

**ST. CROIX COUNTY NURSING HOME**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, 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, 2016 and 2015, 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.

**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.

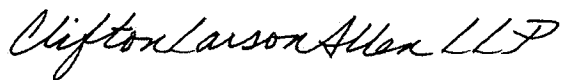
*Supplementary Information*

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 25 to 28 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.

Human Services Board  
St. Croix County Nursing Home

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2017, 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**

Hudson, Wisconsin  
August 7, 2017

**ST. CROIX COUNTY NURSING HOME  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	2016	2015
<b>CURRENT ASSETS</b>		
Resident Receivables, Less Allowance for Uncollectible Accounts of Approximately \$34,900 for 2016 and \$39,800 for 2015	\$ 230,240	\$ 392,479
Other Accounts Receivable	6,281	456
Total Current Assets	236,521	392,935
<b>RESTRICTED ASSETS</b>		
Restricted Under Resident Trust Agreement	11,566	28,462
Restricted by Donors	22,763	17,101
Wisconsin Retirement System Pension Asset	-	350,119
Total Restricted Assets	34,329	395,682
<b>CAPITAL ASSETS, NET</b>	15,807,433	969,157
Total Assets	16,078,283	1,757,774
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Related	1,407,868	356,990
Total Assets and Deferred Outflows of Resources	\$ 17,486,151	\$ 2,114,764

See accompanying Notes to Financial Statements.

**ST. CROIX COUNTY NURSING HOME  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2016 AND 2015**

<b>LIABILITIES AND NET POSITION</b>	<u>2016</u>	<u>2015</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable - Trade	\$ 90,725	\$ 66,819
Due to County	717,504	723,294
Accrued Salaries, Wages and Benefits	117,645	106,579
Accrued Compensated Absences	91,914	84,145
Total Current Liabilities	<u>1,017,788</u>	<u>980,837</u>
<b>RESIDENT FUNDS PAYABLE</b>	10,866	27,762
<b>NONCURRENT ACCRUED COMPENSATED ABSENCES</b>	131,362	124,466
<b>WISCONSIN RETIREMENT SYSTEM PENSION LIABILITY</b>	<u>235,212</u>	<u>-</u>
Total Liabilities	1,395,228	1,133,065
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Wisconsin Retirement System Pension Related	<u>485,683</u>	<u>-</u>
Total Deferred Inflows of Resources	485,683	-
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets	15,807,433	969,157
Restricted by Donors	22,763	17,101
Restricted for Pension Plan	-	350,119
Unrestricted	<u>(224,956)</u>	<u>(354,678)</u>
Total Net Position	<u>15,605,240</u>	<u>981,699</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,486,151</u>	<u>\$ 2,114,764</u>

**ST. CROIX COUNTY NURSING HOME  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>OPERATING REVENUES</b>		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$461 in 2016 and \$-0- in 2015)	\$ 4,014,146	\$ 4,102,260
Other Operating Revenues	34,028	5,570
Total Operating Revenues	4,048,174	4,107,830
<b>EXPENSES</b>		
Daily Resident Services	2,523,252	2,494,590
Special Services	629,610	608,202
General Service	833,113	827,153
Other Cost Centers	292,229	298,544
Administrative Services	492,298	446,674
Depreciation	153,806	126,402
Total Expenses	4,924,308	4,801,565
<b>OPERATING LOSS</b>	(876,134)	(693,735)
<b>NON-OPERATING GAINS (LOSSES)</b>		
Supplemental Payment Revenue	472,200	460,248
Property Tax Revenue	-	36,481
Loss on Fixed Asset Disposal	(396,806)	-
Restricted Contributions	16,531	11,567
Restricted Funds Expended	(10,869)	(13,140)
Net Non-Operating Gains	81,056	495,156
<b>DEFICIT OF REVENUES OVER EXPENSES BEFORE TRANSFERS TO/FROM COUNTY</b>	(795,078)	(198,579)
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>		
Transfers From County	29,731	65,044
Capital Contribution from County General	15,388,888	-
Total Transfers and Capital Contributions	15,418,619	65,044
<b>INCREASE (DECREASE) IN NET POSITION</b>	14,623,541	(133,535)
Net Position, Beginning of Year	981,699	1,115,234
<b>NET POSITION, END OF YEAR</b>	\$ 15,605,240	\$ 981,699

See accompanying Notes to Financial Statements.



**ST. CROIX COUNTY NURSING HOME  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Residents and Third-Party Payors	\$ 4,176,385	\$ 4,123,398
Cash Paid to Employees	(3,086,820)	(3,118,373)
Cash Paid to Suppliers	(1,619,734)	(1,292,110)
Other Receipts and Payments, Net	34,028	5,570
Net Cash Used by Operating Activities	(496,141)	(281,515)
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash Received from Intermediary for Financing of Prior Year Operations	472,200	460,246
Appropriation from County for Tax Levy	29,731	101,525
Cash Advances from (Repayments to) County General	(5,790)	(263,392)
Net Change in Restricted Funds	(11,234)	9,455
Net Cash Provided by Non-Capital Financing Activities	484,907	307,834
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash Paid for Acquisition of Capital Assets	-	(16,864)
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(11,234)	9,455
 Cash and Cash Equivalents - Beginning of Year	45,563	36,108
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 34,329	\$ 45,563
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (876,134)	\$ (693,735)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operations:		
Depreciation	153,806	126,402
Net Change in WRS Pension Items	20,136	(865)
(Increase) Decrease in Current Assets:		
Resident Receivables	162,239	16,978
Third-Party Settlements Receivable	-	4,160
Inventories	-	18,504
Other Receivable	(5,825)	205,036
Increase (Decrease) in Current Liabilities:		
Accounts Payable	23,906	(17,839)
Accrued Salaries, Wages and Benefits	11,066	21,032
Accrued Compensated Absences	14,665	38,812
Net Cash Used by Operating Activities	\$ (496,141)	\$ (281,515)
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:</b>		
Restricted Assets - Restricted Under Resident Trust Agreement	\$ 11,566	\$ 28,462
Restricted Assets - Restricted by Donors	22,763	17,101
Total Cash and Cash Equivalents - End of Year	\$ 34,329	\$ 45,563
 <b>NONCASH ITEMS:</b>		
Contribution of Capital Assets	\$ 15,388,888	\$ -

See accompanying Notes to Financial Statements.

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, 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, 2016 AND 2015**

**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, 2016 and 2015, the allowance for uncollectible accounts was approximately \$35,000 and \$40,000, respectively.

**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, 2016 and 2015 was \$153,806 and \$126,402, respectively.

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 Home's 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. The Home reports deferred inflows of resources for Wisconsin Retirement System pension related items.

**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 Statement No. 45.

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015.

**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 \$472,200 and \$460,248 during the years ended December 31, 2016 and 2015, respectively.

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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:

	<u>2016</u>	<u>2015</u>
Total Resident Service Revenue	\$ 4,103,218	\$ 4,241,467
Contractual Adjustments:		
Medicare	(89,533)	(139,207)
Provision for Bad Debts	461	-
Total Contractual Adjustments and Provision for Bad Debt	<u>(89,072)</u>	<u>(139,207)</u>
Net Patient Service Revenue	<u>\$ 4,014,146</u>	<u>\$ 4,102,260</u>

During the years ended December 31, 2016 and 2015, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	<u>2016</u>	<u>2015</u>
Total Occupancy	92.6%	96.3%
Medicaid	68.8%	67.2%
Medicare	11.8%	9.3%

**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, 2016 AND 2015**

**NOTE 2 RESIDENT RECEIVABLES**

Resident receivables reported as current assets by the Home at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Receivable from Residents and Their Insurance Carriers	\$ 39,312	\$ 203,202
Receivable from Medicare	66,087	52,967
Receivable from Medicaid	159,741	176,110
Total Resident Receivables	265,140	432,279
Less: Allowance for Doubtful Accounts	(34,900)	(39,800)
Resident Receivables, Net	\$ 230,240	\$ 392,479

**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, 2016.

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

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

	2016	2015
Noncurrent Cash and Investments:		
Restricted Under Resident Trust Agreement	\$ 11,566	\$ 28,462
Restricted by Donors	22,763	17,101
	\$ 34,329	\$ 45,563

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 4 CAPITAL ASSETS**

Summaries of capital assets for the years ended December 31, 2016 and 2015 are as follows:

	January 1, 2016	Additions	Transfers and Retirements	December 31, 2016
<b>Capital Assets</b>				
Land Improvements	\$ 40,547	\$ 13,569	\$ (31,854)	\$ 22,262
Buildings	3,484,959	15,251,247	(2,481,918)	16,254,288
Equipment	1,983,632	124,072	(576,894)	1,530,810
Transportation Equipment	121,973	-	(39,151)	82,822
Totals	<u>5,631,111</u>	<u>15,388,888</u>	<u>(3,129,817)</u>	<u>17,890,182</u>
<b>Accumulated Depreciation</b>				
Land Improvements	38,006	151	(31,532)	6,625
Buildings	2,634,006	124,680	(2,095,198)	663,488
Fixed Equipment	1,867,969	28,975	(567,130)	1,329,814
Transportation Equipment	121,973	-	(39,151)	82,822
Totals	<u>4,661,954</u>	<u>\$ 153,806</u>	<u>\$ (2,733,011)</u>	<u>2,082,749</u>
	<u>\$ 969,157</u>			<u>\$ 15,807,433</u>
	January 1, 2015	Additions	Transfers and Retirements	December 31, 2015
<b>Capital Assets</b>				
Land Improvements	\$ 124,700	\$ -	\$ (84,153)	\$ 40,547
Buildings	3,499,786		(14,827)	3,484,959
Fixed 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>
<b>Accumulated Depreciation</b>				
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>

During 2016 the County contributed total capital assets of \$15,388,888 to the Home upon completion of the new skilled nursing facility, community based residential, and dementia crisis facility. The project total costs were financed with the issuance of two separate General Obligation Health Center Bonds which is being repaid by the General County.



**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 \$717,504 and \$723,294 were due to such related parties at December 31, 2016 and 2015, 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 \$223,276 at December 31, 2016 and \$208,611 at December 31, 2015. 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, 2016 AND 2015**

**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 periods ended December 31, 2016 and 2015, the WRS recognized \$256,525 and \$124,703, respectively, in contributions from the employer.

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**General Information about the Pension Plan (Continued)**

Contribution rates as of December 31, 2016 are:

	<u>Employee</u>	<u>Employer</u>
General	6.60%	6.60%
Executives and Elected Officials	6.60%	6.60%
Protective with Social Security	6.60%	9.40%
Protective without Social Security	6.60%	13.20%

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>Adjustment</u>	<u>Adjustment</u>
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

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2016, the Home reported a liability of \$235,212 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. The Home's proportion of the net pension liability 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, 2015, the County's proportion was 0.0021616914%, which was a decrease of 0.0000353114% from its proportion measured as of December 31, 2014.

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 County's proportion was 0.0021970028%, which was a decrease of 0.00000156% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2016 and 2015, the Home recognized pension expense of \$20,136 and \$865, respectively. At December 31, 2016 and 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	\$ 38,400	\$ 485,683
Changes of Assumptions	161,467	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	942,756	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	8,720	-
Contributions Subsequent to the Measurement Date	256,525	-
Total	<u>\$ 1,407,868</u>	<u>\$ 485,683</u>

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
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>

As of December 31, 2016 and December 31, 2015, \$256,525 and \$131,492, respectively, was 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, 2017 and 2016, respectively. 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, 2016:</u>	Pension Expense Amount
2016	\$ 182,199
2017	182,199
2018	182,199
2019	132,134
2020	(10,221)
Thereafter	-

<u>Year Ending December 31, 2015:</u>	Pension Expense Amount
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, 2016 AND 2015**

**NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial assumptions.* The actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2015	December 31, 2014
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age
Asset Valuation Method:	5-Year Smoothed Value	5-Year Smoothed Value
Long-Term Expected Rate of Return:	5.5%	7.2%
Discount Rate:	5.5%	7.2%
Inflation:	2.0% to 2.7% - approximate	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation	3.2% to 8.8% including inflation
Mortality:	WRS experience projected with scale BB	WRS experience projected with scale BB
Post-retirement Adjustments*:	5.0%	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.

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%	5%	70%	5%
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	100%		100%	

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Pension Asset, Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability/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 liability/asset.

*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%)
December 31, 2016			
The Home's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,649,781	\$ 235,212	\$ (869,592)
	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
December 31, 2015			
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 16-10.

**ST. CROIX COUNTY NURSING HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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.

**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, 2016 and 2015, the Home experienced operating losses of \$876,134 and \$693,735, respectively. The Home also received non-operating revenue from the County property tax levy in the amount of \$-0- and \$36,481 along with supplemental payment program revenue from the State of Wisconsin for prior year operations in the amount of \$472,200 and \$460,248 during the years ended December 31, 2016 and 2015, respectively. Overall the Home had an increase in net position of \$14,623,541 in 2016 and a decrease in net position of \$133,535 in 2015, including capital transfers from the County of \$15,388,888 in 2016 for new nursing home. The County decreased the property tax allocation to the Home in 2015, and further reduced the allocation down to \$-0- for 2016. In addition, they are in the process of remodeling the existing nursing home into an assisted living facility.



**REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2015</u>	<u>2016</u>
County's proportion of the net pension liability (asset)	0.21970028%	0.21616914%
County's proportionate share of the net pension liability (asset)	\$ (5,396,440)	\$ 3,512,707
County's covered-employee payroll	\$ 28,226,246	\$ 27,892,981
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-19.12%	12.59%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%

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	2016
Contractually Required Contribution	\$ 2,026,705	\$ 2,109,823
Contributions in Relation to the Contractually Required Contributions	(2,026,705)	(2,109,823)
Contribution Deficiency (Excess)	\$ -	\$ -
 County's Covered-Employee Payroll	 \$ 27,892,981	 \$ 28,553,465
 Contributions as a Percentage of Covered Employee Payroll	 7.27%	 7.39%

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, 2016 AND 2015**

	2016			2015
	Original Budget	Actual	Variance	Actual
<b>DAILY PATIENT SERVICES</b>				
Bedhold Charges - Private	\$ -	\$ 4,508	\$ 4,508	\$ 6,664
Bedhold Charges - Medicaid	-	2,472	2,472	6,611
SNF - Medicare	816,400	382,847	(433,553)	319,107
SNF - Medicare Advantage	100	7,675	7,575	1,348
ISN - Medicaid	-	128,380	128,380	137,196
SNF - Medicaid	2,062,890	1,920,141	(142,749)	1,990,232
ISN - Private	-	-	-	4,518
SNF - Private	1,016,450	667,866	(348,584)	741,020
SNF - Private HMO	-	53,507	53,507	134,736
Veterans Administration/ Insurance Contracts	-	38,419	38,419	47,254
Private Pay Bed Tax	9,500	6,900	(2,600)	8,175
Total Daily Patient Services	<u>3,905,340</u>	<u>3,212,715</u>	<u>(692,625)</u>	<u>3,396,861</u>
<b>SPECIAL SERVICES</b>				
Outpatient Therapy	-	5,112	5,112	5,362
Pharmacy	-	93,091	93,091	63,190
Psychiatric	6,200	6,707	507	6,905
Physical Therapy	62,000	361,852	299,852	332,584
Occupational Therapy	86,000	340,091	254,091	332,792
Speech Therapy	50,000	36,130	(13,870)	66,912
X-Ray Services	-	4,999	4,999	5,097
IV Therapy	-	6,571	6,571	6,890
Nursing Supplies - Medicare	-	9,166	9,166	6,566
Laboratory - Medicare	-	16,913	16,913	11,933
Special Equipment	-	683	683	3,409
Miscellaneous Medicare Revenues	-	9,188	9,188	2,966
Medicare Ancillary Adjustment	-	(89,533)	(89,533)	(139,207)
Total Special Services	<u>204,200</u>	<u>800,970</u>	<u>596,770</u>	<u>705,399</u>
<b>DEDUCTIONS FROM REVENUES</b>				
Uncollectible Accounts	9,000	461	(8,539)	-
<b>OTHER OPERATING REVENUES</b>				
Dietary:				
Meals Sold	-	1,373	1,373	1,211
Café Revenue	-	1,314	1,314	1,460
Miscellaneous Services:				
OBRA Screening	700	1,680	980	810
Other	-	2,284	2,284	169
Interest on Delinquent Accounts	400	27,377	26,977	1,920
Total Other Operating Revenues	<u>1,100</u>	<u>34,028</u>	<u>32,928</u>	<u>5,570</u>
Total Operating Revenues	<u>4,119,640</u>	<u>4,048,174</u>	<u>(71,466)</u>	<u>4,107,830</u>

**ST. CROIX COUNTY NURSING HOME  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015
	Original Budget	Actual	Variance	Actual
<b>DAILY PATIENT SERVICES</b>				
Salaries and Wages	\$ 1,556,943	\$ 1,651,949	\$ (95,006)	\$ 1,699,541
Fringe Benefits	652,069	745,770	(93,701)	685,790
Pool Nursing	-	32,307	(32,307)	-
Supplies and Expenses	106,375	85,674	20,701	100,117
Over-the-Counter Drugs	8,500	7,552	948	9,142
Total Daily Patient Services	2,323,887	2,523,252	(199,365)	2,494,590
<b>SPECIAL SERVICES</b>				
Speech Therapy - Purchased	64,150	13,399	50,751	26,174
Occupational Therapy - Purchased	116,000	115,369	631	127,325
Laboratory Supplies	6,635	12,859	(6,224)	6,785
Physical Therapy - Purchased	92,295	124,117	(31,822)	126,466
Outpatient Therapy	700	10,765	(10,065)	2,502
Flu Vaccines	500	13,031	(12,531)	1,445
X-Ray Purchased	3,425	3,474	(49)	3,789
Dementia				
Salaries and Wages	124,893	2,538	122,355	-
Fringe Benefits	48,320	433	47,887	-
Supplies and Expenses	38,920	2,041	36,879	-
Activity Therapy:				
Salaries and Wages	102,784	109,485	(6,701)	111,426
Fringe Benefits	48,953	48,561	392	49,790
Craft Supplies and Activities	1,700	3,293	(1,593)	2,845
Transportation	400	166	234	451
Social Services:				
Salaries and Wages	58,426	62,365	(3,939)	62,165
Fringe Benefits	15,233	14,449	784	14,544
Supplies and Expenses	900	-	900	243
Physician - Consultant	18,000	18,000	-	18,675
Pharmacist - Consultant	3,300	3,212	88	3,229
Pharmaceuticals	76,750	66,803	9,947	46,723
Psychiatrist - Consultant	6,000	5,250	750	3,625
Total Special Services	828,284	629,610	198,674	608,202
<b>GENERAL SERVICES</b>				
Dietary:				
Fringe Benefits	-	(76)	76	3,183
Purchased Services	450,000	440,162	9,838	432,560
Supplies and Expenses	3,100	3,485	(385)	8,998
Food	12,500	9,659	2,841	10,743
Consultant	6,500	5,011	1,489	6,523
Maintenance:				
Salaries and Wages	56,821	(1,234)	58,055	44,612
Fringe Benefits	24,514	452	24,062	16,800
Purchased Services	1,500	75,080	(73,580)	615
Supplies and Expenses	83,940	67,478	16,462	61,598
Housekeeping:				
Salaries and Wages	86,689	96,611	(9,922)	102,189
Fringe Benefits	39,716	36,924	2,792	42,852
Supplies and Expenses	18,638	19,183	(545)	14,840
Laundry:				
Salaries and Wages	33,511	44,568	(11,057)	44,460
Fringe Benefits	25,348	25,135	213	27,591
Supplies and Expenses	16,129	10,675	5,454	9,589
Total General Services	858,906	833,113	25,793	827,153

**ST. CROIX COUNTY NURSING HOME  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015
	Original Budget	Actual	Variance	Actual
<b>ADMINISTRATIVE SERVICES</b>				
Accounting:				
Salaries and Wages	\$ 89,556	\$ 92,254	\$ (2,698)	\$ 89,248
Fringe Benefits	39,555	39,370	185	40,900
Auditing and Special Accounting	20,700	24,450	(3,750)	16,800
Medical Records:				
Salaries and Wages	9,973	12,847	(2,874)	10,240
Fringe Benefits	4,944	4,931	13	4,989
Supplies and Expenses	300	-	300	193
General Administrative:				
Administrator Salaries and Wages	117,037	91,194	25,843	93,268
Fringe Benefits	37,933	54,161	(16,228)	33,764
Computer Supplies	14,625	181	14,444	10,059
Computer Technology	-	-	-	476
Purchased Services	1,800	1,800	-	1,950
Employee Travel	5,700	3,138	2,562	2,314
Nursing Home Dues and Assessments	6,000	10,301	(4,301)	4,869
Telephone	500	637	(137)	732
Cable TV	6,000	4,129	1,871	5,524
Supplies and Expenses	10,833	8,260	2,573	7,815
Postage	2,940	3,012	(72)	2,708
Copier Charges	6,100	7,866	(1,766)	6,850
Repair and Maintenance	12,000	13,829	(1,829)	-
Staff Development	21,950	16,574	5,376	11,691
Bed Assessment Tax	102,000	102,000	-	102,000
Fines and Assessments	400	-	400	-
Background Checks	-	-	-	30
Advertising and Promotion	2,500	1,364	1,136	254
<b>Total Administrative Services</b>	<b>513,346</b>	<b>492,298</b>	<b>21,048</b>	<b>446,674</b>
<b>UNASSIGNED</b>				
Electricity	70,000	89,393	(19,393)	91,244
Gas and Oil	45,000	41,487	3,513	35,387
Water and Sewer	33,100	30,825	2,275	41,714
Diesel for Power Plant	-	-	-	1,500
Depreciation (Not Budgeted)/ Capital Outlay	-	153,806	(153,806)	126,402
Insurance	75,000	75,524	(524)	73,699
Worker's Compensation (Unallocated)	55,000	55,000	-	55,000
<b>Total Unassigned</b>	<b>278,100</b>	<b>446,035</b>	<b>(167,935)</b>	<b>424,946</b>
<b>Total Operating Expenses</b>	<b>4,802,523</b>	<b>4,924,308</b>	<b>(121,785)</b>	<b>4,801,565</b>

**ST. CROIX COUNTY NURSING HOME  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015
	Original Budget	Actual	Variance	Actual
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Supplemental Payment Revenue	\$ 417,150	\$ 472,200	\$ 55,050	\$ 460,248
Property Tax Revenue	-	-	-	36,481
Loss on Disposal of Fixed Assets	-	(396,806)	(396,806)	-
Other Non-Operating Revenues and Expenses	-	16,531	16,531	11,567
Restricted Funds Expended	-	(10,869)	(10,869)	(13,140)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>417,150</u>	<u>81,056</u>	<u>(336,094)</u>	<u>495,156</u>
 <b>Excess (Deficit) of Revenues Over Expenses</b>	 <u>\$ (265,733)</u>	 <u>\$ (795,078)</u>	 <u>\$ (529,345)</u>	 <u>\$ (198,579)</u>





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**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, 2016, 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 August 7, 2017.

**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.

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 deficiency described in the accompanying schedule of findings and responses as 2016-001 to be a material weakness.

### **Compliance and Other Matters**

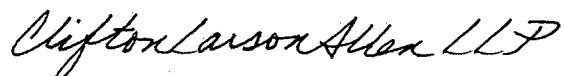
As part of obtaining reasonable assurance about whether St. Croix County Nursing Home's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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**

Hudson, Wisconsin  
August 7, 2017

**ST. CROIX COUNTY NURSING HOME  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2016**

**FINDING: 2016-001                      CORRECTED FINANCIAL STATEMENT MISSTATEMENTS**

**Criteria:**                                      The Home should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.

**Condition:**                                    The audit firm proposed and the County posted to its general ledger accounts adjusting journal entries for correcting certain misstatements. These adjustments were considered to be material for the fair presentation of the financial statements.

**Context:**                                        The Home has informed us that they will review adjustments proposed by us and will endeavor to minimize the number and amount of proposed adjustments in future audits, but will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.

**Cause:**                                         The Home has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.

**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.

**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.

**Views of Responsible Officials and Planned Corrective Actions:** The Home will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review and approve these entries prior to recording them. The Administrator is the official responsible for ensuring corrective action of the deficiency.