

ST. CROIX COUNTY NURSING HOME
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

**ST. CROIX COUNTY NURSING HOME
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INDEPENDENT AUDITORS' REPORT

Human Services Board
St. Croix County Nursing Home
New Richmond, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of St. Croix County Nursing Home, an enterprise fund of St. Croix County, which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Croix County Nursing Home as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

During fiscal year ended December 31, 2015, the Home adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. As a result of the implementation of GASB Statement No. 68, the Home reported a restatement for the change in accounting principle (see Note 11). Our auditors' opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that pension plan schedules, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of St. Croix County Nursing Home as a whole. The supplementary information on pages 27 to 30 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation the financial statements as a whole. The original budget information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on the original budget information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2016, on our consideration of St. Croix County Nursing Home's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Croix County Nursing Home's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 15, 2016

**ST. CROIX COUNTY NURSING HOME
STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Resident Receivables, Less Allowance for Uncollectible Accounts of Approximately \$39,800 for 2015 and \$50,200 for 2014	\$ 392,479	\$ 409,457
Third-Party Payor Settlements Receivable	-	4,160
Inventories	-	18,504
Other Accounts Receivable	456	205,492
Total Current Assets	392,935	637,613
RESTRICTED ASSETS		
Restricted Under Resident Trust Agreement	28,462	17,434
Restricted by Donors	17,101	18,674
Wisconsin Retirement System Pension Asset	350,119	-
Total Restricted Assets	395,682	36,108
CAPITAL ASSETS, NET	969,157	1,078,693
SUCCEEDING YEAR PROPERTY TAX RECEIVABLE	-	36,481
Total Assets	1,757,774	1,788,895
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Related	356,990	-
Total Assets and Deferred Outflows of Resources	\$ 2,114,764	\$ 1,788,895

See accompanying Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts Payable - Trade	\$ 66,819	\$ 84,658
Due to County	723,294	986,686
Accrued Salaries, Wages and Benefits	106,579	85,547
Accrued Compensated Absences	84,145	72,654
Total Current Liabilities	<u>980,837</u>	<u>1,229,545</u>
RESIDENT FUNDS PAYABLE	27,762	16,734
NONCURRENT ACCRUED COMPENSATED ABSENCES	<u>124,466</u>	<u>97,145</u>
Total Liabilities	1,133,065	1,343,424
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue - Succeeding Year Property Tax Receivable	-	36,481
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Net Investment in Capital Assets	969,157	1,078,693
Restricted by Donors	17,101	18,674
Restricted for Pension Plan	350,119	-
Unrestricted	<u>(354,678)</u>	<u>(688,377)</u>
Total Net Position	<u>981,699</u>	<u>408,990</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,114,764</u>	<u>\$ 1,788,895</u>

ST. CROIX COUNTY NURSING HOME
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING REVENUES		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$-0- in 2015 and \$8,858 in 2014)	\$ 4,102,260	\$ 4,196,963
Other Operating Revenues	5,570	7,803
Total Operating Revenues	4,107,830	4,204,766
EXPENSES		
Daily Resident Services	2,494,590	2,429,181
Special Services	608,202	642,359
General Service	827,153	883,834
Other Cost Centers	298,544	280,987
Administrative Services	446,674	385,966
Depreciation	126,402	146,031
Total Expenses	4,801,565	4,768,358
OPERATING LOSS	(693,735)	(563,592)
NON-OPERATING GAINS (LOSSES)		
Supplemental Payment Revenue	460,248	498,795
Property Tax Revenue	36,481	56,815
Transfers From County	65,044	22,000
Restricted Contributions	11,567	11,276
Restricted Funds Expended	(13,140)	(9,702)
Net Non-Operating Gains	560,200	579,184
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS TO/FROM COUNTY	(133,535)	15,592
TRANSFERS OF CAPITAL ASSETS FROM COUNTY	-	19,412
INCREASE (DECREASE) IN NET POSITION	(133,535)	35,004
Net Position, Beginning of Year	408,990	373,986
Change in Accounting Principle	706,244	-
Net Position, Beginning of Year, Restated	1,115,234	373,986
NET POSITION, END OF YEAR	\$ 981,699	\$ 408,990

See accompanying Notes to Financial Statements.

**ST. CROIX COUNTY NURSING HOME
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third-Party Payors	\$ 4,123,398	\$ 4,101,741
Cash Paid to Employees	(3,118,373)	(3,148,582)
Cash Paid to Suppliers	(1,555,502)	(1,321,392)
Other Receipts and Payments, Net	5,570	7,803
Net Cash Used by Operating Activities	(544,907)	(360,430)
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Received from Intermediary for Financing of Prior Year Operations	460,246	295,509
Appropriation from County for Tax Levy	101,525	78,815
Net Cash Provided by Non-Capital Financing Activities	561,771	374,324
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Paid for Acquisition of Capital Assets	(16,864)	(13,894)
Net Cash Used by Capital and Related Financing Activities	(16,864)	(13,894)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
 Cash and Cash Equivalents - Beginning of Year	-	-
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -
 CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (693,735)	\$ (563,592)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations:		
Depreciation	126,402	146,031
Net Change in WRS Pension Items	(865)	-
(Increase) Decrease in Current Assets:		
Resident Receivables	16,978	(91,062)
Third-Party Settlements Receivable	4,160	(4,160)
Inventories	18,504	4,033
Other Receivable	205,036	(2,204)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(17,839)	41,696
Due to County	(263,392)	191,037
Accrued Salaries, Wages and Benefits	21,032	(95,196)
Accrued Compensated Absences	38,812	12,987
Net Cash Used by Operating Activities	\$ (544,907)	\$ (360,430)
 SUPPLEMENTAL CASH FLOW INFORMATION		
Contribution of Capital Assets	\$ -	\$ 19,412

See accompanying Notes to Financial Statements.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

St. Croix County Nursing Home (the Home) is owned and operated as an enterprise fund by St. Croix County, Wisconsin (the County) as a not-for-profit, tax exempt, licensed nursing home. The Home is directed by a governing board appointed by the County Board of Supervisors. It is the intent of the County Board that the costs (expenses, including depreciation) of providing services to the residents on a continuing basis be financed or recovered primarily through user charges. During the years ended December 31, 2015 and 2014, the Home had 50 licensed beds.

The Home is subject to regulation by the Wisconsin Department of Human Services. Such regulation includes the Home's accounting practices and its rate setting for residents under the Title XIX Wisconsin Medical Assistance Program.

The Home maintains its financial records in accordance with the *Nursing Home Accounting and Reporting Manual* as required by the Wisconsin Department of Human Services. The accounting practices therein conform to U.S. generally accepted accounting principles. The Home uses the accrual basis of accounting. Under this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

For financial reporting purposes, the Home has included all funds, organizations, agencies, boards, commissions, and authorities. The Home has also considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Home are such that exclusion would cause the Home's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the organization to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Home. The Home has no component units, which meet the Governmental Accounting Standards Board criteria.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

The Home uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis, using the economic resources measurement focus. Based on Government Accounting Standards Board (GASB) Codification Topic 1600, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and checking and savings accounts.

Accounts Receivable

The Home provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts past due are individually analyzed for collectability. Amounts for which no payments have been received are written off using management's judgment on a per account basis. In addition, an allowance is estimated for other accounts based on historical experience of the Home. At December 31, 2015 and 2014, the allowance for uncollectible accounts was approximately \$40,000 and \$50,000, respectively.

Inventories

Inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

Noncurrent Cash and Investments

Noncurrent cash and investments include assets limited by resident trust agreements and assets restricted by donors. All assets are held in checking and savings accounts. This also includes assets held for the construction of a new nursing facility and other remodeling.

Capital Assets

Capital Assets are reported at cost, if purchased or at fair market value on the date received, if donated. It is the Home's policy to include amortization expense on assets acquired under capital leases with depreciation on owned assets. Depreciation is provided on the straight-line basis over the estimated useful lives of the property as follows:

Land Improvements	5-30 Years
Buildings and Building Improvements	10-40 Years
Fixed Equipment	10-25 Years
Major Movable Equipment and Vehicles	4-20 Years

Depreciation expense for the years ended December 31, 2015 and 2014 was \$126,402 and \$146,031, respectively.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Receivable

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next year. By statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Deferred Outflows of Resources

The Home's financial statements report decreases in net position that relate to future periods as deferred outflows of resources. The Home reports deferred outflows of resources for Wisconsin Retirement System pension related items.

Deferred Inflows of Resources

The County's governmental activities, business-type activities, governmental and enterprise fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The County will not recognize the related revenue until a future event occurs. This occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year.

Vested Benefits

Under terms of employment, employees are granted personal time off (PTO) in varying amounts. Only benefits considered to be vested are disclosed in these statements. All PTO is accrued when incurred in the financial statements. Payments for PTO will be made at rates in effect when the benefits are used. Accumulated PTO liability at year end is determined on the basis of current salary rates and includes salary related payments.

Employee's Retirement System

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Payable

Under provisions of various employee contracts, the Home provides a retirement program for certain employees which includes health insurance benefits. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay as you go basis. The amount was actuarially determined in accordance with GASB 45.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position of the Home is classified in four components. Invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position reflects those that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Home. Restricted for Pension Plan net position are non-capital net position that must be used to pay pension benefits. Unrestricted net position are those remaining that do not meet the definition of invested in capital assets net of related debt or restricted net assets.

Restricted net position consists of contributions for resident activities and employee recreation at December 31, 2015 and 2014.

Operating Revenues and Expenses

The Home's statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services – the Home's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health services.

Net Resident Revenues

Net resident revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Third-Party Reimbursement Agreements

Medicaid

The Home participates in the Medicaid program that is administrated by the Wisconsin Department of Human Services (DHS). Revenues for provided services are recognized by the Home as services are provided. Rates for services provided to residents under the Title XIX Wisconsin Medical Assistance Program are based on cost reports submitted by the Home and a formula determined by the Wisconsin Department of Human Services. Average Title XIX rates cannot exceed private pay rates. Title XIX rates are subject to retroactive adjustment.

The State of Wisconsin Department of Human Services also provides additional reimbursement to county nursing facilities through the intergovernmental transfer program based on the shortfall between a facility's Medicaid reimbursement and the cost of providing the related care. These additional settlement amounts are reflected as non-operating gains. Amounts recognized were \$460,248 and \$498,795 during the years ended December 31, 2015 and 2014, respectively.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Third-Party Reimbursement Agreements (Continued)

Medicare

By state statute, a nursing facility which participates in the Medicaid program must also participate in the Medicare program. This program is administered by the Centers for Medicare and Medicaid Services.

The Home is paid under the Medicare prospective payment system (PPS) for residents who are Medicare eligible. The PPS is a per diem price-based system.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

A summary of resident service revenues and contractual adjustments is as follows:

	2015	2014
Total Resident Service Revenue	\$ 4,241,467	\$ 4,332,979
Contractual Adjustments:		
Medicare	(139,207)	(127,158)
Provision for Bad Debts	-	(8,858)
Total Contractual Adjustments and Provision for Bad Debt	(139,207)	(136,016)
Net Patient Service Revenue	\$ 4,102,260	\$ 4,196,963

During the years ended December 31, 2015 and 2014, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	2015	2014
Total Occupancy	96.3%	97.6%
Medicaid	67.2%	66.1%
Medicare	9.3%	9.2%

Contributions

The Home receives contributions from individuals and private organizations. Revenue contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 2 RESIDENT RECEIVABLES

Resident receivables reported as current assets by the Home at December 31, 2015 and 2014 consisted of the following:

	2015	2014
Receivable from Residents and Their Insurance Carriers	\$ 153,294	\$ 230,580
Receivable from Medicare	150,461	52,967
Receivable from Medicaid	128,524	176,110
Total Resident Receivables	432,279	459,657
Less: Allowance for Doubtful Accounts	(39,800)	(50,200)
Resident Receivables, Net	\$ 392,479	\$ 409,457

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Home's deposits may not be returned to it. In accordance with applicable state statutes, the Home, which is an enterprise fund of the County, maintains deposits at depository banks authorized by the County and is a member of the Federal Reserve System.

As a proprietary fund of St. Croix County, Wisconsin, the Home is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the County to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper and the local government pooled investment fund administered by the state investment board.

The Home's deposits are pooled with all other funds of the County and are held in the County's name. Deposits made in the County's name were entirely covered by collateral held in the County's name as of December 31, 2015.

The Home follows the County's investment policy with respect to interest rate risk or credit risk.

Deposit balances at December 31, 2015 and 2014 were \$45,563 and \$36,108, respectively.

The carrying amount of deposits shown above is included in the Home's balances as follows:

	2015	2014
Noncurrent Cash and Investments:		
Restricted Under Resident Trust Agreement	\$ 28,462	\$ 17,434
Restricted by Donors	17,101	18,674
	\$ 45,563	\$ 36,108

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 4 CAPITAL ASSETS

Summaries of capital assets for the years ended December 31, 2015 and 2014 are as follows:

	January 1, 2015	Additions	Transfers and Retirements	December 31, 2015
Capital Assets				
Land Improvements	\$ 124,700	\$ -	\$ (84,153)	\$ 40,547
Buildings	3,499,786	-	(14,827)	3,484,959
Equipment	2,119,541	16,864	(152,773)	1,983,632
Transportation Equipment	143,960	-	(21,987)	121,973
Totals	<u>5,887,987</u>	<u>16,864</u>	<u>(273,740)</u>	<u>5,631,111</u>
Accumulated Depreciation				
Land Improvements	123,121	1,314	(86,429)	38,006
Buildings	2,550,443	91,861	(8,298)	2,634,006
Fixed Equipment	1,991,767	33,227	(157,025)	1,867,969
Transportation Equipment	143,963	-	(21,990)	121,973
Totals	<u>4,809,294</u>	<u>\$ 126,402</u>	<u>\$ (273,742)</u>	<u>4,661,954</u>
	<u>\$ 1,078,693</u>			<u>\$ 969,157</u>
	January 1, 2014	Additions	Transfers and Retirements	December 31, 2014
Capital Assets				
Land Improvements	\$ 124,700	\$ -	\$ -	\$ 124,700
Buildings	3,478,065	21,721	-	3,499,786
Fixed Equipment	2,101,700	11,585	6,256	2,119,541
Transportation Equipment	143,960	-	-	143,960
Totals	<u>5,848,425</u>	<u>33,306</u>	<u>6,256</u>	<u>5,887,987</u>
Accumulated Depreciation				
Land Improvements	122,855	266	-	123,121
Buildings	2,447,155	103,288	-	2,550,443
Fixed Equipment	1,952,743	32,768	6,256	1,991,767
Transportation Equipment	134,254	9,709	-	143,963
Totals	<u>4,657,007</u>	<u>\$ 146,031</u>	<u>\$ 6,256</u>	<u>4,809,294</u>
	<u>\$ 1,191,418</u>			<u>\$ 1,078,693</u>

As of December 31, 2015, the County had approximately \$4,406,000 in construction in process relating to construction of a new skilled nursing facility, community based residential, and dementia crisis facility. The project is expected to cost a total of \$20,000,000 and is being financed with the issuance of two separate General Obligation Health Center Bonds. The County expects to contribute the capital assets to the Home upon completion in 2016.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 5 RELATED PARTY TRANSACTIONS

The Home is a party to numerous transactions involving other units of St. Croix Health Center and the general county. Balances of \$723,294 and \$986,686 were due to such related parties at December 31, 2015 and 2014, respectively.

NOTE 6 ACCUMULATED PERSONAL TIME OFF AND PERSONAL SICK LEAVE LIABILITY

All regular employees are granted personal time off (PTO) based on number of regular hours paid in a pay period and length of service. Earned time off is placed in a personal "PTO" account which is subject to current use by the employee. Amounts recorded in the PTO accounts are subject to maximum accumulations. Employees may annually, in December, elect to either a) transfer, in December, up to 96 hours of PTO into the Long-Term Sick Bank (LTSB) and/or b) take a cash payout, in the following July, of up to 48 hours of PTO that will be earned in the ensuing year. Time placed in the LTSB account may be used for sick leave in excess of three days. Employees who leave the Home in good standing are entitled to payment of the accumulated PTO account. Accumulated time in the LTSB may, upon retirement, be deposited in a Retiree Health Savings account in the name of the retiree. Retirement is defined as being eligible to receive a pension from the Wisconsin Retirement System. At retirement, the balance of funds in an employee's sick bank is contributed to a qualified retirement plan.

The Nursing Home's estimated liability for accumulated personal time off and vested sick leave was \$208,611 at December 31, 2015 and \$169,799 at December 31, 2014. The Nursing Home accrues its sick leave liability for all employees age 55 and over.

NOTE 7 EMPLOYEE RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings are the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ended December 31, 2015, the WRS recognized \$124,703 in contributions from the employer.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contribution rates as of December 31, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General	6.80%	6.80%
Executives and Elected Officials	7.70%	7.70%
Protective with Social Security	6.80%	9.63%
Protective without Social Security	6.80%	13.23%

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Adjustment</u>	<u>Variable Adjustment</u>
2005	2.6%	7.0%
2006	0.8	3.0
2007	3.0	10.0
2008	6.6	-
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Home reported an asset of \$350,119 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. The Home's proportion of the net pension asset was based on a projection of the Home's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2014, the Home's proportion was 0.00014254%, which was a decrease of 0.00000156% from its proportion measured as of December 31, 2013.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2015, the Home recognized pension revenue of \$865. At December 31, 2015, the Home reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 50,756	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	169,545	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	5,197	-
Contributions Subsequent to the Measurement Date	131,492	-
Total	<u>\$ 356,990</u>	<u>\$ -</u>

\$131,492 reported as deferred outflows of resources related to pensions resulting from the Home's contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31:</u>	<u>Pension Expense Amount</u>
2016	\$ 44,297
2017	44,297
2018	44,297
2019	44,297
2020	44,297
Thereafter	4,012

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension asset in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2014
Actuarial Cost Method:	Frozen Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
Mortality:	WRS experience projected to 2017 with scale BB
Post-retirement Adjustments*:	5.0%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21.0%	5.3%	70.0%	5.3%
International Equity	23.0	5.7	30.0	5.7
Fixed Income	36.0	1.7	N/A	N/A
Inflation Sensitive Assets	20.0	2.3	N/A	N/A
Real Estate	7.0	4.2	N/A	N/A
Private Equity/Debt	7.0	6.9	N/A	N/A
Multi-Asset	6.0	3.9	N/A	N/A
Cash	(20.0)	0.9	N/A	N/A
Totals	<u>100.0%</u>		<u>100.0%</u>	

Discount rate. A single discount rate of 7.20% was used to measure the total pension asset. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Home's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Home's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, as well as what the Home's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
The Home's Proportionate Share of the Net Pension Liability (Asset)	987,747	(350,119)	(1,406,712)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

The Home participates in a health insurance plan with the County which provides health insurance and other benefits to participating retirees who have reached the age of 55 and have 20 years of services with the County. The health insurance benefit for retirees terminates at the age of 65. The County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*, for the year ended December 31, 2008. The standard provides for the determination, disclosure and potential recognition of other post employment benefits, including retiree health insurance benefit described above. The potential liability has been actuarially determined for the County and reflected in the County financial statements. At this time, the County has chosen not to assess costs related to the provision of any post employment benefits to the Home.

**ST. CROIX COUNTY NURSING HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 9 COMMITMENTS AND CONTINGENCIES

Healthcare Risk Management

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed. Management of the Home and the County believe that all material commitments and contingencies have been disclosed.

NOTE 10 OPERATIONS

During the years ended December 31, 2015 and 2014, the Home experienced operating losses of \$693,735 and \$563,592, respectively. The Home also received non-operating revenue from the County property tax levy in the amount of \$36,481 and \$56,815 along with supplemental payment program revenue from the State of Wisconsin for prior year operations in the amount of \$460,248 and \$498,795 during the years ended December 31, 2015 and 2014, respectively. Overall the Home had a decrease in net position of \$133,535 in 2015 and an increase in net position of \$35,004 in 2014, including capital transfers from the County of \$19,412. The County decreased the property tax allocation to the Home in 2014, and further reduced the allocation down to \$36,481 for 2015. In addition, they are in the process of building a new nursing home and remodeling the existing nursing home into an assisted living facility.

NOTE 11 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2015, the Home adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. These pronouncements require the restatement of the December 31, 2014, net position as follows:

	Net Position
Net Position, December 31, 2014, as Previously Reported	\$ 408,990
Cumulative Affect of Application of GASB 68, Net Pension Asset	568,124
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for the Home's Contributions Made to the Plan During Fiscal Year Ended December 31, 2014	138,120
Net Position, December 31, 2014, as Restated	\$ 1,115,234

REQUIRED SUPPLEMENTARY INFORMATION

**ST. CROIX COUNTY NURSING HOME
 SCHEDULE OF PROPORTIONATE SHARE OF
 WISCONSIN RETIREMENT SYSTEM PENSION PLAN ASSET
 LAST TEN FISCAL YEARS***

	2015
County's proportion of the net pension liability (asset)	0.21970028%
County's proportionate share of the net pension liability (asset)	(5,396,440)
County's covered-employee payroll	28,226,246
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-19.12%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

The above information is for St. Croix County as a whole, including St. Croix County Nursing Home, an enterprise fund of the County.

*Shown prospectively from year of implementation.

**ST. CROIX COUNTY NURSING HOME
SCHEDULE OF CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS***

	2015
Contractually Required Contribution	\$ 2,026,705
Contributions in Relation to the Contractually Required Contributions	(2,026,705)
Contribution Deficiency (Excess)	\$ -
 County's Covered-Employee Payroll	\$ 28,226,246
 Contributions as a Percentage of Covered Employee Payroll	7.18%

The above information is for St. Croix County as a whole, including St. Croix County Nursing Home, an enterprise fund of the County.

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

Changes of Assumptions. There were no changes in the assumptions.

*Shown prospectively from year of implementation.

SUPPLEMENTARY INFORMATION

**ST. CROIX COUNTY NURSING HOME
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015			2014
	Original Budget	Actual	Variance	Actual
DAILY PATIENT SERVICES				
Bedhold Charges - Private	\$ -	\$ 6,664	\$ 6,664	\$ 6,370
Bedhold Charges - Medicaid	-	6,611	6,611	3,490
SNF - Medicare	613,500	319,107	(294,393)	238,991
SNF - Medicare Advantage	90,000	1,348	(88,652)	23,958
ISN - Medicaid	-	137,196	137,196	134,945
SNF - Medicaid	2,221,573	1,990,232	(231,341)	2,029,007
SNF - Private	865,000	741,020	(123,980)	870,669
SNF - Private HMO	-	134,736	134,736	68,490
Veterans Administration/ Insurance Contracts	-	47,254	47,254	41,883
Private Pay Bed Tax	-	8,175	8,175	9,450
Total Daily Patient Services	<u>3,790,073</u>	<u>3,396,861</u>	<u>(393,212)</u>	<u>3,427,253</u>
SPECIAL SERVICES				
Outpatient Therapy	-	5,362	5,362	4,977
Pharmacy	-	63,190	63,190	130,882
Psychiatric	-	6,905	6,905	7,006
Physical Therapy	60,471	332,584	272,113	257,566
Occupational Therapy	57,959	332,792	274,833	304,928
Speech Therapy	84,662	66,912	(17,750)	152,194
X-Ray Services	-	5,097	5,097	21,793
IV Therapy	-	6,890	6,890	7,194
Nursing Supplies - Medicare	-	6,566	6,566	5,598
Laboratory - Medicare	-	11,933	11,933	9,467
Special Equipment	-	3,409	3,409	3,770
Miscellaneous Medicare Revenues	-	2,966	2,966	351
Medicare Ancillary Adjustment	-	(139,207)	(139,207)	(127,158)
Total Special Services	<u>203,092</u>	<u>705,399</u>	<u>502,307</u>	<u>778,568</u>
DEDUCTIONS FROM REVENUES				
Uncollectible Accounts	-	-	-	(8,858)
OTHER OPERATING REVENUES				
Dietary:				
Meals Sold	-	1,211	1,211	2,458
Café Revenue	1,000	1,460	460	2,696
Miscellaneous Services:				
OBRA Screening	-	810	810	1,435
Other	-	169	169	551
Interest on Delinquent Accounts	-	1,920	1,920	663
Total Other Operating Revenues	<u>1,000</u>	<u>5,570</u>	<u>4,570</u>	<u>7,803</u>
Total Operating Revenues	<u>3,994,165</u>	<u>4,107,830</u>	<u>113,665</u>	<u>4,204,766</u>

ST. CROIX COUNTY NURSING HOME
DETAILED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014
	Original Budget	Actual	Variance	Actual
DAILY PATIENT SERVICES				
Salaries and Wages	\$ 1,552,139	\$ 1,699,541	\$ (147,402)	\$ 1,613,543
Fringe Benefits	679,088	685,790	(6,702)	714,433
Supplies and Expenses	100,596	100,117	479	92,471
Over-the-Counter Drugs	17,610	9,142	8,468	8,734
Total Daily Patient Services	<u>2,349,433</u>	<u>2,494,590</u>	<u>(145,157)</u>	<u>2,429,181</u>
SPECIAL SERVICES				
Speech Therapy - Purchased	63,000	26,174	36,826	62,110
Occupational Therapy - Purchased	110,000	127,325	(17,325)	117,411
Laboratory Supplies	7,000	6,785	215	6,525
Physical Therapy - Purchased	85,000	126,466	(41,466)	92,284
Outpatient Therapy	4,200	2,502	1,698	5,512
Flu Vaccines	-	1,445	(1,445)	124
X-Ray Purchased	3,500	3,789	(289)	19,643
Activity Therapy:				
Salaries and Wages	97,414	111,426	(14,012)	103,116
Fringe Benefits	50,983	49,790	1,193	47,761
Craft Supplies and Activities	1,525	2,845	(1,320)	2,123
Transportation	400	451	(51)	417
Social Services:				
Salaries and Wages	58,106	62,165	(4,059)	57,536
Fringe Benefits	15,682	14,544	1,138	15,059
Supplies and Expenses	725	243	482	1,011
Physician - Consultant	18,000	18,675	(675)	18,000
Pharmacist - Consultant	3,300	3,229	71	1,566
Pharmaceuticals	60,000	46,723	13,277	88,161
Psychiatrist - Consultant	-	3,625	(3,625)	4,000
Total Special Services	<u>578,835</u>	<u>608,202</u>	<u>(29,367)</u>	<u>642,359</u>
GENERAL SERVICES				
Dietary:				
Salaries and Wages	-	-	-	22,826
Fringe Benefits	-	3,183	(3,183)	27,225
Purchased Services	472,000	432,560	39,440	408,168
Supplies and Expenses	3,825	8,998	(5,173)	8,224
Food	1,000	10,743	(9,743)	24,695
Consultant	5,000	6,523	(1,523)	6,990
Maintenance:				
Salaries and Wages	87,300	44,612	42,688	51,002
Fringe Benefits	13,269	16,800	(3,531)	11,193
Purchased Services	-	615	(615)	-
Supplies and Expenses	60,150	61,598	(1,448)	79,060
Housekeeping:				
Salaries and Wages	82,255	102,189	(19,934)	77,594
Fringe Benefits	32,485	42,852	(10,367)	31,425
Supplies and Expenses	20,500	14,840	5,660	13,056
Laundry:				
Salaries and Wages	46,468	44,460	2,008	59,016
Fringe Benefits	27,885	27,591	294	46,677
Supplies and Expenses	17,000	9,589	7,411	16,683
Total General Services	<u>869,137</u>	<u>827,153</u>	<u>41,984</u>	<u>883,834</u>

**ST. CROIX COUNTY NURSING HOME
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015			2014
	Original Budget	Actual	Variance	Actual
ADMINISTRATIVE SERVICES				
Accounting:				
Salaries and Wages	\$ 86,335	\$ 89,248	\$ (2,913)	\$ 84,010
Fringe Benefits	41,010	40,900	110	42,177
Auditing and Special Accounting	15,500	16,800	(1,300)	15,700
Supplies and Expenses	5,200	-	5,200	-
General Administrative:				
Administrator Salaries and Wages	90,896	93,434	(2,538)	43,734
General Administrative Salaries	-	(166)	166	-
Fringe Benefits	35,374	33,764	1,610	17,671
Computer Supplies	7,500	10,059	(2,559)	13,503
Computer Technology	7,250	476	6,774	-
Purchased Services	2,000	1,950	50	13,220
Employee Travel	4,000	2,314	1,686	4,191
Nursing Home Dues and Assessments	6,870	4,869	2,001	5,268
Telephone	500	732	(232)	1,588
Cable TV	5,400	5,524	(124)	6,065
Supplies and Expenses	4,100	7,815	(3,715)	11,929
Postage	3,300	2,708	592	1,862
Copier Charges	4,000	6,850	(2,850)	1,284
Staff Development	8,000	11,691	(3,691)	20,914
Bed Assessment Tax	120,000	102,000	18,000	102,000
Fines and Assessments	400	-	400	300
Background Checks	200	30	170	100
Advertising and Promotion	-	254	(254)	75
Total Administrative Services	447,835	446,674	1,161	385,966
UNASSIGNED				
Electricity	70,000	91,244	(21,244)	71,691
Gas and Oil	44,454	35,387	9,067	51,625
Water and Sewer	35,000	41,714	(6,714)	28,449
Diesel for Power Plant	-	1,500	(1,500)	(590)
Depreciation (Not Budgeted)/ Capital Outlay	-	126,402	(126,402)	146,031
Insurance	75,154	73,699	1,455	74,812
Worker's Compensation (Unallocated)	55,000	55,000	-	55,000
Total Unassigned	279,608	424,946	(145,338)	427,018
Total Operating Expenses	4,524,848	4,801,565	(276,717)	4,768,358

**ST. CROIX COUNTY NURSING HOME
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015			2014
	Original Budget	Actual	Variance	Actual
NONOPERATING REVENUES (EXPENSES):				
Supplemental Payment Revenue	\$ 429,158	\$ 460,248	\$ 31,090	\$ 498,795
Property Tax Revenue	36,481	36,481	-	56,815
Transfers from County	65,044	65,044	-	22,000
Other Non-Operating Revenues and Expenses	-	11,567	11,567	11,276
Restricted Funds Expended	-	(13,140)	(13,140)	(9,702)
Total Non-Operating Revenues (Expenses)	530,683	560,200	29,517	579,184
 Excess (Deficit) of Revenues Over Expenses	 \$ -	 \$ (133,535)	 \$ (133,535)	 \$ 15,592



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Human Services Board
St. Croix County Nursing Home
New Richmond, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of St. Croix County Nursing Home, which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Croix County Nursing Home's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Croix County Nursing Home's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Croix County Nursing Home's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2015-1 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as 2015-2 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Croix County Nursing Home’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

St. Croix County Nursing Home’s Response to Findings

St. Croix County Nursing Home’s response to the findings identified in our audit are described in the accompanying schedule of findings and responses. St. Croix County Nursing Home’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 15, 2016

**ST. CROIX COUNTY NURSING HOME
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015**

FINDING: 2015-1

**ANNUAL FINANCIAL REPORTING UNDER GENERALLY
ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

Condition:

The Home does not have an internal control policy in place over annual financial reporting under GAAP, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Home's internal controls.

Criteria:

The Home must be able to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.

Effect:

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Home's internal controls.

Cause:

The Home has not adopted a policy over the annual financial reporting under GAAP; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

Recommendation:

The Home should continue to evaluate their internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

Management's Response:

Management will continue to rely upon the audit firm to create the draft financial statements and related footnote disclosures, and will review and approve these prior to the issuance of the annual financial statements.

**ST. CROIX COUNTY NURSING HOME
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2015**

FINDING: 2015-2

CORRECTED FINANCIAL STATEMENT MISSTATEMENTS

Condition:

A number of adjustments were proposed during the course of the audit.

Criteria:

The Home must be able to prevent or detect a material misstatement in the financial statements in a timely manner.

Effect:

The potential exists that a misstatement of the annual financial statements could occur and not be prevented or detected by the Home's internal controls.

Cause:

The Home had limited personnel to ensure that all amounts were adjusted to their appropriate year-end balances in accordance with generally accepted accounting principles (GAAP).

Recommendation:

The Home should continue to evaluate their internal staff and expertise to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

Management's Response: Management will evaluate their personnel and internal controls.