

**ST. CROIX COUNTY HEALTH CARE CAMPUS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](http://CLAconnect.com)

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS' REPORT</b>  | <b>1</b>  |
| <b>FINANCIAL STATEMENTS</b>  |           |
| <b>STATEMENTS OF NET POSITON</b>   | <b>3</b>  |
| <b>STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>  | <b>5</b>  |
| <b>STATEMENTS OF CASH FLOWS</b>  | <b>6</b>  |
| <b>NOTES TO FINANCIAL STATEMENTS</b>   | <b>7</b>  |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  |           |
| <b>SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN RETIREMENT SYSTEM<br/>    PENSION PLAN (ASSET)/LIABILITY – LAST TEN FISCAL YEARS</b>   | <b>20</b> |
| <b>SCHEDULE OF CONTRIBUTIONS TO WISCONSIN RETIREMENT SYSTEM PENSION<br/>    PLAN – LAST TEN FISCAL YEARS</b>   | <b>21</b> |
| <b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL<br/>REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT<br/>OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT<br/>AUDITING STANDARDS</i></b> | <b>22</b> |
| <b>SCHEDULE OF FINDINGS AND RESPONSES</b>  | <b>24</b> |



## INDEPENDENT AUDITORS' REPORT

Human Services Board  
St. Croix County Health Care Campus  
New Richmond, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of St. Croix County Health Care Campus, an enterprise fund of St. Croix County, which comprise the statement of net position as of December 31, 2020, 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.

### ***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 audit. We conducted our audit 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 Health Care Campus as of December 31, 2020, and the changes in its financial position and its cash flows for the year 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2021, on our consideration of St. Croix County Health Care Campus'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 Health Care Campus's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Hudson, Wisconsin  
July 22, 2021

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

**ASSETS**

**CURRENT ASSETS**

|  |                |
|--|----------------|
| Resident Receivables, Less Allowance for Uncollectible Accounts<br>of Approximately \$46,500 | \$ 398,824     |
| Other Accounts Receivable  | 157,166        |
| Total Current Assets   | <u>555,990</u> |

**RESTRICTED ASSETS**

|   |                |
|---|----------------|
| Restricted Under Resident Trust Agreement | 8,620          |
| Restricted by Donors                      | 12,764         |
| Wisconsin Retirement System Pension Asset | 549,916        |
| Total Restricted Assets                   | <u>571,300</u> |

**CAPITAL ASSETS, NET**

18,922,572

Total Assets

20,049,862

**DEFERRED OUTFLOWS OF RESOURCES**

|   |                  |
|---|------------------|
| Wisconsin Retirement System Pension Related | <u>1,286,293</u> |
|---|------------------|

Total Assets and Deferred Outflows of Resources

\$ 21,336,155

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2020**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|                                      |    |         |
|--------------------------------------|----|---------|
| Accounts Payable - Trade             | \$ | 45,077  |
| Due to County                        |    | 200,008 |
| Accrued Salaries, Wages and Benefits |    | 28,566  |
| Accrued Compensated Absences         |    | 135,279 |
| Security Deposits Payable            |    | 47,024  |
| Total Current Liabilities            |    | 455,954 |

**RESIDENT FUNDS PAYABLE**

7,922

**NONCURRENT ACCRUED COMPENSATED ABSENCES**

264,529

Total Liabilities

728,405

**DEFERRED INFLOWS OF RESOURCES**

|   |  |           |
|---|--|-----------|
| Wisconsin Retirement System Pension Related |  | 1,647,544 |
|---|--|-----------|

**NET POSITION**

|                                  |  |            |
|----------------------------------|--|------------|
| Net Investment in Capital Assets |  | 18,922,572 |
| Restricted by Donors             |  | 12,764     |
| Restricted for Pension Plan      |  | 549,916    |
| Unrestricted                     |  | (525,046)  |
| Total Net Position               |  | 18,960,206 |

Total Liabilities, Deferred Inflows of Resources and Net Position

\$ 21,336,155

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2020**

**OPERATING REVENUES**

|   |                  |
|---|------------------|
| Net Resident Service Revenue (Net of Provision for Bad Debt of \$-0-) | \$ 5,296,033     |
| Other Operating Revenues  | 11,938           |
| Total Operating Revenues  | <u>5,307,971</u> |

**OPERATING EXPENSES**

|                         |                  |
|-------------------------|------------------|
| Daily Resident Services | 2,907,229        |
| Special Services        | 1,778,996        |
| General Service         | 929,697          |
| Other Cost Centers      | 40,000           |
| Administrative Services | 549,932          |
| Depreciation            | 594,789          |
| Total Expenses          | <u>6,800,643</u> |

**OPERATING LOSS** (1,492,672)

**NON-OPERATING GAINS**

|   |                  |
|---|------------------|
| Supplemental Payment Revenue            | 437,501          |
| Supplemental Payment Revenue - COVID 19 | 601,681          |
| Insurance Reimbursement                 | 13,396           |
| Net Non-Operating Gains                 | <u>1,052,578</u> |

**DECREASE IN NET POSITION** (440,094)

Net Position, Beginning of Year 19,400,300

**NET POSITION, END OF YEAR** \$ 18,960,206

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020**

|   |                              |
|---|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                              |
| Cash Received from Residents and Third-Party Payors                                 | \$ 5,094,398                 |
| Cash Paid to Employees  | (4,582,036)                  |
| Cash Paid to Suppliers  | (1,761,914)                  |
| Net Cash (Used) by Operating Activities   | <u>(1,249,552)</u>           |
| <br><b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                         |                              |
| Cash Received from Intermediary for Financing of Prior Year Operations              | 1,039,182                    |
| Cash Received from (Repayments to) County General                                   | 200,008                      |
| Net Change in Restricted Funds  | (698)                        |
| Other Non-Operating Income  | 13,396                       |
| Net Cash Provided by Non-Capital Financing Activities                               | <u>1,251,888</u>             |
| <br><b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                 |                              |
| Cash Paid for Acquisition of Capital Assets   | <u>(43,868)</u>              |
| <br><b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                  |                              |
|   | (41,532)                     |
| Cash and Cash Equivalents - Beginning of Year                                       | <u>62,916</u>                |
| <br><b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                  |                              |
|   | <u><u>\$ 21,384</u></u>      |
| <br><b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                              |
| Operating Loss  | \$ (1,492,672)               |
| Adjustments to Reconcile Operating Loss to Net Cash<br>(Used) by Operations:        |                              |
| Depreciation  | 594,789                      |
| Change in WRS Pension Asset   | (549,916)                    |
| Change in WRS Pension Deferred Outflow  | 134,229                      |
| Change in WRS Pension Liability   | (523,460)                    |
| Change in WRS Pension Deferred Inflow   | 925,783                      |
| Decrease in Current Assets:   |                              |
| Resident Receivables  | (47,910)                     |
| Other Receivable  | (157,166)                    |
| Increase (Decrease) in Current Liabilities:   |                              |
| Accounts Payable  | (50,858)                     |
| Accrued Salaries, Wages and Benefits  | (129,579)                    |
| Accrued Compensated Absences  | 55,705                       |
| Security Deposit Payable  | (8,497)                      |
| Net Cash (Used) by Operating Activities   | <u><u>\$ (1,249,552)</u></u> |
| <br><b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND<br/>CASH EQUIVALENTS:</b> |                              |
| Restricted Cash   |                              |
| Restricted Assets - Restricted Under Resident Trust Agreement                       | \$ 8,620                     |
| Restricted Assets - Restricted by Donors  | 12,764                       |
| Total Cash and Cash Equivalents - End of Year                                       | <u><u>\$ 21,384</u></u>      |

See accompanying Notes to Financial Statements.



**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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 year ended December 31, 2020, 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 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 HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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, 2020, the allowance for uncollectible accounts was approximately \$46,500.

**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 year ended December 31, 2020 was \$594,789.

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Net Position**

Net position of the Home is classified in three 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. Unrestricted net position are those remaining that do not meet the definition of invested in capital assets net of related debt or restricted net position.

Restricted net position consists of contributions for resident activities and employee recreation at December 31, 2020.

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 was \$1,039,181 during the year ended December 31, 2020.

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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. Effective October 1, 2019, the Medicare Reimbursement System underwent a significant change in methodology and implemented a patient driven payment model (PDPM). The PDPM payment system operates similar to PPS in that patients are assigned standard rates of payment for their specific needs. Under PDPM, therapy minutes are removed as the primary basis for payment and instead, uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay. Therapy services to residents not in a covered Part A stay remain the same.

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.

Resident service revenues were \$5,852,863 and there were no contractual adjustments in the current year.

During the year ended December 31, 2020, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

|                 |       |
|-----------------|-------|
| Total Occupancy | 74.1% |
| Medicaid        | 45.2% |
| Medicare        | 15.9% |

**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 HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 RESIDENT RECEIVABLES**

Resident receivables reported as current assets by the Home at December 31, 2020 consisted of the following:

|                                       |    |          |
|---------------------------------------|----|----------|
| Insurance Carriers                    | \$ | 153,184  |
| Receivable from Medicare              |    | 107,679  |
| Receivable from Medicaid              |    | 184,461  |
| Total Resident Receivables            |    | 445,324  |
| Less: Allowance for Doubtful Accounts |    | (46,500) |
| Resident Receivables, Net             | \$ | 398,824  |

**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, 2020.

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:

|   |    |        |
|---|----|--------|
| Noncurrent Cash and Investments:          |    |        |
| Restricted Under Resident Trust Agreement | \$ | 8,620  |
| Restricted by Donors                      |    | 12,764 |
|   | \$ | 21,384 |

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CAPITAL ASSETS**

Summaries of capital assets for the year ended December 31, 2020 are as follows:

|                                 | January 1,<br>2020   | Additions         | Transfers and<br>Retirements | December 31,<br>2020 |
|---------------------------------|----------------------|-------------------|------------------------------|----------------------|
| <b>Capital Assets</b>           |                      |                   |                              |                      |
| Land Improvements               | \$ 22,262            | \$ -              | \$ -                         | \$ 22,262            |
| Buildings                       | 21,076,488           | 78,885            | -                            | 21,155,373           |
| Equipment                       | 1,075,125            | 36,173            | 111,148                      | 1,000,150            |
| Totals                          | <u>22,173,875</u>    | <u>115,058</u>    | <u>111,148</u>               | <u>22,177,785</u>    |
| <b>Accumulated Depreciation</b> |                      |                   |                              |                      |
| Land Improvements               | 10,784               | 678               | -                            | 11,462               |
| Buildings                       | 1,739,250            | 530,341           | 39,958                       | 2,229,633            |
| Fixed Equipment                 | 950,348              | 63,770            | -                            | 1,014,118            |
| Totals                          | <u>2,700,382</u>     | <u>\$ 594,789</u> | <u>\$ 39,958</u>             | <u>3,255,213</u>     |
|                                 | <u>\$ 19,473,493</u> |                   |                              | <u>\$ 18,922,572</u> |

**NOTE 5 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 \$399,808 at December 31, 2020. The Nursing Home accrues its sick leave liability for all employees age 55 and over.

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

*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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.



**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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

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

*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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category.

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, 2020, the WRS recognized \$197,667 in contributions from the Home.

Contribution rates as of December 31, 2020 are:

|                                    | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| General                            | 6.75%           | 6.75%           |
| Executives and Elected Officials   | 6.75%           | 6.75%           |
| Protective with Social Security    | 6.75%           | 11.65%          |
| Protective without Social Security | 6.75%           | 16.25%          |

*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 Fund<br/>Adjustment</u> | <u>Variable Fund<br/>Adjustment</u> |
|-------------|---------------------------------|-------------------------------------|
| 2011        | (1.2%)                          | 11.0                                |
| 2012        | (7.0)                           | (7.0)                               |
| 2013        | (9.6)                           | 9.0                                 |
| 2014        | 4.7                             | 25.0                                |
| 2015        | 2.9                             | 2.0                                 |
| 2016        | 0.5                             | (5.0)                               |
| 2017        | 2.0                             | 4.0                                 |
| 2018        | 2.4                             | 17.0                                |
| 2019        | -                               | (10.00)                             |
| 2020        | 1.70                            | 21.00                               |

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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, 2020, the Home reported an asset of \$549,916 for its proportionate share of the net pension liability (asset). The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Home's proportion of the net pension liability (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, 2019, the County's proportion was 0.22620425%, which was an increase of 0.00395280% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Home recognized pension expense of \$209,993. At December 31, 2020, the Home reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Experience   | \$ 1,043,866                      | \$ 522,385                       |
| Changes of Assumptions   | 42,853                            | -                                |
| Net Difference Between Projected and Actual Earnings<br>on Pension Plan Investments                              | -                                 | 1,124,224                        |
| Changes in Proportion and Differences Between District<br>Contributions and Proportionate Share of Contributions | 1,907                             | 935                              |
| Contributions Subsequent to the Measurement Date   | 197,667                           | -                                |
| Total  | <u>\$ 1,286,293</u>               | <u>\$ 1,647,544</u>              |

As of December 31, 2020 \$197,667 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, 2021. 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, 2020:</u> | Pension<br><u>Expense Amount</u> |
|---------------------------------------|----------------------------------|
| 2021                                  | \$ (165,333)                     |
| 2022                                  | (123,674)                        |
| 2023                                  | 19,214                           |
| 2024                                  | (289,125)                        |
| 2025                                  | -                                |
| Thereafter                            | -                                |

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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 total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                                |
|--|--------------------------------|
| Actuarial Valuation Date:                  | December 31, 2018              |
| Measurement Date of Net Pension Liability: | December 31, 2019              |
| Actuarial Cost Method:                     | Entry Age Normal               |
| Asset Valuation Method:                    | Fair Value                     |
| Long-Term Expected Rate of Return:         | 7.0%                           |
| Discount Rate:                             | 7.0%                           |
| Salary Increase:                           |                                |
| Inflation                                  | 3.0%                           |
| Seniority/Merit                            | 0.1% - 5.6%                    |
| Mortality:                                 | Wisconsin 2018 Mortality Table |
| Post Retirement Adjustments:               | 1.9%                           |

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actual experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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 table on the following table:

| <u>Core Fund Asset Class</u>     | <u>Target Allocation</u> | <u>Long-Term Expected Nominal Rate of Return</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|--|---|
| Global Equities                  | 49%                      | 8.0%   | 5.1%  |
| Fixed Income                     | 24.5%                    | 4.9%   | 2.1%  |
| Inflation Sensitive Assets       | 15.5%                    | 4.0%   | 1.2%  |
| Real Estate                      | 9%                       | 6.3%   | 3.5%  |
| Private Equity/Debt              | 8%                       | 10.6%  | 7.6%  |
| Multi-Asset                      | 4%                       | 6.9%   | 4.0%  |
| <b>Total Core Fund</b>           | <b>110%</b>              | <b>7.5%</b>                                      | <b>4.6%</b>                                   |
| <u>Variable Fund Asset Class</u> |                          |  |   |
| U.S. Equities                    | 70%                      | 7.5%   | 4.6%  |
| International Equities           | 30%                      | 8.2%   | 5.3%  |
| <b>Total</b>                     | <b>100%</b>              | <b>7.8%</b>                                      | <b>4.9%</b>                                   |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**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 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed income municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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 7.0 percent, 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| December 31, 2020  | 1% Decrease<br>(6.20%) | Current Discount<br>Rate (7.20%) | 1% Increase<br>(8.20%) |
|--|------------------------|----------------------------------|------------------------|
| The Home’s Proportionate Share of the<br>Net Pension Liability (Asset) | \$ 1,416,132           | \$ (549,916)                     | \$ (2,019,763)         |

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**NOTE 7 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. Reporting standards provide for the determination, disclosure and potential recognition of other postemployment 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 postemployment benefits to the Home.

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 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.

**COVID-19**

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

| <b>Measurement Period Ending:</b> December, 31   | <u>2014</u>    | <u>2015</u>   | <u>2016</u>   | <u>2017</u>    | <u>2018</u>   | <u>2019</u> |
|--|----------------|---------------|---------------|----------------|---------------|-------------|
| County's proportion of the net pension liability (asset)   | 0.21970028%    | 0.21616914%   | 0.21478422%   | 0.21653928%    | 0.22225145%   | 0.22620425% |
| County's proportionate share of the net pension liability (asset)  | \$ (5,396,440) | \$ 3,512,707  | \$ 1,770,334  | \$ (6,429,308) | \$ 7,907,009  | (7,293,857) |
| County's covered payroll   | \$ 28,226,246  | \$ 27,892,981 | \$ 28,587,877 | \$ 30,109,574  | \$ 31,477,565 | 32,517,474  |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -19.12%        | 12.59%        | 6.19%         | -21.35%        | 25.12%        | -22.43%     |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                       | 102.74%        | 98.20%        | 99.12%        | 102.93%        | 96.45%        | 102.96%     |

\*The amounts presented for each fiscal year were determined as of 12/31 that occurred within the fiscal year.

The above information is for St. Croix County as a whole, including St. Croix County Health Care Campus, 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\***

| <b>Fiscal Year Ending:</b> December, 31                               | <u>2015</u>        | <u>2016</u>        | <u>2017</u>        | <u>2018</u>        | <u>2019</u>        | <u>2020</u>        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contribution                                   | \$ 2,026,705       | \$ 2,109,823       | \$ 2,265,431       | \$ 2,343,433       | \$ 2,370,927       | \$ 2,621,770       |
| Contributions in Relation to the Contractually Required Contributions | <u>(2,026,705)</u> | <u>(2,109,823)</u> | <u>(2,265,431)</u> | <u>(2,343,433)</u> | <u>(2,370,927)</u> | <u>(2,621,770)</u> |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| County's Covered Payroll  | \$ 27,892,981      | \$ 28,587,877      | \$ 30,109,574      | \$ 31,477,565      | \$ 32,517,475      | \$ 34,269,070      |
| Contributions as a Percentage of Covered Payroll                      | 7.27%              | 7.38%              | 7.52%              | 7.44%              | 7.29%              | 7.65%              |

The above information is for St. Croix County as a whole, including St. Croix County Health Care Campus, 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.





**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 Health Care Campus  
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 Health Care Campus, which comprise the statement of net position as of December 31, 2020, 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 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered St. Croix County Health Care Campus'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 Health Care Campus's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Croix County Health Care Campus'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 2020-001 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Croix County Health Care Campus'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 Health Care Campus's Response to Findings**

St. Croix County Health Care Campus's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. St. Croix County Health Care Campus'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  
July 22, 2021

**ST. CROIX COUNTY HEALTH CARE CAMPUS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020**

**FINDING: 2020-001                      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.