



North Central Health Care

Person centered. Outcome focused.

OFFICIAL NOTICE AND AGENDA

of a meeting of the **Finance, Personnel & Property Committee** to be held at **North Central Health Care, 1100 Lake View Drive, Wausau, WI 54403, Badger Room** at **11:00 am** on **Thursday, September 22nd, 2016**

In addition to attendance in person at the location described above, Board 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 start time of the meeting for further instructions. 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.

AGENDA

1. Call to Order
2. Public Comment for Matters Appearing on the Agenda
3. Consent Agenda
 - a. ACTION: Approval of 7/28/2016 Finance, Personnel & Property Committee Meetings Minutes
4. August Financials
 - a. ACTION: Accept the Financial Report and August Financial Statements
 - b. Review Write-offs
5. CFO Report
6. 2017 Budget Update/Discussion
7. Investment Policy Discussion
 - a. ACTION: Approve Revised Investment Policy
8. Discussion of Future Agenda Items
9. Adjourn

Presiding Officer or Designee

NOTICE POSTED AT: North Central Health Care

COPY OF NOTICE DISTRIBUTED TO: Wausau Daily Herald, Antigo Daily Journal, Tomahawk Leader, Merrill Foto News, Langlade, Lincoln & Marathon County Clerks Offices

DATE: 09/16/16 TIME: 4:00 p.m. BY: D. Osowski

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

July 28, 2016

11:00 a.m.

NCHC – Wausau Campus

Present:

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

Others Present: Michael Loy, Brenda Glodowski, Becky Schultz, Sarah Merbach

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 6/30/16 Finance, Personnel & Property Committee meeting. Motion carried.

Pharmacy Medication Packager

- The Pharmacy multi-dose packaging system was approved last year and funded in the 2016 capital budget. When previously brought to the committee staff was requested to do further review as a follow-up.
- A variety of packaging systems have been evaluated from finance, safety, and patient experience perspectives, demonstrations have occurred, and there were two highly potential vendors.
- A consultant reviewed the pharmacy process on site; consultant had no affiliation with any of the potential equipment vendors; two ROI scenarios were reviewed; identified that either vendor was appropriate.
- System would be beneficial to reduce costs, improve quality, and increase revenues in the nursing home, community treatment, residential, and hospital areas.
- **Motion**/second, Balk/Miller, to finalize purchase for approval as motioned in 2015. Motion carried.
- Recommended we receive a tracking update on the progress (by year end) which will help revenue picture.

Financials

- The month of June showed an overall loss of \$491,299.
- Significant items to note include: nursing home census dropped averaging 203 per day (210 budgeted); Medicare census dropped to 19 (23 budgeted); hospital census dropped below 14 (budgeted for 14) but is increasing in July; saw some dips in outpatient areas but not unusual in summer months due to vacations.
- Expenses continue to exceed target and health insurance exceeds target by \$221,000 (2nd highest of the year). State institutes exceed targets by \$112,000. Crisis Services continues to be high. Legal was \$52,000 over due to a settlement from a lease agreement from previous years. Also June was a high month for drug expenses as it has varied based on populations.
- Detailed options to address the negative performance for this year's budget will be discussed at the Board meeting.
- Revenue sources have become stagnant; looking at how we can increase revenue sources.
- **Motion**/second, Miller/Balk to accept the June financial statement. Motion carried.

Write-off's

- **Motion**/second, Weaver/Balk to accept write-offs. In the last year write-off's have gone down; seeing progress with the system. Motion carried.

CFO Report

- Days in Accounts Receivable are down to 51.
- Moving nursing home billing from TIER to ECS has been completed. Will bill off ECS next week.
- May see a slight increase in Accounts Receivable in July because of getting up and going but expect to be well within target.
- Met with Kristi Kordus as requested to review investment policies. She reached out to PFMS Management who the county works with to review our policy. They will provide a written recommendation; have indicated that what we have right now is an appropriate investment strategy in CD's being under \$10 million. Have requested their recommendations when over the \$10 million mark.
- Investment policy would be updated if determined to move forward with this; policy would require us to go outside of Wisconsin to invest with banks.
- It was proposed to revisit the investment policy following the recommendation from PFMS; take the policy to the three county finance directors; present revised policy at the August meeting. A Joint Finance meeting with the County has been requested.

Future Agendas

- Marathon County has requested a joint finance meeting with Marathon County Finance Committee which may be on Aug. 29 from 3-5 p.m.
 - Joint agenda will include initiating the process to request the \$475,000 for the increase of mental health services. Must first go to Finance Committee and then to the County Board through contingencies.
 - Joint agenda may also include the investment policy; conversation of maintenance transfer as of 1/1/17; draft 2017 budget; 2016 performance; long term facility plan. Will need to hire someone for the long term facility plan which will incorporate the master facility plan.
- Investment Policy

Motion/second, Miller /Balk, 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: September 16, 2016
RE: Attached Financials

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

BALANCE SHEET

Cash continues to remain and Accounts Receivable continues to improve. Other areas remain consistent with prior months.

STATEMENT OF REVENUE AND EXPENSES

The month of August shows a gain of \$127,772 compared to the targeted gain of \$30,992. This is improvement over the past several months.

Overall revenue exceeded the targets for August. The nursing home census improved a bit averaging almost 204 per day compared to the target of 210. The Medicare census for August remained the same as the prior month averaging 19 per day. The target is 23. The nursing home census for September is increasing so the revenue for September should show more improvements. The hospital census increased in August averaging 15 per day. This exceeds the target of 14. The hospital continues to remain busy in September. Outpatient areas also saw improvements in revenue.

Overall expenses remain over target for August. Health insurance, state institutes, and crisis services continue to exceed budget targets. Combined, these areas exceed targets by \$282,000. Expense reductions in other areas have helped to offset some of this overage.

Planned expense reductions have been implemented. Improvements should continue to be seen for the remainder of the year.

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

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

	<u>Human Services</u>	<u>Nursing Home</u>	<u>Total</u>	<u>Prior Year Combined</u>
Current Assets:				
Cash and cash equivalents	4,902,620	1,395,039	6,297,659	5,858,506
Accounts receivable:				
Patient - Net	3,293,252	2,922,254	6,215,506	7,156,681
Outpatient - WIMCR	615,000	0	615,000	435,667
Nursing home - Supplemental payment program	0	328,600	328,600	235,923
Marathon County	133,229	0	133,229	191,306
Appropriations receivable	0	0	0	0
Net state receivable	126,861	0	126,861	2,064,984
Other	352,014	0	352,014	151,106
Inventory	0	303,535	303,535	273,822
Other	<u>460,969</u>	<u>379,142</u>	<u>840,111</u>	<u>464,619</u>
Total current assets	<u>9,883,944</u>	<u>5,328,571</u>	<u>15,212,515</u>	<u>16,832,614</u>
Noncurrent Assets:				
Investments	9,800,000	0	9,800,000	9,300,000
Assets limited as to use	1,929,456	813,867	2,743,323	2,137,677
Restricted assets - Patient trust funds	25,848	37,268	63,116	56,563
Net pension asset	2,659,515	2,187,423	4,846,938	0
Nondepreciable capital assets	289,397	554,703	844,101	1,623,683
Depreciable capital assets - Net	<u>7,327,207</u>	<u>3,323,815</u>	<u>10,651,022</u>	<u>10,137,596</u>
Total noncurrent assets	<u>22,031,422</u>	<u>6,917,077</u>	<u>28,948,499</u>	<u>23,255,519</u>
Deferred outflows of resources - Related to pensions	<u>2,662,206</u>	<u>2,189,636</u>	<u>4,851,842</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>34,577,572</u>	<u>14,435,284</u>	<u>49,012,856</u>	<u>40,088,133</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF NET POSITION
AUGUST 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	868,510	714,340	1,582,850	2,055,399
Appropriations advances	682,975	0	682,975	713,175
Accrued liabilities:				
Salaries and retirement	1,128,560	928,228	2,056,788	1,757,504
Compensated absences	865,284	711,687	1,576,972	1,521,514
Health and dental insurance	470,236	386,764	857,000	652,000
Other Payables	225,177	185,206	410,383	422,809
Amounts payable to third-party reimbursement programs	289,253	0	289,253	435,214
Unearned revenue	<u>135,181</u>	<u>0</u>	<u>135,181</u>	<u>188,584</u>
Total current liabilities	<u>4,816,433</u>	<u>2,926,226</u>	<u>7,742,659</u>	<u>7,894,463</u>
Noncurrent Liabilities:				
Related-party note payable	636,181	0	636,181	787,438
Patient trust funds	<u>25,848</u>	<u>37,268</u>	<u>63,116</u>	<u>56,563</u>
Total noncurrent liabilities	<u>662,029</u>	<u>37,268</u>	<u>699,297</u>	<u>844,001</u>
Total liabilities	<u>5,478,461</u>	<u>2,963,494</u>	<u>8,441,956</u>	<u>8,738,464</u>
Deferred inflows of resources - Related to pensions	<u>46,570</u>	<u>38,303</u>	<u>84,873</u>	<u>0</u>
Net Position:				
Net investment in capital assets	7,616,604	3,878,518	11,495,123	11,761,279
Unrestricted	16,558,759	4,297,845	20,856,604	18,825,894
Restricted - Pension benefit	5,269,447	4,334,065	9,603,512	0
Operating Income / (Loss)	<u>(392,269)</u>	<u>(1,076,942)</u>	<u>(1,469,211)</u>	<u>762,495</u>
Total net position	<u>29,052,541</u>	<u>11,433,487</u>	<u>40,486,028</u>	<u>31,349,669</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>34,577,572</u>	<u>14,435,284</u>	<u>49,012,856</u>	<u>40,088,133</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING AUGUST 31, 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>\$1,867,038</u>	<u>\$1,605,924</u>	<u>\$261,113</u>	<u>\$13,059,109</u>	<u>\$12,340,072</u>	<u>\$719,037</u>
Other Revenue:						
State Match / Addendum	324,658	325,120	(462)	2,597,264	2,600,957	(3,693)
Grant Revenue	210,165	190,628	19,537	1,607,859	1,524,667	83,192
County Appropriations - Net	598,953	598,899	54	4,791,624	4,791,192	432
Departmental and Other Revenue	<u>223,835</u>	<u>169,437</u>	<u>54,397</u>	<u>1,195,941</u>	<u>1,354,899</u>	<u>(158,958)</u>
Total Other Revenue	<u>1,357,611</u>	<u>1,284,084</u>	<u>73,526</u>	<u>10,192,688</u>	<u>10,271,715</u>	<u>(79,027)</u>
Total Revenue	3,224,648	2,890,009	334,640	23,251,797	22,611,788	640,010
Expenses:						
Direct Expenses	2,303,832	2,044,970	258,863	18,101,676	16,082,165	2,019,512
Indirect Expenses	<u>753,490</u>	<u>817,804</u>	<u>(64,315)</u>	<u>5,636,739</u>	<u>6,491,188</u>	<u>(854,449)</u>
Total Expenses	<u>3,057,322</u>	<u>2,862,774</u>	<u>194,548</u>	<u>23,738,415</u>	<u>22,573,353</u>	<u>1,165,062</u>
Operating Income (Loss)	<u>167,326</u>	<u>27,235</u>	<u>140,092</u>	<u>(486,618)</u>	<u>38,435</u>	<u>(525,053)</u>
Nonoperating Gains (Losses):						
Interest Income	9,815	7,500	2,315	76,953	60,000	16,953
Donations and Gifts	2,189	0	2,189	12,503	0	12,503
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,893</u>	<u>0</u>	<u>4,893</u>
Total Nonoperating Gains / (Losses)	<u>12,005</u>	<u>7,500</u>	<u>4,505</u>	<u>94,348</u>	<u>60,000</u>	<u>34,348</u>
Income / (Loss)	<u>\$179,331</u>	<u>\$34,735</u>	<u>\$144,596</u>	<u>(\$392,269)</u>	<u>\$98,435</u>	<u>(\$490,704)</u>

**NORTH CENTRAL HEALTH CARE
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD ENDING AUGUST 31, 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>\$2,004,070</u>	<u>\$2,086,373</u>	<u>(\$82,303)</u>	<u>\$15,894,654</u>	<u>\$16,508,004</u>	<u>(\$613,350)</u>
Other Revenue:						
County Appropriations - Net	141,666	141,667	(1)	1,133,328	1,133,333	(5)
Departmental and Other Revenue	<u>41,272</u>	<u>31,296</u>	<u>9,976</u>	<u>384,901</u>	<u>250,365</u>	<u>134,537</u>
Total Other Revenue	<u>182,938</u>	<u>172,962</u>	<u>9,976</u>	<u>1,518,229</u>	<u>1,383,698</u>	<u>134,531</u>
Total Revenue	2,187,007	2,259,335	(72,327)	17,412,884	17,891,702	(478,818)
Expenses:						
Direct Expenses	1,645,493	1,650,625	(5,133)	13,803,658	13,006,991	796,667
Indirect Expenses	<u>594,153</u>	<u>612,454</u>	<u>(18,301)</u>	<u>4,691,141</u>	<u>4,861,251</u>	<u>(170,109)</u>
Total Expenses	<u>2,239,646</u>	<u>2,263,079</u>	<u>(23,433)</u>	<u>18,494,799</u>	<u>17,868,242</u>	<u>626,558</u>
Operating Income (Loss)	<u>(52,638)</u>	<u>(3,744)</u>	<u>(48,894)</u>	<u>(1,081,916)</u>	<u>23,460</u>	<u>(1,105,376)</u>
Nonoperating Gains (Losses):						
Interest Income	0	0	0	0	0	0
Donations and Gifts	1,078	0	1,078	4,974	0	4,974
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>1,078</u>	<u>0</u>	<u>1,078</u>	<u>4,974</u>	<u>0</u>	<u>4,974</u>
Income / (Loss)	<u>(\$51,560)</u>	<u>(\$3,744)</u>	<u>(\$47,816)</u>	<u>(\$1,076,942)</u>	<u>\$23,460</u>	<u>(\$1,100,402)</u>

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

TOTAL	<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>\$3,871,108</u>	<u>\$3,692,297</u>	<u>\$178,811</u>	<u>\$28,953,764</u>	<u>\$28,848,077</u>	<u>\$105,687</u>
Other Revenue:						
State Match / Addendum	324,658	325,120	(462)	2,597,264	2,600,957	(3,693)
Grant Revenue	210,165	190,628	19,537	1,607,859	1,524,667	83,192
County Appropriations - Net	740,619	740,566	53	5,924,952	5,924,525	427
Departmental and Other Revenue	<u>265,107</u>	<u>200,733</u>	<u>64,374</u>	<u>1,580,843</u>	<u>1,605,264</u>	<u>(24,421)</u>
Total Other Revenue	<u>1,540,549</u>	<u>1,457,047</u>	<u>83,502</u>	<u>11,710,917</u>	<u>11,655,413</u>	<u>55,504</u>
Total Revenue	5,411,657	5,149,345	262,313	40,664,681	40,503,490	161,191
Expenses:						
Direct Expenses	3,949,325	3,695,595	253,730	31,905,334	29,089,156	2,816,179
Indirect Expenses	<u>1,347,643</u>	<u>1,430,258</u>	<u>(82,615)</u>	<u>10,327,880</u>	<u>11,352,439</u>	<u>(1,024,559)</u>
Total Expenses	<u>5,296,968</u>	<u>5,125,853</u>	<u>171,115</u>	<u>42,233,215</u>	<u>40,441,594</u>	<u>1,791,620</u>
Operating Income (Loss)	<u>114,689</u>	<u>23,492</u>	<u>91,197</u>	<u>(1,568,533)</u>	<u>61,895</u>	<u>(1,630,429)</u>
Nonoperating Gains (Losses):						
Interest Income	9,815	7,500	2,315	76,953	60,000	16,953
Donations and Gifts	3,267	0	3,267	17,477	0	17,477
Gain / (Loss) on Disposal of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,893</u>	<u>0</u>	<u>4,893</u>
Total Nonoperating Gains / (Losses)	<u>13,083</u>	<u>7,500</u>	<u>5,583</u>	<u>99,322</u>	<u>60,000</u>	<u>39,322</u>
Income / (Loss)	<u>\$127,772</u>	<u>\$30,992</u>	<u>\$96,780</u>	<u>(\$1,469,211)</u>	<u>\$121,895</u>	<u>(\$1,591,106)</u>

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

BANK	LENGTH	MATURITY DATE	INTEREST RATE	AMOUNT	Collateralized
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	
Abby Bank	365 Days	07/19/2017	0.85%	\$500,000	X
CoVantage Credit Union	578 Days	07/28/2017	0.85%	\$300,000	
People's State Bank	365 Days	08/21/2017	0.75%	\$500,000	
BMO Harris	395 Days	08/26/2017	0.80%	\$500,000	
Abby Bank	365 Days	08/29/2017	0.85%	\$500,000	X
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	0.904% INTEREST		

NCHC-DONATED FUNDS

Balance Sheet

As of August 31, 2016

ASSETS

Current Assets

Checking/Savings

CHECKING ACCOUNT

Adult Day Services	4,989.38
Adventure Camp	1,555.41
Birth to 3 Program	2,035.00
Clubhouse	24,127.86
Community Treatment	9,607.57
Fishing Without Boundries	3,913.00
General Donated Funds	61,008.10
Housing - DD Services	1,370.47
Langlade HCC	3,350.09
Legacies by the Lake	
Music in Memory	1,788.25
Legacies by the Lake - Other	3,761.99
Total Legacies by the Lake	5,550.24
Marathon Cty Suicide Prev Task	19,024.86
National Suicide Lifeline Stipe	3,176.37
Northern Valley West	1,966.00
Nursing Home - General Fund	4,856.50
Outpatient Services - Marathon	101.08
Pool	10,927.74
Prevent Suicide Langlade Co.	2,444.55
Resident Council	871.05
United Way	270.00

Total CHECKING ACCOUNT 161,145.27

Total Checking/Savings 161,145.27

Total Current Assets 161,145.27

TOTAL ASSETS 161,145.27

LIABILITIES & EQUITY

Equity

Opening Bal Equity	123,523.75
Retained Earnings	35,991.07
Net Income	1,630.45

Total Equity 161,145.27

TOTAL LIABILITIES & EQUITY 161,145.27

**North Central Health Care
Budget Revenue/Expense Report**

Month Ending August 31, 2016

ACCOUNT DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	YTD ACTUAL	YTD BUDGET	DIFFERENCE
<u>REVENUE:</u>					
Total Operating Revenue	<u>5,411,657</u>	<u>5,149,345</u>	<u>40,664,681</u>	<u>40,503,490</u>	<u>161,191</u>
<u>EXPENSES:</u>					
Salaries and Wages	2,457,407	2,636,578	19,989,913	20,652,322	(662,409)
Fringe Benefits	1,040,761	976,665	8,342,164	7,650,397	691,767
Departments Supplies	390,522	466,527	3,582,784	3,732,217	(149,433)
Purchased Services	615,972	265,981	3,606,521	2,167,851	1,438,670
Utilitites/Maintenance Agreements	385,676	327,097	2,608,730	2,614,774	(6,043)
Personal Development/Travel	29,115	39,229	268,537	313,834	(45,296)
Other Operating Expenses	95,269	153,317	819,034	1,226,534	(407,500)
Insurance	36,835	47,292	295,734	378,333	(82,599)
Depreciation & Amortization	133,441	138,167	1,033,531	1,105,333	(71,803)
Client Purchased Services	<u>111,970</u>	<u>75,000</u>	<u>1,686,266</u>	<u>600,000</u>	<u>1,086,266</u>
TOTAL EXPENSES	5,296,968	5,125,853	42,233,214	40,441,594	1,791,620
Nonoperating Income	<u>13,083</u>	<u>7,500</u>	<u>99,322</u>	<u>60,000</u>	<u>39,322</u>
EXCESS REVENUE (EXPENSE)	<u>127,772</u>	<u>30,992</u>	<u>(1,469,211)</u>	<u>121,895</u>	<u>(1,591,108)</u>

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

	<u>Current Month</u>	<u>Current Year To Date</u>	<u>Prior Year To Date</u>
<i>Inpatient:</i>			
Administrative Write-Off	(\$3,653)	\$132,245	\$47,840
Bad Debt	\$387	\$10,902	\$1,718
<i>Outpatient:</i>			
Administrative Write-Off	\$19,063	\$120,009	\$63,999
Bad Debt	\$873	\$6,833	\$2,315
<i>Nursing Home:</i>			
Daily Services:			
Administrative Write-Off	\$43,455	\$50,088	\$23,147
Bad Debt	\$2,591	\$18,437	\$15,483
Ancillary Services:			
Administrative Write-Off	\$17,376	\$41,288	\$43,741
Bad Debt	\$0	(\$126)	\$120
Pharmacy:			
Administrative Write-Off	\$0	\$0	\$0
Bad Debt	\$0	\$0	\$0
Total - Administrative Write-Off	\$76,241	\$343,630	\$178,727
Total - Bad Debt	\$3,851	\$36,047	\$19,636

**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	458	24	87.50%	92.34%
April	Nursing Home	6,300	6,131	(169)	87.50%	85.15%
	Hospital	420	462	42	87.50%	96.25%
May	Nursing Home	6,510	6,467	(43)	87.50%	86.92%
	Hospital	434	377	(57)	87.50%	76.01%
June	Nursing Home	6,300	6,080	(220)	87.50%	84.44%
	Hospital	420	416	(4)	87.50%	86.67%
July	Nursing Home	6,510	6,149	(361)	87.50%	82.65%
	Hospital	434	452	18	87.50%	91.13%
August	Nursing Home	6,510	6,312	(198)	87.50%	84.84%
	Hospital	434	464	30	87.50%	93.55%
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%

Name of Policy:		 North Central Health Care <small>Person centered. Outcome focused.</small>
Investment Policy		
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 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. 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 North Central Health Care’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

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 this policy.
- 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

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.

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 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.

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 North Central Health Care.

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. Any delegated authority shall follow this policy and other written instructions as are provided.

Authorized Financial Institutions, Depositories, and Broker/Dealers

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.

If NCHC is using an investment advisor, NCHC may rely on the investment advisor's list of authorized financial institutions, depositories and broker/dealers for the NCHC's list of financial institutions and depositories. NCHC will review the list of the investment advisor's list on an annual basis.

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.

NCHC shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by NCHC's Finance, Personnel & Property Committee, where present, and with the independent auditor. The controls should be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employee and officers of NCHC.

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. Certificate of Deposit investments shall have maturities not to exceed three years, and which are FDIC insured or collateralized at 100% of market value by U.S. Treasury obligations or federal agency securities.

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.

Savings and Money Market Accounts

Insured savings account or money market funds and accounts. Deposits in excess of \$250,000 must have additional insurance to protect the investment.

Collateralization

Where allowed by law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

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.

Maximum Maturities

To the extent possible, NCHC shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, NCHC will not directly invest in securities maturing more than three (3) years from the date of purchase or in accordance with any federal, state or local statutes or ordinances.

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 North Central Community Services Program Board and reviewed annually by the Finance Committee.

References:



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July 29, 2016

Memorandum

To: North Central Healthcare Center (NCHC)
From: PFM Asset Management (PFMAM)
Re: Secured Investment Plan

PFMAM suggests investing NCHC's \$10 million in FDIC-Insured Certificates of Deposit (CDs) to fully secure your portfolio.

PFMAM offers our clients access to Certificates of Deposit that are fully FDIC insured from banks across the country. We believe the distinguishing feature of PFMAM's program is the ability to obtain for our clients FDIC-insured CDs at much higher rates than if those clients obtained the CDs through less competitive channels, such as contacting local banks on their own. Our professionals canvass a large universe of participating banks daily to obtain the highest available yields.

Benefits of a FDIC insured strategy include:

- Fully secured investments
- Competitive yields

To facilitate the purchase of the FDIC insured CDs and for short-term liquidity purposes, PFMAM is suggesting PFM Funds Government Series, a high quality money market fund, to earn additional income for NCHC's liquid balances. The PFM Funds Government Series is a registered money market mutual fund.

If you are interested in this FDIC insured CD strategy, we can make the necessary revisions to NCHC's investment policy statement.