



## 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, June 30<sup>th</sup>, 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. Approval of 5/26/2016 Finance, Personnel & Property Committee Meetings Minutes
3. April Financials
  - a) Accept the Financial Report and May Financial Statements
  - b) Review Write-offs
4. CFO Report
5. Update on 2017 Budget Process
6. Presentation and Discussion of Fund Balance
7. Discussion of Investment Policy
8. Future Agendas
9. 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: 06/24/16 TIME: 4:00 PM  
VIA: FAX: X MAIL: X  
BY: D. Osowski

#### THIS NOTICE POSTED AT:

North Central Health Care  
DATE: 06/24/16 TIME: 4:00 PM  
By: Debbie Osowski

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**

May 26, 2016

11:00 a.m.

NCHC – Wausau Health Care Center

**Present:**

X	Randy Balk	X	Bill Miller	EXC	Robin Stowe
X	Bob Weaver	X	Jeff Zriny		

Others Present: Michael Loy, Brenda Glodowski

Guest: Rick Seefeldt

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

Minutes

- **Motion**/second, Miller/Weaver, to approve the minutes of the 4/28/16 Finance, Personnel & Property Committee meeting. Motion carried.

Financials

- April financials were reviewed.
- There was a small gain in April. The hospital census was ahead of target. Nursing Home revenues are struggling. Nursing Home census averaged 204 with a target of 213. The month of May has seen an improvement in the nursing home census averaging 207-208. Medicare census improved with an average of 22 compared to the target of 23.
- Overall, Outpatient areas were at target with some areas exceeding target.
- Making progress with expenses with benefits back on target for the month, however, health insurance year to date is still high. State institute expenses continue to be over target, and drugs were also high during the month.
- Nursing Home is showing a loss of \$569,000 to date which is reflective of the low census. Administrator is managing expenses. Based on the presentation by Wipfli a year or two ago, a decline in revenue was anticipated if the upgrades to the nursing were not completed; so this is not a surprise as a result of the 'no action' by the County. The Nursing Home Operating Committee is diligently working on an action plan.
- Committee expressed concern that the county has not yet released the \$475,000, or even a partial payment, to cover the additional expenses incurred in 2016 following the additional services requested.
- **Motion**/second, Miller/Balk , to approve the April financial statements. Motion carried.

Write-off's

- Nothing significant to report. No questions/concerns.

CFO Report

- Vendor for nursing home billing software (ECS) is onsite this week building the billing system. On target to proceed with parallel billing in July.
- Days in Accounts Receivable measure is within the target range for the third month in a row; currently at 64 days (target is 60-65 days).

#### Review and Discussion of Capital Policy/Processes and Discussion: 2017 Budget Process

- Budget process begins in May and will be a topic on the agenda each month throughout the budget process; will bring updates each month and review proposed budget prior to Board approval.
- Committee reviewed the Capital Policy in February but wanted to review capital component again.
- Committee reviewed what the 'undesignated funds' component consists of as well as our goal to have 90 days invested cash on hand.
- Committee requested to have a review of the Fund Balance at the next meeting.

#### Approval of 5-Year Capital Plan and Marathon County 2017 CIP Requests

- Items that impact the facility/capital are submitted to Marathon County CIP for approval in the county budget.
- 2017 projects were submitted to the Health & Human Services Committee for approval as required. Health & Human Services recommended approval of all items except the pool and nursing home projects which will be handled separately. CIP will provide their determination by the end of July. We will then need to build into our budget anything that is not approved through CIP.
- **Motion/second, Miller/Balk**, to approval the 5-year facilities capital plan for recommendation to the Board for approval with the exception of the nursing home remodeling and pool. Motion carried.

#### Consideration of Collateralization of Funds Requirements in the Investment Policy

- Background: Eight to nine years ago NCHC had limited investments and cash backup. An objective at that time as an organization was to build reserves. Our targets were identified and a policy developed which identifies invested cash and 90 days cash on hand (90 days is a standard in healthcare).
- Last year the Finance Committee discussed the potential of collateralizing funds. We began to pursue this process with Abby Bank, as it holds the majority of our CD's, which took several months to accomplish. Not all banks are willing to do this.
- Collateralization is a pledge of a government agency to cover the funds should the bank fail. This is not a normal process in health care.
- Committee recommended a discussion on collateralization be done with Marathon County Finance Director along with a review of our policy.
- CFO requested additional direction/review of 'not insured'.

#### Future agendas:

- Update on 2017 Budget Process
- Fund Balance
- Investment Policy

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

## MEMO

**TO:** North Central Health Care Finance Committee  
**FROM:** Brenda Glodowski  
**DATE:** June 16, 2016  
**RE:** Attached Financials

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

### **BALANCE SHEET**

Most areas remain consistent with prior months. Patient Accounts Receivable continues to improve; the balance in this account continues to decrease.

### **STATEMENT OF REVENUE AND EXPENSES**

The month of May shows a loss of \$343,318, compared to a target loss of \$32,360, resulting in a negative variance of \$310,959.

Overall revenue slipped below targets for May. The hospital census dropped to an average of 12, compared to the target of 14. The nursing home census improved, showing an average of almost 209 per day. The target is 210 per day. The Medicare census, however, dropped in May to an average of 21 per day; the target is 23. Outpatient areas are remaining stable but some are still below targets.

Overall expenses continue to exceed budget targets. Health insurance exceeded budget targets again in May by \$119,000. State institutions continue to exceed targets, and are over by \$162,000 for May. Crisis and the hospital continue to exceed budget targets, and as indicated in prior months, are likely to exceed targets 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  
MAY 2016**

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
Current Assets:				
Cash and cash equivalents	4,228,669	1,051,631	5,280,300	7,367,617
Accounts receivable:				
Patient - Net	3,294,657	3,458,943	6,753,600	7,683,372
Outpatient - WIMCR	500,000	0	500,000	409,167
Nursing home - Supplemental payment program	0	294,100	294,100	309,680
Marathon County	189,754	0	189,754	72,809
Net state receivable	114,552	0	114,552	989,427
Other	286,046	0	286,046	180,948
Inventory	0	303,535	303,535	273,822
Other	<u>605,255</u>	<u>512,895</u>	<u>1,118,150</u>	<u>482,418</u>
Total current assets	<u>9,218,933</u>	<u>5,621,105</u>	<u>14,840,038</u>	<u>17,769,259</u>
Noncurrent Assets:				
Investments	9,800,000	0	9,800,000	7,108,686
Assets limited as to use	1,937,716	893,082	2,830,798	2,191,315
Restricted assets - Patient trust funds	26,444	43,947	70,391	54,244
Net pension asset	2,642,551	2,204,387	4,846,938	0
Nondepreciable capital assets	237,039	537,151	774,190	1,188,620
Depreciable capital assets - Net	<u>7,579,245</u>	<u>3,346,456</u>	<u>10,925,701</u>	<u>10,501,630</u>
Total noncurrent assets	<u>22,222,994</u>	<u>7,025,023</u>	<u>29,248,018</u>	<u>21,044,495</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>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>34,087,151</b></u>	<u><b>14,852,746</b></u>	<u><b>48,939,897</b></u>	<u><b>38,813,754</b></u>

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

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
<b>Current Liabilities:</b>				
Current portion of related-party note payable	151,257	0	151,257	148,264
Accounts payable - Trade	855,804	748,027	1,603,831	1,599,518
Appropriations advances	575,894	141,667	717,561	747,761
<b>Accrued liabilities:</b>				
Salaries and retirement	747,913	623,901	1,371,814	1,504,219
Compensated absences	912,278	761,013	1,673,291	1,647,670
Health and dental insurance	467,236	389,764	857,000	652,000
Other Payables	223,741	186,642	410,383	422,809
Amounts payable to third-party reimbursement programs	433,333	0	433,333	354,322
Unearned revenue	<u>135,130</u>	<u>0</u>	<u>135,130</u>	<u>188,513</u>
Total current liabilities	<u>4,502,587</u>	<u>2,851,013</u>	<u>7,353,599</u>	<u>7,265,075</u>
<b>Noncurrent Liabilities:</b>				
Related-party note payable	636,181	0	636,181	787,438
Patient trust funds	<u>26,431</u>	<u>43,887</u>	<u>70,318</u>	<u>54,163</u>
Total noncurrent liabilities	<u>662,612</u>	<u>43,887</u>	<u>706,499</u>	<u>841,601</u>
Total liabilities	<u>5,165,199</u>	<u>2,894,899</u>	<u>8,060,098</u>	<u>8,106,676</u>
Deferred inflows of resources - Related to pensions	<u>46,273</u>	<u>38,600</u>	<u>84,873</u>	<u>0</u>
<b>Net Position:</b>				
Net investment in capital assets	7,816,284	3,883,607	11,699,891	11,690,250
Unrestricted	16,322,160	4,292,756	20,614,917	17,992,016
Restricted - Pension benefit	5,235,835	4,367,677	9,603,512	0
Operating Income / (Loss)	<u>(498,599)</u>	<u>(624,794)</u>	<u>(1,123,393)</u>	<u>1,024,811</u>
Total net position	<u>28,875,680</u>	<u>11,919,247</u>	<u>40,794,926</u>	<u>30,707,077</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>34,087,151</u>	<u>14,852,746</u>	<u>48,939,897</u>	<u>38,813,754</u>

**NORTH CENTRAL HEALTH CARE  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR PERIOD ENDING MAY 31, 2016**

<b>TOTAL</b>	<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>
<b>Revenue:</b>						
Net Patient Service Revenue	<u>\$3,489,541</u>	<u>\$3,629,945</u>	<u>(\$140,404)</u>	<u>\$17,844,975</u>	<u>\$17,967,135</u>	<u>(\$122,159)</u>
<b>Other Revenue:</b>						
State Match / Addendum	324,658	325,120	(462)	1,623,290	1,625,598	(2,308)
Grant Revenue	190,312	190,628	(316)	983,963	952,872	31,091
County Appropriations - Net	740,619	740,566	53	3,703,095	3,702,828	267
Departmental and Other Revenue	<u>126,098</u>	<u>200,733</u>	<u>(74,635)</u>	<u>941,598</u>	<u>1,003,215</u>	<u>(61,617)</u>
Total Other Revenue	<u>1,381,687</u>	<u>1,457,047</u>	<u>(75,359)</u>	<u>7,251,946</u>	<u>7,284,513</u>	<u>(32,567)</u>
Total Revenue	4,871,228	5,086,993	(215,764)	25,096,922	25,251,648	(154,726)
<b>Expenses:</b>						
Direct Expenses	3,929,981	3,695,595	234,386	19,749,153	18,094,250	1,654,902
Indirect Expenses	<u>1,303,659</u>	<u>1,431,258</u>	<u>(127,599)</u>	<u>6,531,700</u>	<u>7,102,320</u>	<u>(570,619)</u>
Total Expenses	<u>5,233,640</u>	<u>5,126,853</u>	<u>106,787</u>	<u>26,280,853</u>	<u>25,196,570</u>	<u>1,084,283</u>
Operating Income (Loss)	<u>(362,412)</u>	<u>(39,860)</u>	<u>(322,552)</u>	<u>(1,183,931)</u>	<u>55,078</u>	<u>(1,239,009)</u>
<b>Nonoperating Gains (Losses):</b>						
Interest Income	10,919	7,500	3,419	47,231	37,500	9,731
Donations and Gifts	8,174	0	8,174	13,307	0	13,307
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>19,093</u>	<u>7,500</u>	<u>11,593</u>	<u>60,538</u>	<u>37,500</u>	<u>23,038</u>
Operating Income / (Loss)	<u>(\$343,318)</u>	<u>(\$32,360)</u>	<u>(\$310,959)</u>	<u>(\$1,123,393)</u>	<u>\$92,578</u>	<u>(\$1,215,971)</u>

**NORTH CENTRAL HEALTH CARE  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR PERIOD ENDING MAY 31, 2016**

<b>51.42/.437 PROGRAMS</b>	CURRENT MONTH <u>ACTUAL</u>	CURRENT MONTH <u>BUDGET</u>	CURRENT MONTH <u>VARIANCE</u>	YTD <u>ACTUAL</u>	YTD <u>BUDGET</u>	YTD <u>VARIANCE</u>
Revenue:						
Net Patient Service Revenue	<u>\$1,431,005</u>	<u>\$1,543,572</u>	<u>(\$112,567)</u>	<u>\$7,853,392</u>	<u>\$7,672,505</u>	<u>\$180,887</u>
Other Revenue:						
State Match / Addendum	324,658	325,120	(462)	1,623,290	1,625,598	(2,308)
Grant Revenue	190,312	190,628	(316)	983,963	952,872	31,091
County Appropriations - Net	598,953	598,899	54	2,994,765	2,994,495	270
Departmental and Other Revenue	<u>84,400</u>	<u>169,437</u>	<u>(85,038)</u>	<u>675,472</u>	<u>846,737</u>	<u>(171,265)</u>
Total Other Revenue	<u>1,198,323</u>	<u>1,284,084</u>	<u>(85,761)</u>	<u>6,277,490</u>	<u>6,419,702</u>	<u>(142,212)</u>
Total Revenue	2,629,328	2,827,657	(198,329)	14,130,882	14,092,207	38,675
Expenses:						
Direct Expenses	2,271,802	2,044,970	226,832	11,071,609	10,000,883	1,070,725
Indirect Expenses	<u>661,295</u>	<u>818,376</u>	<u>(157,081)</u>	<u>3,615,051</u>	<u>4,061,021</u>	<u>(445,971)</u>
Total Expenses	<u>2,933,097</u>	<u>2,863,346</u>	<u>69,751</u>	<u>14,686,659</u>	<u>14,061,905</u>	<u>624,755</u>
Operating Income (Loss)	<u>(303,769)</u>	<u>(35,689)</u>	<u>(268,080)</u>	<u>(555,778)</u>	<u>30,302</u>	<u>(586,080)</u>
Nonoperating Gains (Losses):						
Interest Income	10,919	7,500	3,419	47,231	37,500	9,731
Donations and Gifts	6,983	0	6,983	9,947	0	9,947
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>17,902</u>	<u>7,500</u>	<u>10,402</u>	<u>57,179</u>	<u>37,500</u>	<u>19,679</u>
Operating Income / (Loss)	<u>(\$285,867)</u>	<u>(\$28,189)</u>	<u>(\$257,678)</u>	<u>(\$498,599)</u>	<u>\$67,802</u>	<u>(\$566,401)</u>



**NORTH CENTRAL HEALTH CARE  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR PERIOD ENDING MAY 31, 2016**

<b>NURSING HOME</b>	<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>\$2,058,536</u>	<u>\$2,086,373</u>	<u>(\$27,837)</u>	<u>\$9,991,584</u>	<u>\$10,294,630</u>	<u>(\$303,046)</u>
Other Revenue:						
County Appropriations - Net	141,666	141,667	(1)	708,330	708,333	(3)
Departmental and Other Revenue	<u>41,698</u>	<u>31,296</u>	<u>10,403</u>	<u>266,126</u>	<u>156,478</u>	<u>109,648</u>
Total Other Revenue	<u>183,364</u>	<u>172,962</u>	<u>10,402</u>	<u>974,456</u>	<u>864,811</u>	<u>109,645</u>
Total Revenue	2,241,899	2,259,335	(17,435)	10,966,040	11,159,441	(193,402)
Expenses:						
Direct Expenses	1,658,180	1,650,625	7,554	8,677,544	8,093,367	584,177
Indirect Expenses	<u>642,364</u>	<u>612,882</u>	<u>29,482</u>	<u>2,916,650</u>	<u>3,041,298</u>	<u>(124,649)</u>
Total Expenses	<u>2,300,543</u>	<u>2,263,507</u>	<u>37,036</u>	<u>11,594,193</u>	<u>11,134,665</u>	<u>459,528</u>
Operating Income (Loss)	<u>(58,644)</u>	<u>(4,172)</u>	<u>(54,471)</u>	<u>(628,154)</u>	<u>24,776</u>	<u>(652,930)</u>
Nonoperating Gains (Losses):						
Interest Income	0	0	0	0	0	0
Donations and Gifts	1,192	0	1,192	3,360	0	3,360
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>1,192</u>	<u>0</u>	<u>1,192</u>	<u>3,360</u>	<u>0</u>	<u>3,360</u>
Operating Income / (Loss)	<u>(\$57,452)</u>	<u>(\$4,172)</u>	<u>(\$53,280)</u>	<u>(\$624,794)</u>	<u>\$24,776</u>	<u>(\$649,570)</u>

NORTH CENTRAL HEALTH CARE  
 REPORT ON AVAILABILITY OF FUNDS  
 May 31, 2016

BANK	LENGTH	MATURITY DATE	INTEREST RATE	AMOUNT	Collateralized
Abby Bank	365 Days	07/19/2016	0.75%	\$500,000	X
People's State Bank	365 Days	08/21/2016	0.50%	\$500,000	
BMO Harris	395 Days	08/26/2016	0.50%	\$500,000	
Abby Bank	365 Days	08/29/2016	0.75%	\$500,000	X
Abby Bank	456 Days	09/01/2016	0.95%	\$500,000	X
CoVantage Credit Union	456 Days	09/01/2016	1.00%	\$500,000	
People's State Bank	365 Days	10/30/2016	0.55%	\$500,000	
Abby Bank	365 Days	01/06/2017	0.75%	\$500,000	X
Abby Bank	730 Days	02/25/2017	0.80%	\$500,000	X
People's State Bank	395 Days	03/28/2017	0.65%	\$250,000	
CoVantage Credit Union	455 Days	03/30/2017	1.00%	\$500,000	
CoVantage Credit Union	578 Days	05/07/2017	1.05%	\$500,000	
BMO Harris	365 Days	05/28/2017	0.80%	\$500,000	
People's State Bank	395 Days	05/29/2017	0.75%	\$350,000	
People's State Bank	395 Days	05/30/2017	0.75%	\$500,000	
CoVantage Credit Union	578 Days	07/28/2017	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	03/15/2018	1.20%	\$400,000	X
Abby Bank	730 Days	05/03/2018	1.20%	\$500,000	X
TOTAL FUNDS AVAILABLE				\$9,800,000	
WEIGHTED AVERAGE		509.17 Days	0.873% INTEREST		

# NCHC-DONATED FUNDS

## Balance Sheet

As of May 31, 2016

### ASSETS

#### Current Assets

##### Checking/Savings

##### CHECKING ACCOUNT

Adult Day Services	4,989.38
Adventure Camp	798.41
Birth to 3 Program	2,035.00
Clubhouse	24,017.86
Community Treatment	10,366.66
Fishing Without Boundries	3,913.00
General Donated Funds	61,743.21
Housing - DD Services	1,370.47
Langlade HCC	3,309.63
Legacies by the Lake	
Music in Memory	1,648.25
Legacies by the Lake - Other	4,143.50
Total Legacies by the Lake	5,791.75
Marathon Cty Suicide Prev Task	10,796.42
National Suicide Lifeline Stipe	3,176.37
Northern Valley West	1,966.00
Nursing Home - General Fund	1,956.81
Outpatient Services - Marathon	101.08
Pool	9,550.33
Prevent Suicide Langlade Co.	2,444.55
Resident Council	1,021.05
United Way	460.00

Total CHECKING ACCOUNT 149,807.98

Total Checking/Savings 149,807.98

Total Current Assets 149,807.98

**TOTAL ASSETS 149,807.98**

### LIABILITIES & EQUITY

#### Equity

Opening Bal Equity	123,523.75
Retained Earnings	35,991.07
Net Income	-9,706.84

Total Equity 149,807.98

**TOTAL LIABILITIES & EQUITY 149,807.98**

## North Central Health Care Budget Revenue/Expense Report

Month Ending May 31, 2016

ACCOUNT DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	YTD ACTUAL	YTD BUDGET	DIFFERENCE
<b><u>REVENUE:</u></b>					
TOTAL NET REVENUE	4,871,228	5,086,993	25,096,922	25,251,648	(154,726)
<b><u>EXPENSES:</u></b>					
Salaries and Wages	2,539,827	2,636,578	12,515,384	12,827,646	(312,262)
Fringe Benefits	1,061,520	976,665	5,238,950	4,751,877	487,073
Departments Supplies	64,011	466,527	2,223,135	2,332,636	(109,501)
Purchased Services	309,098	270,981	1,925,671	1,369,907	555,764
Utilitites/Maintenance Agreements	308,185	323,097	1,717,461	1,649,483	67,977
Personal Development/Travel	26,691	39,229	171,676	196,146	(24,470)
Other Operating Expenses	120,551	153,317	517,339	766,584	(249,244)
Insurance	36,844	47,292	185,222	236,458	(51,237)
Depreciation & Amortization	134,567	138,167	671,408	690,833	(19,426)
Client Purchased Services	<u>632,347</u>	<u>75,000</u>	<u>1,114,608</u>	<u>375,000</u>	<u>739,608</u>
<b>TOTAL EXPENSES</b>	<b>5,233,640</b>	<b>5,126,853</b>	<b>26,280,853</b>	<b>25,196,570</b>	<b>1,084,283</b>
<b>EXCESS REVENUE (EXPENSE)</b>	<b>(362,412)</b>	<b>(39,860)</b>	<b>(1,183,931)</b>	<b>55,078</b>	<b>(1,239,009)</b>

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

	<u>Current Month</u>	<u>Current Year To Date</u>	<u>Prior Year To Date</u>
<b><i>Inpatient:</i></b>			
Administrative Write-Off	\$67,972	\$91,934	\$11,007
Bad Debt	\$5,958	\$8,244	\$697
<b><i>Outpatient:</i></b>			
Administrative Write-Off	\$32,270	\$44,578	\$37,073
Bad Debt	\$1,192	\$3,904	\$4,685
<b><i>Nursing Home:</i></b>			
Daily Services:			
Administrative Write-Off	\$13,877	(\$4,189)	\$0
Bad Debt	\$0	\$5,394	\$20,852
Ancillary Services:			
Administrative Write-Off	\$9,596	\$4,727	\$9,116
Bad Debt	\$0	(\$126)	\$0
<b>Pharmacy:</b>			
Administrative Write-Off	\$0	\$0	\$0
Bad Debt	\$0	\$0	\$0
<b>Total - Administrative Write-Off</b>	<b>\$123,715</b>	<b>\$137,050</b>	<b>\$57,196</b>
<b>Total - Bad Debt</b>	<b>\$7,150</b>	<b>\$17,416</b>	<b>\$26,234</b>

**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>
<b>January</b>	Nursing Home	6,510	6,441	(69)	87.50%	86.57%
	Hospital	434	402	(32)	87.50%	81.05%
<b>February</b>	Nursing Home	6,090	5,953	(137)	87.50%	85.53%
	Hospital	406	407	1	87.50%	87.72%
<b>March</b>	Nursing Home	6,510	6,363	(147)	87.50%	85.52%
	Hospital	434	459	25	87.50%	92.54%
<b>April</b>	Nursing Home	6,300	6,131	(169)	87.50%	85.15%
	Hospital	420	462	42	87.50%	96.25%
<b>May</b>	Nursing Home	6,510	6,467	(43)	87.50%	86.92%
	Hospital	434	377	(57)	87.50%	76.01%
<b>June</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
<b>July</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
<b>August</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
<b>September</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
<b>October</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
<b>November</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%
<b>December</b>	Nursing Home			0	0.00%	0.00%
	Hospital			0	0.00%	0.00%

**North Central Health Care  
Discussion of Fund Balance  
June, 2016**

**Definitions:**

**Generally Accepted Accounting Principles (GAAP):** The standard framework of guidelines for financial accounting. (NCHC follows GAAP).

**Government Accounting Standards Board (GASB):** The independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.

GASB is recognized by government, the accounting industry, and the capital markets as the official source of Generally Accepted Accounting Principles (GAAP) for state and local governments.

- GASB Statement No. 54, Fund Balance and Governmental Fund Type, describes fund balance reporting.
- Fund Balance is the difference between assets and liabilities in a governmental fund.
- The fund balance is essentially what is left over after the fund's assets have been used to meet its liabilities.
- The general fund accounts for all reporting not in another fund.
- Fund balance is reported as restricted or unrestricted. Restricted funds are appropriated for a specific purpose. Unrestricted funds can be used for any purpose.

**North Central Health Care Fund Balance reporting: (Net Position)**

- Net position consists of net investment in capital assets and unrestricted fund balance.
- NCHC fund balances include Marathon County, Langlade County, Lincoln County, Nursing Home
- Net Income or Loss is included at the end of each year.
- Contributed capital is updated each year.
- Changes in assets/liabilities are included.
- Net position reflects the percentage of ownership of each entity within NCHC.

**North Central Health Care  
Summary of Fund Balance (Net Position)  
As of 12/31/2015 (Audit)**

Cash	\$213,604	
Investments	\$9,800,000	
Assets Limited to Use (Approved Capital)	\$1,686,228	
Accounts Receivable	\$8,680,213	
Inventory	\$303,535	
Prepaid Insurance and Agreements	\$267,795	
Deferred Outflow of Resources-Pension	\$4,851,842	
<b>Balance-Unrestricted</b>		<b>\$25,803,217</b>
<b>Balance-Related to Pension Benefits</b>		<b>\$4,762,065</b>
<b>Balance-Net Investment in Capital Assets</b>		<b>\$11,234,668</b>
<b>Fund Balance (Net Position) at 12/31/2015</b>		<b>\$41,799,950</b>



**North Central Health Care  
Analysis of Fund Balance  
As of 12/31/2015 (Audit)**

<b>Assets:</b>		<b>Liabilities: (offsetting)</b>		<b>Balance: Fund Balance</b>
Cash	\$4,987,067	Accounts Payable-Trade	\$1,120,826	
		Payroll and related payroll accruals	\$1,564,978	
		Compensated Absences	\$1,491,802	
		Other (unemploy., HRA, Asbestos Liab.)	\$410,383	
		Payable to Third Party Programs	\$350,000	
			\$4,937,989	\$49,078
COP Risk Reserve	\$188,679	Unearned Revenue-COP Risk Reserve	\$188,679	\$0
Health and Dental Insurance	\$857,000	Health and Dental Insurance	\$857,000	\$0
Donated Funds	\$159,689			\$159,689
Petty Cash	\$4,837			\$4,837
<b>Total Cash and Cash Equivalants</b>	<b>\$6,197,272</b>			<b>\$213,604</b>
Investments	\$9,800,000		\$0	\$9,800,000
Assets Limited to Use: (Approved Capital)	\$1,686,228		\$0	\$1,686,228
Accounts Receivable	\$9,564,852	Unearned Revenue- State Revenue (CARS)	\$884,639	\$8,680,213
Patient Trust Funds	\$66,260	Patient Trust Funds	\$66,260	\$0
Inventory	\$303,535		\$0	\$303,535
Other (prepaid insurance/agreements)	\$267,795		\$0	\$267,795
Deferred outflow of resources-pensions	\$4,851,842		\$0	\$4,851,842
<b>Balance-Unrestricted</b>				<b>\$25,803,217</b>
Net Pension Asset	\$4,846,938	Deferred inflows of resources	\$84,873	\$4,762,065
Balance-Restricted for Pension Benefits				<b>\$4,762,065</b>
Nondepreciable capital assets	\$570,184			
Depreciable capital assets-net	\$11,451,922	Current and long term portion of Notes Payable	\$787,438	\$11,234,668
Balance-Net Investment in Capital Assets				<b>\$11,234,668</b>
<b>Total Assets</b>	<b>\$49,606,828</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$7,806,878</b>	<b>\$41,799,950</b>

# North Central Health Care

## Combined Statements of Net Position

December 31, 2015 and 2014

<i>Assets and Deferred Outflows of Resources</i>	2015	2014
Current assets:		
Cash and cash equivalents	\$ 6,197,272	\$ 5,966,816
Accounts receivable:		
Patient - Net	7,544,455	7,829,361
Outpatient WIMCR	475,000	365,000
Nursing home - Supplemental payment program	-	1,006,000
Marathon County	803,202	420,619
Net state receivable	94,904	79,848
Other	647,291	156,888
Inventory	303,535	273,822
Other	267,795	95,200
Total current assets	16,333,454	16,193,554
Noncurrent assets:		
Investments	9,800,000	8,043,885
Assets limited as to use	1,686,228	1,256,115
Restricted assets - Patient trust funds	66,260	56,276
Net pension asset	4,846,938	-
Nondepreciable capital assets	570,184	390,903
Depreciable capital assets - Net	11,451,922	10,855,164
Total noncurrent assets	28,421,532	20,602,343
Deferred outflows of resources - Related to pensions	4,851,842	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 49,606,828</b>	<b>\$ 36,795,897</b>

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	2015	2014
Current liabilities:		
Current portion of related-party note payable	\$ 151,257	\$ 148,264
Accounts payable - Trade	1,120,826	1,065,341
Accrued liabilities:		
Salaries and retirement	1,564,978	1,342,576
Compensated absences	1,491,802	1,525,752
Health and dental insurance	857,000	652,000
Other	410,383	422,809
Amounts payable to third-party reimbursement programs	350,000	426,000
Unearned revenue	1,073,318	686,444
<b>Total current liabilities</b>	<b>7,019,564</b>	<b>6,269,186</b>
Noncurrent liabilities:		
Related-party note payable	636,181	787,438
Patient trust funds	66,260	57,008
<b>Total noncurrent liabilities</b>	<b>702,441</b>	<b>844,446</b>
<b>Total liabilities</b>	<b>7,722,005</b>	<b>7,113,632</b>
Deferred inflows of resources - Related to pensions	84,873	-
Net position:		
Net investment in capital assets	11,234,668	10,310,365
Restricted for pension benefits	4,762,065	-
Unrestricted	25,803,217	19,371,900
<b>Total net position</b>	<b>41,799,950</b>	<b>29,682,265</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 49,606,828</b>	<b>\$ 36,795,897</b>

# North Central Health Care

## Notes to Combined Financial Statements


### Note 8 Leases

NCHC has operating leases for apartments and group homes and various equipment. NCHC leases three group homes from Marathon County. Rental expense on the related-party group homes amounted to \$31,600 and \$31,200 in 2015 and 2014, respectively. Total rental expense on all operating leases amounted to \$837,258 and \$604,367 in 2015 and 2014, respectively.

### Note 9 Net Position

Net position consists of the following:

	51.421.437 Program			Nursing Home - Marathon County	Total
	Marathon County	Lantern County	Lincoln County		
Balance at January 1, 2014	\$ 17,485,414	\$ 1,172,141	\$ 1,625,670	\$ 8,216,192	\$ 28,499,417
Income (loss) before contributed capital and net position transfer	1,904,678	257,710	287,697	(1,811,617)	638,468
Net position transfer	(2,432,656)	-	-	2,432,656	-
Contributed capital	308,839	-	-	235,541	544,380
Balance at December 31, 2014	17,266,275	1,429,851	1,913,367	9,072,772	29,682,265
Income (loss) before contributed capital	1,041,771	56,880	46,159	(483,031)	661,779
Cumulative effect of accounting change	4,266,490	498,970	470,375	4,367,677	9,603,512
Contributed capital	1,328,810	-	-	523,584	1,852,394
Balance at December 31, 2015	\$ 23,903,346	\$ 1,985,701	\$ 2,429,901	\$ 13,481,002	\$ 41,799,950

<b>Name of Policy:</b>		 <b>North Central Health Care</b> <small>Person centered. Outcome focused.</small>
<b>Investment Policy</b>		
Policy #: LD-0049	Effective Date: 6/23/16	Most Recent Revision: 01/26/2012
Primary Approving Body: Finance, Personnel & Property Committee		Committee Approvals: 02/25/2016

**I. Policy Statement**

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 Finance, Personnel & Property Committee of the Board (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. 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. Definitions**

**IV. General Procedure**

The primary objectives of NCHC’s investment activities, in priority order, shall be safety, liquidity, and yield.

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.

Credit Risk: 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 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.

Interest Rate Risk: 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).

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.

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 is 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.

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.

## **Standards of Care**

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.”

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 NCHC.

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 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.

### **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.

### **Safekeeping and Internal Controls**

Securities will be held by third party custodians selected by NCHC 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 NCHC or its independent auditors.

### **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.

### **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.



## **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.

## **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.

## **Approval of Investment Policy**

The investment policy shall be formally approved and adopted by the Board and reviewed annually by the Finance Committee.

## **References:**