283,333	1,353,298	1,383,445
Accrued liabilities:				
Salaries and retirement	874,615	729,595	1,604,210	1,969,687
Compensated absences	911,434	760,309	1,671,743	1,625,115
Health and dental insurance	467,236	389,764	857,000	652,000
Other Payables	223,741	186,642	410,383	422,806
Amounts payable to third-party reimbursement programs	416,667	0	416,667	335,000
Unearned revenue	<u>476,903</u>	<u>0</u>	<u>476,903</u>	<u>188,489</u>
Total current liabilities	<u>5,246,902</u>	<u>2,922,227</u>	<u>8,169,129</u>	<u>7,929,333</u>
Noncurrent Liabilities:				
Related-party note payable	636,181	0	636,181	787,438
Patient trust funds	<u>25,750</u>	<u>34,459</u>	<u>60,209</u>	<u>56,503</u>
Total noncurrent liabilities	<u>661,931</u>	<u>34,459</u>	<u>696,390</u>	<u>843,941</u>
Total liabilities	<u>5,908,833</u>	<u>2,956,686</u>	<u>8,865,520</u>	<u>8,773,274</u>
Deferred inflows of resources - Related to pensions	<u>46,273</u>	<u>38,600</u>	<u>84,873</u>	<u>0</u>
Net Position:				
Net investment in capital assets	7,913,512	3,850,481	11,763,992	11,712,025
Unrestricted	16,224,931	4,325,884	20,550,815	17,970,242
Restricted - Pension benefit	5,235,835	4,367,677	9,603,512	0
Operating Income / (Loss)	<u>(212,732)</u>	<u>(567,343)</u>	<u>(780,075)</u>	<u>737,345</u>
Total net position	<u>29,161,546</u>	<u>11,976,699</u>	<u>41,138,244</u>	<u>30,419,612</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>35,116,652</u>	<u>14,971,985</u>	<u>50,088,637</u>	<u>39,192,886</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING APRIL 30, 2016**

51.42/.437 PROGRAMS	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
Revenue:						
Net Patient Service Revenue	<u>\$1,687,013</u>	<u>\$1,518,063</u>	<u>\$168,949</u>	<u>\$6,422,387</u>	<u>\$6,128,932</u>	<u>\$293,455</u>
Other Revenue:						
State Match / Addendum	324,658	325,120	(462)	1,298,632	1,300,479	(1,847)
Grant Revenue	204,800	190,538	14,262	793,651	762,243	31,407
County Appropriations - Net	598,953	598,899	54	2,395,812	2,395,596	216
Departmental and Other Revenue	<u>162,683</u>	<u>169,287</u>	<u>(6,604)</u>	<u>591,073</u>	<u>677,300</u>	<u>(86,227)</u>
Total Other Revenue	<u>1,291,095</u>	<u>1,283,844</u>	<u>7,250</u>	<u>5,079,167</u>	<u>5,135,618</u>	<u>(56,451)</u>
Total Revenue	2,978,107	2,801,908	176,200	11,501,554	11,264,550	237,004
Expenses:						
Direct Expenses	2,250,040	1,991,342	258,698	8,799,807	7,955,914	843,894
Indirect Expenses	<u>643,659</u>	<u>804,279</u>	<u>(160,620)</u>	<u>2,953,755</u>	<u>3,242,645</u>	<u>(288,890)</u>
Total Expenses	<u>2,893,699</u>	<u>2,795,621</u>	<u>98,078</u>	<u>11,753,563</u>	<u>11,198,559</u>	<u>555,004</u>
Operating Income (Loss)	<u>84,408</u>	<u>6,287</u>	<u>78,121</u>	<u>(252,009)</u>	<u>65,991</u>	<u>(318,000)</u>
Nonoperating Gains (Losses):						
Interest Income	8,577	7,500	1,077	36,312	30,000	6,312
Donations and Gifts	165	0	165	2,965	0	2,965
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonoperating Gains / (Losses)	<u>8,742</u>	<u>7,500</u>	<u>1,242</u>	<u>39,277</u>	<u>30,000</u>	<u>9,277</u>
Operating Income / (Loss)	<u>\$93,150</u>	<u>\$13,787</u>	<u>\$79,364</u>	<u>(\$212,732)</u>	<u>\$95,991</u>	<u>(\$308,723)</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING APRIL 30, 2016**

NURSING HOME	<u>CURRENT MONTH ACTUAL</u>	<u>CURRENT MONTH BUDGET</u>	<u>CURRENT MONTH VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>YTD VARIANCE</u>
Revenue:						
Net Patient Service Revenue	<u>\$2,048,099</u>	<u>\$2,040,628</u>	<u>\$7,471</u>	<u>\$7,933,047</u>	<u>\$8,208,257</u>	<u>(\$275,210)</u>
Other Revenue:						
County Appropriations - Net	141,666	141,667	(1)	566,664	566,667	(3)
Departmental and Other Revenue	<u>43,273</u>	<u>31,296</u>	<u>11,977</u>	<u>224,428</u>	<u>125,182</u>	<u>99,246</u>
Total Other Revenue	<u>184,939</u>	<u>172,962</u>	<u>11,976</u>	<u>791,092</u>	<u>691,849</u>	<u>99,243</u>
Total Revenue	2,233,037	2,213,590	19,448	8,724,139	8,900,106	(175,967)
Expenses:						
Direct Expenses	1,685,813	1,612,373	73,440	7,019,364	6,442,742	576,623
Indirect Expenses	<u>639,204</u>	<u>602,325</u>	<u>36,879</u>	<u>2,274,286</u>	<u>2,428,417</u>	<u>(154,131)</u>
Total Expenses	<u>2,325,017</u>	<u>2,214,698</u>	<u>110,319</u>	<u>9,293,650</u>	<u>8,871,158</u>	<u>422,492</u>
Operating Income (Loss)	<u>(91,980)</u>	<u>(1,108)</u>	<u>(90,871)</u>	<u>(569,511)</u>	<u>28,948</u>	<u>(598,458)</u>
Nonoperating Gains (Losses):						
Interest Income	0	0	0	0	0	0
Donations and Gifts	355	0	355	2,168	0	2,168
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonoperating Gains / (Losses)	<u>355</u>	<u>0</u>	<u>355</u>	<u>2,168</u>	<u>0</u>	<u>2,168</u>
Operating Income / (Loss)	<u>(\$91,626)</u>	<u>(\$1,108)</u>	<u>(\$90,518)</u>	<u>(\$567,343)</u>	<u>\$28,948</u>	<u>(\$596,290)</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING APRIL 30, 2016**

TOTAL	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
Revenue:						
Net Patient Service Revenue	<u>\$3,735,112</u>	<u>\$3,558,691</u>	<u>\$176,421</u>	<u>\$14,355,434</u>	<u>\$14,337,189</u>	<u>\$18,245</u>
Other Revenue:						
State Match / Addendum	324,658	325,120	(462)	1,298,632	1,300,479	(1,847)
Grant Revenue	204,800	190,538	14,262	793,651	762,243	31,407
County Appropriations - Net	740,619	740,566	53	2,962,476	2,962,263	213
Departmental and Other Revenue	<u>205,956</u>	<u>200,583</u>	<u>5,373</u>	<u>815,501</u>	<u>802,482</u>	<u>13,019</u>
Total Other Revenue	<u>1,476,033</u>	<u>1,456,807</u>	<u>19,226</u>	<u>5,870,259</u>	<u>5,827,467</u>	<u>42,792</u>
Total Revenue	5,211,145	5,015,499	195,647	20,225,693	20,164,656	61,037
Expenses:						
Direct Expenses	3,935,853	3,603,715	332,138	15,819,172	14,398,655	1,420,516
Indirect Expenses	<u>1,282,863</u>	<u>1,406,604</u>	<u>(123,741)</u>	<u>5,228,041</u>	<u>5,671,062</u>	<u>(443,021)</u>
Total Expenses	<u>5,218,716</u>	<u>5,010,319</u>	<u>208,397</u>	<u>21,047,213</u>	<u>20,069,717</u>	<u>977,496</u>
Operating Income (Loss)	<u>(7,571)</u>	<u>5,180</u>	<u>(12,751)</u>	<u>(821,520)</u>	<u>94,939</u>	<u>(916,458)</u>
Nonoperating Gains (Losses):						
Interest Income	8,577	7,500	1,077	36,312	30,000	6,312
Donations and Gifts	519	0	519	5,133	0	5,133
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonoperating Gains / (Losses)	<u>9,097</u>	<u>7,500</u>	<u>1,597</u>	<u>41,445</u>	<u>30,000</u>	<u>11,445</u>
Operating Income / (Loss)	<u>\$1,526</u>	<u>\$12,680</u>	<u>(\$11,154)</u>	<u>(\$780,075)</u>	<u>\$124,939</u>	<u>(\$905,013)</u>

NORTH CENTRAL HEALTH CARE
 REPORT ON AVAILABILITY OF FUNDS
 April 30, 2016

BANK	LENGTH	MATURITY DATE	INTEREST RATE	AMOUNT	Collateralized/ Insured
BMO Harris	395 Days	5/28/2016	0.30%	\$500,000	
Abby Bank	365 Days	7/19/2016	0.75%	\$500,000	X
People's State Bank	365 Days	8/21/2016	0.50%	\$500,000	
BMO Harris	395 Days	8/26/2016	0.50%	\$500,000	
Abby Bank	365 Days	8/29/2016	0.75%	\$500,000	X
Abby Bank	456 Days	9/1/2016	0.95%	\$500,000	X
CoVantage Credit Union	456 Days	9/1/2016	1.00%	\$500,000	
People's State Bank	365 Days	10/30/2016	0.55%	\$500,000	
Abby Bank	365 Days	1/6/2017	0.75%	\$500,000	X
Abby Bank	730 Days	2/25/2017	0.80%	\$500,000	X
People's State Bank	395 Days	3/28/2017	0.65%	\$250,000	
CoVantage Credit Union	455 Days	3/30/2017	1.00%	\$500,000	
CoVantage Credit Union	578 Days	5/7/2017	1.05%	\$500,000	
People's State Bank	395 Days	5/29/2017	0.75%	\$350,000	
People's State Bank	395 Days	5/30/2017	0.75%	\$500,000	
CoVantage Credit Union	578 Days	7/28/2017	1.10%	\$300,000	
Abby Bank	730 Days	10/29/2017	1.10%	\$500,000	X
CoVantage Credit Union	730 Days	11/18/2017	1.10%	\$500,000	
Abby Bank	730 Days	12/30/2017	1.10%	\$500,000	X
Abby Bank	730 Days	3/15/2018	1.20%	\$400,000	X
Abby Bank	730 Days	5/3/2018	1.20%	\$500,000	X
TOTAL FUNDS AVAILABLE				\$9,800,000	
WEIGHTED AVERAGE		510.70 Days	0.848% INTEREST		

NCHC-DONATED FUNDS

Balance Sheet

As of April 30, 2016

ASSETS

Current Assets

Checking/Savings

CHECKING ACCOUNT

Adult Day Services	5,180.38
Adventure Camp	798.41
Birth to 3 Program	2,035.00
Clubhouse	23,617.86
Community Treatment	10,366.66
Fishing Without Boundries	2,663.00
General Donated Funds	61,851.67
Housing - DD Services	1,370.47
Langlade HCC	3,262.03
Legacies by the Lake	
Music in Memory	1,848.25
Legacies by the Lake - Other	4,138.50
Total Legacies by the Lake	5,986.75
Marathon Cty Suicide Prev Task	10,360.53
National Suicide Lifeline Stipe	3,176.37
Northern Valley West	1,966.00
Nursing Home - General Fund	2,763.52
Outpatient Services - Marathon	101.08
Pool	12,529.82
Prevent Suicide Langlade Co.	2,444.55
Resident Council	1,021.05
United Way	260.00

Total CHECKING ACCOUNT 151,755.15

Total Checking/Savings 151,755.15

Total Current Assets 151,755.15

TOTAL ASSETS 151,755.15

LIABILITIES & EQUITY

Equity

Opening Bal Equity	123,523.75
Retained Earnings	35,991.07
Net Income	-7,759.67

Total Equity 151,755.15

TOTAL LIABILITIES & EQUITY 151,755.15

North Central Health Care Budget Revenue/Expense Report

Month Ending April 30, 2016

ACCOUNT DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	YTD ACTUAL	YTD BUDGET	DIFFERENCE
<u>REVENUE:</u>					
TOTAL NET REVENUE	5,211,145	5,015,499	20,225,693	20,164,656	61,037
<u>EXPENSES:</u>					
Salaries and Wages	2,461,240	2,551,520	9,975,557	10,191,068	(215,511)
Fringe Benefits	1,004,656	945,189	4,177,430	3,775,211	402,219
Departments Supplies	529,040	466,527	2,159,124	1,866,109	293,016
Purchased Services	325,506	270,981	1,616,573	1,098,925	517,648
Utilitites/Maintenance Agreements	284,275	323,097	1,409,276	1,326,387	82,889
Personal Development/Travel	50,193	39,229	144,985	156,917	(11,932)
Other Operating Expenses	109,185	153,317	396,789	613,267	(216,478)
Insurance	36,844	47,292	148,378	189,167	(40,789)
Depreciation & Amortization	134,110	138,167	536,840	552,667	(15,826)
Client Purchased Services	<u>283,667</u>	<u>75,000</u>	<u>482,261</u>	<u>300,000</u>	<u>182,261</u>
TOTAL EXPENSES	5,218,716	5,010,319	21,047,213	20,069,717	977,496
EXCESS REVENUE (EXPENSE)	(7,571)	5,180	(821,520)	94,939	(916,458)

**North Central Health Care
Write-Off Summary
April 2016**

	<u>Current Month</u>	<u>Current Year To Date</u>	<u>Prior Year To Date</u>
<i>Inpatient:</i>			
Administrative Write-Off	\$12,022	\$23,962	\$6,325
Bad Debt	\$343	\$2,286	\$442
<i>Outpatient:</i>			
Administrative Write-Off	\$12,034	\$12,308	\$27,728
Bad Debt	\$623	\$2,712	\$901
<i>Nursing Home:</i>			
Daily Services:			
Administrative Write-Off	\$561	(\$18,066)	\$0
Bad Debt	\$761	\$5,394	\$5,495
Ancillary Services:			
Administrative Write-Off	(\$106)	(\$4,869)	\$527
Bad Debt	\$0	(\$126)	\$0
<i>Pharmacy:</i>			
Administrative Write-Off	\$0	\$0	\$0
Bad Debt	\$0	\$0	\$0
Total - Administrative Write-Off	\$24,511	\$13,335	\$34,580
Total - Bad Debt	\$1,727	\$10,266	\$6,838

**North Central Health Care
2016 Patient Days**

<u>Month</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budgeted Occupancy</u>	<u>Actual Occupancy</u>
January	Nursing Home	6,510	6,441	(69)	87.50%	86.57%
	Hospital	434	402	(32)	87.50%	81.05%
February	Nursing Home	6,090	5,953	(137)	87.50%	85.53%
	Hospital	406	407	1	87.50%	87.72%
March	Nursing Home	6,510	6,363	(147)	87.50%	85.52%
	Hospital	434	459	25	87.50%	92.54%
April	Nursing Home	6,300	6,131	(169)	87.50%	85.15%
	Hospital	420	462	42	87.50%	96.25%
May	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
June	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
July	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
August	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
September	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
October	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
November	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
December	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%



North Central Health Care

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MEMO

DATE: May 11, 2016
TO: Human Services Operations Committee
Nursing Home Operations Committee
FROM: Michael Loy, Interim CEO
RE: Draft Five Year Capital Plan

Purpose

To deliver on the final recommendation to develop a five year capital plan for the NCHC campus as identified in the Final Report of the Oversight Task Force of Marathon County.

Background

As described in the Final Report of the Oversight Task Force:

B. Marathon County Task Force to Oversee the Creation of a Facilities Plan for North Central Health Care Facilities.

The Facilities Task Force (of Marathon County) was told by NCHC representatives that a long range facilities plan existed for the entire campus except for the space occupied by ADRC-CW. NCHC did not present a written plan. They did present efforts for the remodeling of Mount View Care Center and the aquatic therapy pool study. ADRC-CW expressed frustration with the lack of movement on a plan to remodel space consistent with their needs. This planning was tabled until a decision is made on the current aquatic therapy pool. Given an inability to secure a plan for NCHC and its assertion that a long range facilities plan does not make sense in the fluid and dynamic health care world, the Facilities Task Force recommended that Health & Human Services develop a plan for ADRC-CW's needs once there was clarity regarding the aquatic therapy pool.

No additional action or recommendations were developed by the NCHC Oversight Task Force at that time.

Final Recommendation: Develop a five year capital plan for the NCHC campus which should include but not be limited to the nursing home renovation, aquatic therapy pool, psychiatric hospital, behavioral health unit, and other facility needs.

Recommendation

NCHC Administration has developed a draft Strategic Long-Range Facility and Corresponding Five Capital Year Plan for Service Delivering by North Central Health Care. The narrative plan is accompanied by a summary of 2017 Capital Project Requests and a summary of Forecasted Projects anticipated in 2018-2021. These documents provide a vision but would benefit from further Master Facility Planning in partnership with Marathon County Facilities Management and external resources to determine structurally how we achieve this vision once it is endorsed. We anticipate that work not to be a capital request which could be accomplished in the latter part of 2016 supported by operational funding.

NCHC's Operational Capital funding requests, including small IT projects, replacements furniture and equipment will be further developed through our annual budgeting process and submitted as part of NCHC's 2017 Budget in the fall.

Financial Analysis

Estimated financial impacts are outlined in the adjoining documents.

Timelines

These documents and requests have the following timeline for review, input and approval:

Friday May 13, 2016: NCHC Human Services Operations Committee

Friday May 20, 2016: NCHC Nursing Home Operations Committee

Monday May 23, 2016: Marathon County Health and Human Services Committee

Thursday May 26, 2016: 11:00 a.m. NCHC Finance, Property & Personal Committee

Thursday May 26, 2016: 12:00 p.m. NCCSP Board

Friday June 3, 2016: CIP Requests due to Marathon County

Strategic Long-Range Facility and Corresponding Five Year Capital Plan
for Service Delivery by North Central Health Care

North Central Health Care (NCHC) will publish a Strategic Long-Range Facility Plan and corresponding rolling Five Year Capital Plan for North Central Health Care services on an annual basis. These plans describe NCHC's multi-year capital program vision, the potential financing mechanisms and impact on services. NCHC's Capital Plan focuses on the renewal of existing facilities and systems. Capital planning for an operation the size and age of NCHC's facilities carry a large price tag, but are absolutely necessary to keep NCHC at the forefront of providing health care to our communities. We are providing a vision for more than brick and mortar, we are investing in the healing and well-being of those we serve for generations to come. The main campus for NCHC has over 500,000 square feet with the majority of the campus being 50 years or older with the exception of the Mount View Care Center which has operated for slightly over 30 years. We have reached the thresholds of useful life and operate in a shell of inefficient design and operation; future large scale investment is imminent.

Health care is a rapidly evolving industry where capital projects must be measured in two ways – can they increase operational efficiency, and can they produce better health outcomes? In considering the impact of the Affordable Care Act (ACA) and supporting regulatory changes, everything the health care system provides is now an expense and not revenue. An organization operating in the new accountable care environment must learn to operate with the risk of providing all care for a large population for a fixed price per person per year. At NCHC we are part of a much broader healthcare delivery system which is poised to only integrate more in the shared responsibility for the health of our entire population in our communities. With these changing responsibilities and overall increase in patient population is a corresponding decrease in overall reimbursement and need for increased operational efficiency. Healthcare in a reform environment will start much farther upstream (preventive care) and deliver care much more downstream (home and community based). Clearly, not bricks and mortar solutions at the ends of the spectrum; however, despite these broad shifts in the delivery stream, the acuity of care will increase in the middle driving the need for innovative service delivery environments. Given that services can be done only so cheaply and care can be delivered only so efficiently, the following five major capital objectives come into the forefront of our long-range planning:

1. Provide facilities that enable more efficient clinical operations to enhance health outcomes
2. Plan facilities that enable optimum care for a growing population
3. Invest wisely in future flexibility for changes yet to come
4. Clearly balance first cost versus life-cycle costs
5. Operate and maintain facilities more efficiently

Facility Asset Composition and Ownership Portfolio for NCHC

North Central operates out of a number of different locations identified below by facility identifier, address and ownership status for each location.

Facility Identifier	Address	Ownership Status
Mount View Care Center	2400 Marshall Street Wausau, WI 54403	Leased – Marathon County
Health Care Center	1100 Lake View Drive Wausau, WI 54403	Leased – Marathon County
Lake View Center	1000 Lake View Drive Wausau, WI 54403	Leased – Marathon County
Lake View Professional Plaza	1200 Lake View Drive Wausau, WI 54403	Leased – Marathon County
Lincoln County - Tomahawk Office	213 W. Wisconsin Avenue Tomahawk, WI 54487	Leased – Private Ownership
Langlade County - Antigo Center	1225 Langlade Road Antigo, WI 54409	Leased – Langlade County
Northern Valley – Prevocational Services	5424 Sherman Street Wausau, WI 54401	Leased – Private Ownership
Community Corner Clubhouse	319 N. Third Avenue Wausau, WI 54401	Leased – Private Ownership
Residential – Group Homes		
Bellwood	2211 Bellewood Avenue Schofield, WI 54476	Leased – Marathon County
Bissell	1408 Bissell Street Wausau, WI 54401	Leased – City of Wausau
Chadwick	5006 Chadwick Avenue Schofield, WI 54476	Leased – Marathon County
Heather	5010 Heather Street Schofield, WI 54401	Leased – Marathon County
Hillcrest	1115 Hillcrest Avenue Wausau, WI 54401	Owned – NCHC
Residential – Supported Apartments		
Riverview Towers	550 East Thomas Street Wausau WI, 54403	Leased – City of Wausau
Forest/Jackson	920 Forest Street Wausau, WI 54403	Leased – Private Ownership
Fulton	703 Fulton Street Wausau, WI 54403	Leased – City of Wausau
Jelinek 1	3102 Jelinek Street Schofield, WI 54476	Leased – Private Ownership
Jelinek 2	3104 Jelinek Street Schofield, WI 54476	Leased – Private Ownership

Five-Year Capital Plan for North Central Health Care Programs

Over the course of the next five years we anticipate most, if not all capital projects to be focused on our main campus location in Wausau. However, as with any facility, unanticipated capital funding eligible projects are likely to occur but none are contemplated in our current plan. Almost all NCHC facilities are leased and not owned by NCHC; therefore, any future capital projects would need to be supported by our landlords in form and likely with financial substance. Debt service and capital funding support is available through enhanced reimbursement mechanism through government payers (Medicare and Medicaid) to support projects such as the nursing home; the extent of available reimbursement will be dependent on the scope of each project and the program.

Within the next five years, programming in Langlade and Lincoln Counties is anticipated to grow sustainably to fit within the footprint of current leased space. Small aesthetic improvements in these facilities reaching the capital funding threshold of greater than \$30,000 have the potential to occur in the next five years on an as needed basis. At this time, NCHC has not developed any anticipated major capital improvements in these locations. The same can be said for our Prevocational Services located at North Valley and at the Community Corner Clubhouse. Community Corner Clubhouse recently moved their location and continues on their journey to be non-levy supported. Any future capital projects would likely be handled through community supported capital campaigns and are not anticipated at this time.

The Adult Day Services program located on our main campus has the potential to be relocated. Two options exist: 1) relocation to the vacated space of the ADRC in the Lake View Center as the ADRC transitions off campus or 2) off campus, potentially to the Northern Valley location, which could serve to strengthen the developmental disability continuum and state initiated movement to community based services. The movement of the Adult Day Services program from the Health Care Center will be critical to providing for main campus expansion for Behavioral Health Services. At this time, we are not making a capital request for this move because it is predicated on a number of prior projects, most specifically the Nursing Home and regulatory approval.

Our Community Living "Residential" program provides residential services to the developmentally disabled in one of 10 residential facilities (5 supported apartments and 5 Community Based Rehabilitation Facilities (CBRF)). These facilities are scattered throughout the Marathon County community and vary by the scope of care needs of the consumer. The CBRF facilities are largely home-like environments with 6-8 higher acuity consumers in each location. Our supported apartment facilities typically provide apartment style living for a larger number of more independent consumers in each location. Almost all of these facilities are leased and NCHC is more likely to find alternative locations before making major capital investments in current facilities. Capital funding in our Residential services will likely result from unanticipated failures or an unwillingness of the landlord to provide the requisite updates. In the next five years we will address these capital needs for these facilities in shorter 1-2 planning cycles are not making long-range capital plans for any of these facilities at this time.

Main Wausau Campus

Our main Wausau campus can be divided into a number of workable parts in the scope of this five year capital plan. The main campus has four divisions all connected through interior walkways:

1. Health Care Center (Administration, Community Treatment, Outpatient, Behavioral Health Services and Legacies Dementia units)
2. Mount View Care Center (Post-Acute Care, Long-term Care)
3. Lake View Center (Pool, Health Department, ADRC)
4. Lake View Professional Plaza (CCCW, Special Education)

The first consideration in the long-range plan is how we can improve the experience of the community we serve in interacting and navigating our services through the eyes of those receiving care at NCHC. With this first priority, the primary issue is one of limiting access and providing better navigational structure. There are too many access points in our main campus where our constituents can lose their way. The long-range vision for our main campus facility is to constrict access points to three. This would include access to:

- Nursing Home and Aquatic Therapy services on the Northeast side
- Behavior Health and Crisis services on the West side
- Outpatient and Administrative services on the Southeast side

Separate entrances directly into the Marathon County Health Department and ADRC space in the Lake View Center would remain in addition to the three central access points identified above. Two other significant features of NCHC's main campus long-term capital planning would be to centralize administrative support (enrollment, registration etc.,) in each of these three access point areas. Centralizing functions would support reducing long-term indirect costs as a percentage of NCHC's annual operating budgets. Centralization would also increase coordination between similar programs. The last cornerstone of the long-term design is a single contiguous navigational hallway system from one end of the building to the other. Currently there are too many hallways which create a maze to navigate for the community we serve. Changes to the navigational system lessen the institutional feel and heighten patient experience.

Nursing Home

A major project in the five-year capital plan is the Nursing Home remodel. The Nursing Home project will be a 2017 Capital request but the project will span around two years. Decisions related to the Nursing Home project are significant as they impact long-term planning for Behavioral Health Services. The Nursing Home project rationale remains the same and the financial projections provided by WIPFLI in 2013 as predicted in the "status quo" approach have been playing themselves out on in terms of financial instability if we don't remodel. The project plans have been developed and NCHC awaits the bonding support from Marathon County to move forward.

The final plans for the Nursing Home remodel will be need to be adjusted to provide some minor adjustments to accommodate long-term planning for expanded Behavioral Health Services. This would include adjustment to the Mount View Care Center design to reduce the number of long-term beds in the 2nd floor to accommodate the transfer of the Evergreen dementia program from the Health Care Center. The Evergreen program transfer to long-term care program will reduce the conversion of one of the long-term care wings from double occupancy to private rooms which would reduce the project scope. However, there will be some new modifications to the floor plan to secure the unit. The Dementia wing in the long-term care program would accommodate the 22 beds the Evergreen program currently supports. The long-term care bed availability would be reduced by 12-14 beds from the 59 beds in the initial plan to 45-47 beds. We believe this is a prudent long-term strategy in the current local skilled nursing market.

Once the relocation of the Evergreen and Adult Day Services programs from the Health Care Center has occurred, it will allow the remodel of their current adjoining space to relocate the Lake View Heights Dementia program of approximately 44 beds. The Lakeview Heights space is currently located in the second floor space above Emergency Services and Inpatient hospital. Moving this program will allow for future remodel and expansion of the Inpatient hospital, CBRF and Medically Monitored Treatment program into this vacated space. Those projects are outlined below and would likely be 2018 and 2019 requests. Further, these adjustments to the nursing home project shuffle disparate program locations into more central service areas making our continuum and operational needs more synergistic for the people we serve.

Lake View Center

The Aquatic Therapy pool, Adult Protective Services, Community Treatment Youth team, Marathon County Health Department and the Aging & Disability Resources Center (ADRC) are located in the Lake View Center. Long-term, NCHC would be interested in centralizing Adult Protective Services and Community Treatment by moving these areas out of the Lake View Center to the Health Care Center. The Aquatic Therapy pool project will be submitted as a capital project request for 2017. The pool facility is in a critical status. Failure to commit to the project in the next year would likely result in significant new maintenance costs or complete facility failure. The relocation of the pool near the Nursing Home in a rectangular design makes sense and has strong potential to be operationally self-sufficient. Once the pool is relocated and operational, the current pool envelope and facility should be demolished to provide a new face for the Lake View Center.

Marathon County Health Department's facilities are new and likely will support their anticipated growth. The ADRC has expressed significant interest in relocating off campus in the near future which will free their space. A potential tenant is the relocation of our Adult Day Services program. Regardless, it is anticipated that whoever occupies this space, there will be likely renovations, the scope of which is unknown at this time.

Lake View Professional Plaza

The Lake View Professional Plaza is a separate building on the Southwest corner of our main campus but is connected through an underground walk-way. Currently, the first, second and part of the third floors of the Lake View Professional Plaza is occupied by Community Cares of Central Wisconsin (CCCW). The remainder of the third floor is occupied by Special Education who is interested in expanded space and will likely become the main tenant on the third floor over time. There is a risk that CCCW will continue to downsize or potentially move from this location as their lease expires at the end of 2016 and the Family Care program adapts through Family Care 2.0 recommendations. NCHC does not currently foresee major uses for this space if it becomes available at this time. Therefore, major long-term capital planning for this space is not anticipated at this time.

Health Care Center

The Health Care Center is the space between the Lake View Center and Mount View Care Center. There are two main sections for the Health Care Center that can be generally described as south and north of the cafeteria. The Health Care Center southern facility includes Administration and support services, Community Treatment, Outpatient and Birth to Three programs. The northern portion of the Health Care Center includes the Legacies Dementia programs (currently Evergreen, Gardenside Crossing and Lakeview Heights). The Adult Day Services program is part of this area but is anticipated to be relocated in our long-term planning. Behavioral Health and Emergency services programs are also located in the northern most portion of the Health Care Center and includes Crisis, Inpatient, Ambulatory Detox, Medically Monitored Treatment (MMT), CBRF, and youth stabilization programs.

Long-term, as the Evergreen program moves into the Mount View Care Center and the movement of ADS from this area occurs, there is significant opportunity to expand our Behavioral Health Services to better meet the community needs. The Gardenside Crossing and relocated Lakeview Heights programs would remain as part of the Health Care Center on the western and eastern ends of the northern portion of the Health Care Center.

There will be a major capital improvement request in 2018 for the Inpatient hospital to address the constraint the current unit provides with multiple bed rooms. The unit's design is not a contemporary care environment and has safety concerns. Additionally, the movement of the unit to single occupancy rooms would reduce the need for expensive diversions as a result of capacity issues related to single room assignments in a multi-bed environment. We are currently licensed for 16 beds with an emergency waiver to increase to 20 beds but are often faced with an artificial bed constrain when a patient needs a private accommodation. Along with the Inpatient remodel there will be a need to upgrade the Emergency and Crisis services intake area to support the expanded Emergency services model and improve patient experience in emergency assessment and treatment.

As the Lakeview Heights program is moved out of its current space above the inpatient unit it will provide the long-term opportunity to expand both the MMT and CBRF programs from 6 beds up to 20-24 beds each. The MMT program would provide an opportunity to be relocated onto one side of the current Lakeview Heights program to expand capacity to address the wait list for services of

approximately 150 people and counting. This move would increase the available beds up to 24 beds for MMT and CBRF would be able to expand from 6 beds to 12 beds within the current Lakeside Recovery footprint. During the remodel of the inpatient unit, the other side of the current Lakeview Heights program would be available for a temporary home for the inpatient unit during construction. When construction on the inpatient unit is complete, the CBRF could be moved upstairs and expanded to 20 beds adjoining the MMT program of 24 beds. Lastly, all these improvements and relocations are made; the current Lakeside Recovery space of 12 beds could be developed into an adolescent or geriatric psychiatric unit to further address community need. This final program expansion would be dependent on finding a physician and would be a request in 2019 or 2020.

As we consider long-term planning for the southern portion of the Health Care Center we are thinking out 5-10 years. This portion of our building contains a number of isolated outpatient programs and a maze of separate offices and hallways. Long-term this area would benefit from having one central outpatient and administrative services entrances where program coordination and support can be centralized for better patient experience and outcomes. Offices would be consolidated into two main areas, administration and outpatient services to include Community Treatment, Outpatient, Birth to Three and Adult Protective Services. There are operational efficiencies to be gained and an environment would be designed to support better outcomes.

Master Facility Plan

This document serves as the long-term facility vision. To materialize this vision, we need to engage in a long-term facility master planning initiative with Marathon County Facilities Management staff in addition to external resources to determine structurally how we achieve this vision and what are the potential costs. From there we can start to piece together the pro-forma projections on these projects. A detailed long-range facility plan would more adequately provide a visual for these moves and the major facility implications outside of making the spaces work for the capital planning objectives we laid out at the beginning of this plan, most importantly of which is the outcomes for those we serve.

Short-term projects, such as the Nursing Home and the Pool have more detail and are ready to move. However, in the absence of commitment to the Nursing Home project, there are a number of physical plant projects which must be addressed and will be requested in 2017 and 2018. If the Nursing Home project is initiated, these largely go away as part of the broader project.



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SUMMARY OF CURRENT (2017) MARATHON COUNTY CAPITAL PROJECT REQUESTS

PROJECT	DESCRIPTION OF PROJECT	ESTIMATED COSTS
Air Handler 1 & 2	Rebuild HVAC 1 & 2 – New coils, dampers, drive and fan unit	\$510,000
Asphalt Repair and Replacement	Replace the main road and small parking lot, crack fill all other parking lots	\$130,000
HCC Roofing	Replace roofing on MVCC, HCC link and Doctor's Suite	\$93,000
Legacies Flooring	Replace flooring on Evergreen	\$48,000
Mt. View Nursing Home Remodel	Remodel the 240 bed nursing home	\$15,000,000
MVCC Domestic Hot Water and Boiler Replacement*	New boilers and water tanks	\$425,000
MVCC Window Replacement*	Window replacement in the MVCC Building	\$437,750
New Aquatic Building	Build a new building for warm water therapy pool	\$7,400,000
Special Education Upgrades	Replace flooring, paint, and wallpaper in the entire Special Education space in LVPP	\$74,000
Purchasing Cooler/Freezer Replacement	Replace 44 year old walk-in cooler and freezer units	\$68,000
Rolling Stock	Replace Rolling Stock	\$222,000

*Projects included in the Nursing Home remodel project scope that will need to be addressed if further delay in the Remodel project occurs. If remodel project proceeds, these projects will not be additional separate requests.



Capital Improvement Project Forecast for Future Program Years

General Instructions for completing this form:

- Enter requested information after placing the cursor (point and click) in the corresponding gray-shaded blank.
- For all but the most obvious items, more detailed instructions are available by typing the F1 key while the cursor is placed on the corresponding blank.
- Each box will expand as necessary to include your text. Limits on text length are noted in the F1 instructions.
- Use the tab key to advance the cursor to the next blank; use shift/tab to move the cursor to the previous blank.

1. DEPARTMENT AND CONTACT INFORMATION

Department	North Central Health Care		
Submitted By	Michael Loy	Phone	715-848-4402
Date	May 10, 2016	Email	mloy@norcen.org

2. FORECASTED PROJECTS (1-5 years beyond next fiscal year)


Program Year	Project	Description of Project	Estimated Cost
2018	NCHC Boiler Replacement	Replace 45 year old steam boilers	\$2,000,000.00
2018	Replace Sloped Glazing	Replace leaking sloped window framing in LVC and HCC buildings	\$720,000.00
2018	HCC Phase 1	Inpatient /CBRF/MMT/Behavior Health and Crisis renovation	\$1,900,000.00
2018	HVAC Replacement in Pyramids	Replace the air handlers in the HCC units and related roof work	\$850,000.00
2018	LVPP 3 rd Floor Upgrade	Install new flooring, paint walls and new window treatments	\$66,000.00
2018	Rolling Stock	2 small bus/ 1 small dump truck /1 Van	\$190,000.00
2019	Brick Sealing	Seal the brick exterior on HCC,LVC,LVPP	\$172,000.00
2019	LVPP 2 nd Floor Upgrade	Paint and recarpet 2 nd floor of LVPP	\$155,000.00
2019	Laundry Windows	Replace laundry windows in plant	\$120,000.00
2019	HCC Phase 2	Inpatient /CBRF/MMT/Behavior Health and Crisis renovation	\$1,900,000.00
2019	Rolling Stock	2 Vans, 2 small cars	\$120,000.00
2019	Nurse Call Replacement	Replace nurse call in MVCC & HCC	\$245,000.00
2020	LVPP 1 st floor Upgrade	New flooring and paint on the 1 st floor of LVPP	\$130,000.00
2020	LED parking lot lighting	Replace the lighting on the road and HCC parking lots to LED	\$62,000.00
20			



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Budget Development Schedule for Calendar Year 2017

<u>2016 Dates</u>	<u>Purpose</u>	<u>Participants</u>
May 20, 2016	Distribute Budget files to Leadership	CFO/Accounting Assistant
May 26, 2016	County CIP requests due to NCHC Board	CEO
June 1, 2016	Strategic Discussion (2017 operational planning & dashboards)	Executive Team
June 3, 2016	County CIP requests due to County	CEO
June 6 – June 17, 2016	CFO & Program Leaders review Revenue Projections	Program Leaders/CFO/CEO
June 27, 2016	Discussion: Directors meeting	Directors/Executive Team
July 1, 2016	Budget files due to CFO	Program Leaders
July 1, 2016	Preliminary Revenue Projections	CFO
July 22, 2016	Summarize Preliminary Revenue and Expense Budget	CFO
July 2016	Continue Budget Process and Decisions	CFO/CEO
August 2016	Send Preliminary Reports to Programs for review	CFO/Program Leaders/CEO
	Programs begin working on Dashboards	Program Leaders
	Meet with County Finance Directors	CFO
September 30, 2016	Finalize Budget and Decisions	CEO/CFO/Executive Team
September 2016	Counties approve preliminary budget	
October 3 - 14, 2016	Prepare Budget Presentation	CFO
October 20, 2016	Mail Proposed Budget to Finance Committee & Board	CFO
October 27, 2016	Present Proposed Budget to Finance Committee & Board	CFO
October 27, 2016	Board Act on Budget	Board
November 2016	Prepare Approved Program Budgets	CFO/Accounting Assistant
November 2016	Dashboard Approval	Executive Team
	Distribute 2017 Budgets to Programs	CFO

Name of Policy: Funding Capital Assets	 North Central Health Care <small>Person centered. Outcome focused</small>
Policy #: LD-0049	
Primary Approving Body: Chief Financial Officer	Committee Approvals:

I. Policy Statement

It is the policy of North Central Health Care (NCHC) to establish guidelines that shall be used for funding capital assets. This will clarify when NCHC is responsible for providing the funding.

II. Purpose

To provide consistency and understanding of funding capital assets. To assure there is adequate funds available for purchasing assets within the approved time frame.

III. Definitions

Capital Asset-Assets that are used in operations and meet the threshold guidelines.

Moveable Equipment-Assets that are not part of the building or rolling stock.

Rolling Stock-Includes vehicles, buses, tractors and mowers.

IV. General Procedure

- 1) Capitalization of Assets is determined based on Policy #LD-0016.
- 2) Programs have the opportunity to request capital needs during the budget process. The CEO and CFO review the requests and review with the Finance Committee. The recommended list of capital items is presented to the NCHC Board with the annual budget. Upon Board approval, the approved capital for the following calendar year is established.
- 3) NCHC has an account for restricted assets designated for capital purchases. This is a cash account and adequate cash should be in this account to cover approved capital. Once capital is approved, funding will be available for the approved year and two consecutive years. If not purchased in this time frame, the request must be resubmitted through the budget process. Status of approved capital items will be maintained by Finance.
- 4) The Finance Committee will determine at the beginning of each calendar year if additional funds will be designated for back up, in the unforeseen event a capital item is needed that has not been budgeted.


- 5) Moveable Equipment of any cost is considered operational and is the responsibility of NCHC for funding. These items will adhere to the NCHC budget policy and approval.

V. Program-Specific Requirements:

Marathon County: The memorandum of understanding between North Central Health Care and Marathon County dated January 2016 for Capital Expenditures will be followed for building alterations and rolling stock.

- **Building Alterations:** NCHC will adhere to Marathon County's Capital Improvement Plan (CIP) for building alterations over \$30,000. Projects \$30,000 and under are considered maintenance projects for Marathon County purposes and NCHC will handle those operationally and financially. NCHC projects which are requested to be ranked but are not ranked high enough for CIP funding may be resubmitted for approval using NCHC restricted assets designated for capital purchases.
- **Rolling Stock:** Rolling stock, including vehicles, buses, tractors, and mowers, intended for Marathon County programs, shall fall under Marathon County's policy and procedures on rolling stock in determining need and replacement schedule. Purchases over \$5,000 shall be eligible for capital improvement funds. Purchases under \$5,000 shall be considered operational expenses from Marathon County's perspective and will be funded by North Central Health. Any rolling stock that is requested for funding but does not receive funding approval by Marathon County may be resubmitted the following year or may be funded by NCHC if it is determined the item is needed for a program and receives approval by the NCHC Board.

References:

Name of Policy: CAPTIALIZATION OF ASSETS	 <p>North Central Health Care Person centered. Outcome focused.</p>
Policy #: LD-0016	
Primary Approving Body: Chief Financial Officer	Committee Approvals:

I. Policy Statement

It is the policy of North Central Health Care (NCHC) to establish guidelines that shall be used to determine the threshold of when an item is capitalized or expensed. Capital assets will be capitalized and depreciated over the life of the asset.

II. Purpose

To provide consistency in determining a capital asset or minor equipment. This also assists with asset management and accountability within the organization.

III. Definitions

Capital Asset – Assets that are used in operations and meet the threshold guidelines.

Capitalization – To record an item on the balance sheet and depreciate the item over its useful life instead of expensing the item when it is purchased.

Depreciate – A method of allocating the cost of an asset over its useful life.

Useful Life – Period or length of time an asset is expected to be useful for the purpose it was acquired.

Straight-Line Depreciation – A method of calculating depreciation by taking an equal amount of the asset’s cost as an expense each year of the asset’s useful life.

Minor Equipment – Equipment with a value less than \$2,500.

IV. General Procedure

- 1) The threshold to capitalize depreciable assets is \$2,500 or more and having a useful life of two or more years.
- 2) Equipment like items that have a useful life greater than two years may be capitalized when purchased in aggregate or as part of a system used as a whole.
- 3) Funding for capital assets will be approved through the budget process. Once approved, funding for capital assets will be available for the approved year and two consecutive years. If not purchased in this time frame, the request must be resubmitted.
- 4) The straight-line depreciation method will be used for depreciating assets.

- 5) The American Hospitals Association Guidelines are used to determine the useful life.

V. Program-Specific Requirements:
None

References:

Memorandum of Understanding
Between
North Central Health Care
And
Marathon County
For Capital Expenditures

Purpose for the Memorandum of Understanding

As one of the three sponsoring counties of North Central Health Care (NCHC), Marathon County has a financial interest in the efficient operations of NCHC. In addition, the building occupied by NCHC in its Wausau location is a Marathon County building, so Marathon County has an interest in the maintenance and upkeep of the building.

This memorandum of understanding is developed for the purpose of clarifying and formalizing the working relationship between North Central Health Care (NCHC) and Marathon County for the construction and maintenance of the NCHC Wausau Campus, capital projects, and other capital purchases.

Building Alterations:

North Central Health Care will adhere to Marathon County's Capital Improvement Plan (CIP) for building alterations over \$30,000. Projects \$30,000 and under are considered maintenance projects for Marathon County purposes and NCHC will handle those operationally and financially.

North Central Health Care projects which are requested to be ranked but are not ranked high enough for CIP funding may be resubmitted for approval using NCHC restricted assets designated for capital purchases.

Moveable Equipment:

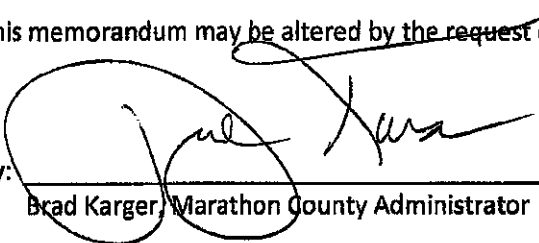
Moveable equipment of any cost is considered an operational expense, from Marathon County's perspective, and is the responsibility of NCHC. These items will adhere to NCHC's budget policy and approval.

Rolling Stock:

Rolling stock, including vehicles, buses, tractors, and mowers, intended for Marathon County programs, shall fall under Marathon County's policy and procedures on rolling stock in determining need and replacement schedule. Purchases over \$5,000 shall be eligible for capital improvement funds. Purchases under \$5,000 shall be considered operational expenses from Marathon County's perspective and will be funded by North Central Health Care. Any rolling stock that is requested for funding but does not receive

funding approval by Marathon County may be resubmitted the following year or may be funded by NCHC if it is deemed the item is needed for a program and receives approval by the NCHC Board.

This memorandum may be altered by the request of either party and approval of both parties.


By: 

Brad Karger, Marathon County Administrator

Date: 1-22-16

By: 

Gary Bezucha, CEO North Central Health Care

Date: 1-4-15 ²⁰¹⁶  2-17-16

North Central Health Care

Investment Policy

I. Introduction

The timely deposit and investment of North Central Health Care's (NCHC) cash is an important and integral part of the cash management program. The policy designates the Chief Financial Officer as the investment officer and with the authority to make the investment decisions and reports monthly to the North Central Health Care Finance Committee (Finance Committee) the status of the investments. The Finance Committee recommends the policy for approval to the North Central Community Services Program Board (Board). Any recommended changes will also be recommended by the Finance Committee to the Board for approval. The Investment Policy shall be reviewed annually by the Finance Committee.

II. Statement of Purpose

The purpose of the Investment Policy is to formulate investment guidelines that allow the opportunity for investments that are prudent and beneficial for NCHC and meet WI Statutes 66.0603. The policy also establishes the guidelines for investments which allow the investment officer to make decisions on investment opportunities.

III. Goals and Objectives

The primary objectives of North Central Health Care's investment activities, in priority order, shall be safety, liquidity, and yield.

1. Safety: The safety of the principal shall be the foremost objective of the investment program. NCHC's investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
 - a. Credit Risk : which is the risk of loss due to the failure of the security issuer or backer, will be minimized by:
 - Limiting investments to the types of securities as allowed by the investment policy
 - Prequalifying the financial institute in which NCHC will do business with in accordance with Section V,
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one issuer will be minimized.

- b. Interest Rate Risk: which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, will be minimized by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell or redeem securities prior to maturity,
 - Investing operating funds primarily in shorter-term securities or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (per section VIII).
2. **Liquidity**: The investment portfolio shall remain sufficiently liquid to meet operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature to meet anticipated cash needs. Since all possible cash demands cannot be anticipated, the portfolio should consist of securities to meet unanticipated cash needs in the event they arise. A portion of the portfolio may be placed in local government investment pools which offer same day liquidity for short term funds.
3. **Yield**: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk and constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall be generally held until maturity with the following exceptions:
- A security with declining credit may be sold or redeemed early to minimize loss of principle,
 - Liquidity needs of the portfolio require that the security be sold.
4. **Other considerations**: The portfolio should be built to allow NCHC to have ample cash to meet operation needs for 3 to 6 months in the event routine cash flow is jeopardized. The status of this section will be reviewed by the finance committee on an annual basis.

IV. Standards of Care

1. Prudence: The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the content of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of North Central Health Care.
3. Delegation of Authority: Authority to manage the investment program is granted to the Chief Financial Officer, referred to as investment officer. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The North Central Community Services Program Board may also delegate its investment decision making authority to the Chief Executive Officer (CEO), and may seek advice from another party, such as an investment advisor.

V. Authorized Financial Institutions

North Central Health Care will maintain a listing of all institutions that hold funding on behalf of the organization. The financial institutions must be qualified for investment transactions, must comply with state and federal capital adequacy guidelines, maintain adequate insurance coverage, and submit evidence to NCHC. The investment officer is responsible for obtaining the required information. The Finance Committee will review the criteria on an annual basis and may modify criteria.

VI. Safekeeping and Internal Controls

Securities will be held by third party custodians selected by North Central Health Care and evidenced by safekeeping receipts in the NCHC's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Audit Standards No. 70 or SAS70) as requested by North Central Health Care or its independent auditors.

VII. Permitted Investments

Permitted investments will be made in accordance with Section 66.0603 of the Wisconsin Statutes governing investment practices and with this policy. Permitted investments are:

- Certificate of Deposit (CD): An interest bearing negotiable time deposit of fixed maturity at a commercial bank.
- Local Government Investment Pool: An aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment by the State of WI Investment Board.
- Government Obligations: Financial debt instruments backed by the United States government, such as Treasury Bills or Treasury Notes. A Treasury Bill has \$1,000 denominations that mature in less than one year. A Treasury Note has \$1,000 denominations that mature in 1 to 10 years.

VIII. Investment Parameters

- Investments shall be made with institutions that meet the criteria as indicated in this policy.
- The investment portfolio shall include no more than 60% of investments at one institution.
- Investments are limited to the State of Wisconsin.
- The investment portfolio may have investment times at different levels such as 6 months, 1 year, or longer than 1 year. For investments exceeding 1 year of maturity, penalties for early withdrawal must be reviewed by the investment officer.

IX. Reporting

A summary of investments will be provided to the Finance Committee on monthly basis. The summary will include by security the location, principal amount, interest rate, and maturity date. The investment portfolio will also be reviewed during the annual financial audit. Any policy concerns will be addressed by the Finance Committee.

X. Policy Considerations

- Exemption: Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
- Amendments: This policy shall be reviewed on an annual basis. Any changes must be approved the Finance Committee, as well as with individuals charged with maintaining this policy.

XI. Approval of Investment Policy

The investment policy shall be formally approved and adopted by the North Central Community Services Program Board and reviewed annually by the Finance Committee.

Recommended: December 22, 2011 by North Central Health Care Finance Committee

Approved: January 26, 2012 by North Central Community Services Program Board

