

**MISSISSIPPI VALLEY HEALTH SERVICES
COMMISSION
(A Component Unit of La Crosse County, Wisconsin)**

**FINANCIAL STATEMENTS
December 31, 2014 and 2013**

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Independent Auditors' Report

Board of Directors
Mississippi Valley Health Services Commission
West Salem, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Mississippi Valley Health Services Commission, a component unit of La Crosse County, Wisconsin, as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, as listed in the table of contents.

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. 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 the Mississippi Valley Health Services Commission, a component unit of La Crosse County, Wisconsin as of December 31, 2014 and 2013, 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 Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.



Minneapolis, Minnesota
August 4, 2015

**MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

SUMMARY

On July 1, 2009, Mississippi Valley Health Services Commission (MVHS) was formed through an Intergovernmental Agreement executed on behalf of eleven Wisconsin counties under Wisconsin Statute 66.0301. The counties involved in the original agreement are La Crosse, Monroe, Vernon, Crawford, Sauk, Juneau, Richland, Marinette, Rock, Chippewa, and Trempealeau. In 2010, Outagamie and Winnebago counties joined the commission, which brought the total to thirteen counties. The Commission was formed to jointly operate the former Lakeview Health Center, which was operated as an enterprise fund of La Crosse County. The purpose of the Commission is to provide nursing home services for the elderly and developmentally disabled in a regional area and to jointly share in the cost of providing these services based on the residency of each patient.

MVHS's comparative financial statements are presented in accordance with generally accepted accounting principles. The audited statements cover the years ended December 31, 2014 and 2013.

FINANCIAL RESULTS

- MVHS reported net position of \$1,099,300 at December 31, 2014 compared to \$1,205,986 at December 31, 2013.
- Operating revenues for the year ended December 31, 2014, were \$9,254,818, while total revenues for the year ended December 31, 2013 were \$9,954,088.
- Operating expenses for the year ended December 31, 2014 were \$11,254,183, while operating expenses for the year ended December 31, 2013 were \$11,487,615.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MVHS's financial statements. The financial statements are comprised of two components: financial statements and notes to the financial statements.

The statement of net position presents the assets and liabilities of MVHS, with the difference between the two reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of MVHS is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents how MVHS's net position changed during the years ended December 31, 2014 and 2013.

**MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

STATEMENTS OF NET POSITION

A comparative summary of MVHS's Statements of Net Position follows below:

**Condensed Statements of Net Position
December 31, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 1,469,728	\$ 1,262,693	\$ 1,737,520
Current Restricted Assets	<u>19,582</u>	<u>31,105</u>	<u>31,560</u>
Total Assets	<u>\$ 1,489,310</u>	<u>\$ 1,293,798</u>	<u>\$ 1,769,080</u>
Current Liabilities	<u>390,010</u>	<u>87,812</u>	<u>87,039</u>
Total Liabilities	<u>\$ 390,010</u>	<u>\$ 87,812</u>	<u>\$ 87,039</u>
Net Position			
Unrestricted Net Position	<u>\$ 1,099,300</u>	<u>\$ 1,205,986</u>	<u>\$ 1,682,041</u>

At December 31, 2014, 2013, and 2012 assets were primarily accounts receivables from governments and patients for services totaling \$1,337,651, \$968,349 and \$1,305,137, respectively and 2) equity in pooled and other cash held by La Crosse County totaling \$151,659, \$325,449, and \$463,943 for cash management services.

Liabilities at December 31, 2014, 2013 and 2012 include patient accounts managed by MVHS of \$19,582, \$31,105 and \$31,560, and accounts payable of \$390,010, \$56,707 and \$55,479, respectively. \$289,734 of the 2014 accounts payable was owed to La Crosse County for the lease agreement.

The MVHS statement of net position does not include any fixed assets, as all property and equipment are leased from La Crosse County, as discussed in Note 4.

**MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

A summary of MVHS's Statements of Revenues, Expenses and Changes in Net Position follows below:

**Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2014, 2013 and 2012**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues	\$ 9,254,818	\$9,954,088	\$ 10,562,639
Contracted Personnel Services	9,066,419	9,277,184	9,549,786
Rent and Lease Charges	750,993	751,732	757,933
Other Operating Expenses	<u>1,436,771</u>	<u>1,458,699</u>	<u>1,610,089</u>
Total Expenses	11,254,183	11,487,615	11,917,808
Loss before Nonoperating Revenues	(1,999,365)	(1,533,527)	(1,355,169)
Interest	59	175	38,041
Intergovernmental Revenue	1,047,245	1,057,297	1,579,486
Contribution from La Crosse County	845,375	-	-
Contribution to La Crosse County	<u>-</u>	<u>-</u>	<u>(615,000)</u>
Change in Net Position	(106,686)	(476,055)	(352,642)
Net Position, Beginning	<u>1,205,986</u>	<u>1,682,041</u>	<u>2,034,683</u>
Net Position, Ending	<u>\$ 1,099,300</u>	<u>\$1,205,986</u>	<u>\$ 1,682,041</u>

MVHS reported operating losses of \$1,999,365, \$1,533,527 and \$1,355,169 for the years ended December 31, 2014, 2013 and 2012. Intergovernmental revenue from the intergovernmental transfer program (IGT) program is used by the facility to offset operating losses. In addition during 2014 La Crosse County contributed to MVHS \$845,375 which was also used to offset its operating loss.

Operating revenues include service revenues paid via medical assistance, private pay and per diem charges to member counties. During 2014 medical assistance revenue totaled \$5,451,111, approximately 59% of operating revenue and per diem payments totaled \$2,449,113 which is approximately 26% of operating revenues. During 2013 and 2012 medical assistance revenue was approximately 60% and 58% of operating revenue, respectively, while per diem payments totaled 26% for both 2013 and 2012.

**MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

The schedule following shows the comparison of total operating revenues to total operating expenses for the years ended December 31, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenues	\$9,254,818	\$9,954,088	\$ 10,562,639
Operating Expenses	11,254,183	11,487,615	11,917,808
Expenses	82.23%	86.65%	88.63%

MVHS contracts with La Crosse County to provide certain services. This is explained in Note 4 and Note 5 in the notes to the financial statements.

ECONOMIC FACTORS

Economic factors affecting MVHS from the state and federal level include the fact that Medicare and Medicaid rates continue to be less than what is needed to cover the basic costs of care. By creating MVHS as a regional entity, counties have the option of becoming a member and placing clients at MVHS's facility at a cost much less than placing them in a State institution. At the 2014 annual meeting, the MVHS board voted to raise the rate charged to member counties to \$72.55 per day for 2015. The rate charged for 2014 and 2013 was \$64.06 per day. By increasing this rate, the cost is shared by all counties and will allow MVHS to continue to serve as a regional entity at a reasonable cost.

La Crosse County has started construction of the new Lakeview Campus facility, which is expected to be completed in the fall of 2016. The campus will include two-16 bed CBRF's (community based residential facility), one-10 bed State-only nursing home for behavioral health, and one-50 bed nursing home to serve the regional area. The 50-bed nursing home will replace the current 99-bed nursing home that has been leased to MVHS. La Crosse County staff have been working on a plan for moving clients to appropriate facilities as the downsizing occurs.

The following schedule compares the number of patient days billed to each participating entity for the per diem rate for the years ended December 31, 2014, 2013 and 2012:

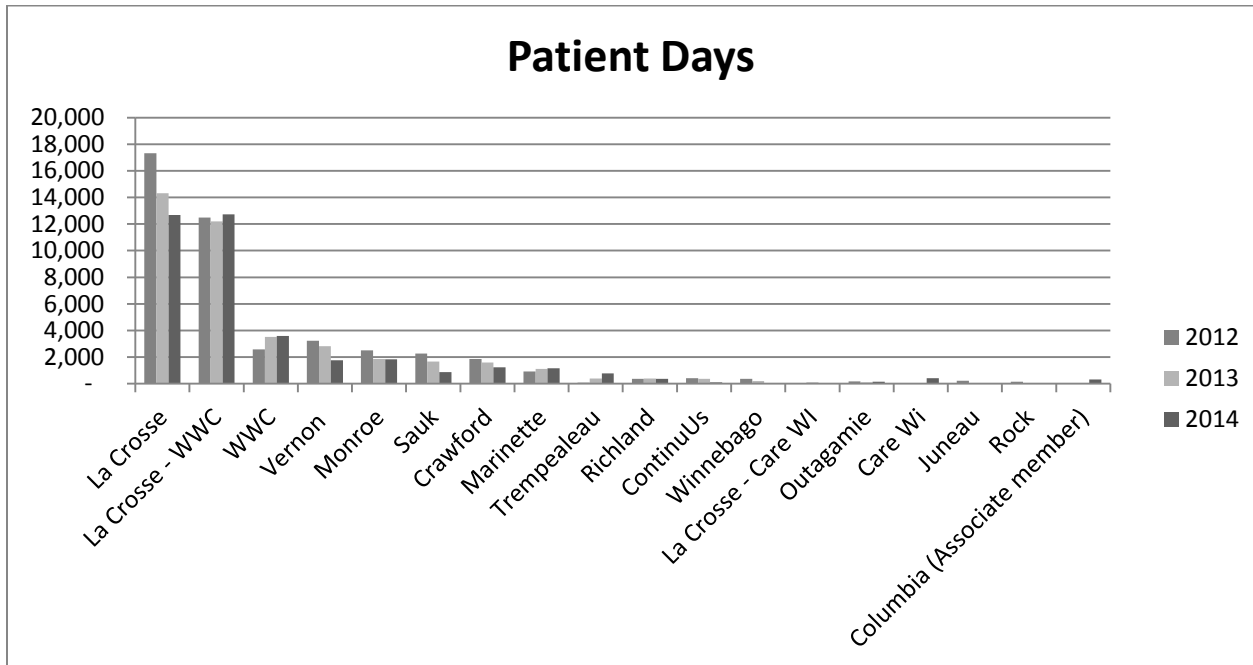
**MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

Patient Days Billed

	<u>2014</u>	<u>2013</u>	<u>2012</u>
CareWI	422	61	-
Columbia (Associate member)	319	-	-
ContinuUs	96	360	410
Crawford	1,235	1,584	1,850
Juneau	-	-	228
La Crosse	12,674	14,305	17,317
La Crosse - Care WI	46	114	-
La Crosse - Western Wisconsin Cares	12,737	12,194	12,480
Marinette	1,164	1,109	926
Monroe	1,828	1,860	2,497
Outagamie	153	99	168
Richland	365	392	366
Rock	-	-	141
Sauk	868	1,670	2,261
Trempealeau	766	400	90
Vernon	1,753	2,814	3,240
Western Wisconsin Cares	3,600	3,523	2,570
Winnebago	-	195	364
Total Patient Days	<u>38,026</u>	<u>40,680</u>	<u>44,908</u>

**MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

As indicated in the chart below, the number of patient days has declined since 2012. Patient days have declined as counties find alternative placements for individuals who don't need the specialized care that MVHS provides. As a result, the acuity level of clients has increased which has led to higher per diem rates. As stated earlier, La Crosse County has started construction of the new 50 bed nursing home which will replace the current 99 bed facility. Over the next two years, the downsizing will continue with MVHS as a regional nursing home, focusing on those clients with the highest acuity level of care.



REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in their finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mississippi Valley Health Services Commission, 400 4th Street North, Room 2150, La Crosse, Wisconsin 54601.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
STATEMENT OF NET POSITION
December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current Assets		
Cash - Equity in Pooled Cash Held by LaCrosse County		
Unrestricted	\$ 132,077	\$ 294,344
Restricted	19,582	31,105
Receivables	<u>1,337,651</u>	<u>968,349</u>
Total Assets	<u>1,489,310</u>	<u>1,293,798</u>
 LIABILITIES		
Current Liabilities:		
Accounts Payable and Other Current Liabilities	370,428	56,707
Deposits Payable from Restricted Assets	<u>19,582</u>	<u>31,105</u>
Total Current Liabilities	<u>390,010</u>	<u>87,812</u>
 NET POSITION		
Unrestricted	<u>\$ 1,099,300</u>	<u>\$ 1,205,986</u>

The accompanying notes are an integral part of the financial statements.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Charges for Services	\$ 9,168,191	\$ 9,908,143
Other Operating Revenue	<u>86,627</u>	<u>45,945</u>
Total Operating Revenues	<u>9,254,818</u>	<u>9,954,088</u>
OPERATING EXPENSES		
Contracted Personnel Services	9,066,419	9,277,184
Rent and Lease Charges	750,993	751,732
Supplies	669,291	684,790
Purchased Services and Repairs	440,478	407,844
Travel and Training	19,980	19,006
Provider Tax Assessment	255,100	325,490
Other Expenses	<u>51,922</u>	<u>21,569</u>
Total Operating Expenses	<u>11,254,183</u>	<u>11,487,615</u>
Operating Loss	<u>(1,999,365)</u>	<u>(1,533,527)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue	1,047,245	1,057,297
Interest Income	<u>59</u>	<u>175</u>
Nonoperating Revenues	1,047,304	1,057,472
Operating Loss before Contributions	(952,061)	(476,055)
Contribution from Other Governmental Entity	<u>845,375</u>	<u>-</u>
CHANGES IN NET POSITION	(106,686)	(476,055)
NET POSITION, BEGINNING	<u>1,205,986</u>	<u>1,682,041</u>
NET POSITION, ENDING	<u>\$ 1,099,300</u>	<u>\$ 1,205,986</u>

The accompanying notes are an integral part of the financial statements.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 9,135,085	\$ 10,307,716
Miscellaneous Revenue	86,627	45,945
Payments to Suppliers and Others	(10,940,462)	(11,486,387)
Net Cash Flows Used in Operating Activities	(1,718,750)	(1,132,726)
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Intergovernmental Aids	699,526	994,057
Contribution from Other Governmental Entity	845,375	-
Net Cash Flows Provided by Non-Capital Financing Activities	1,544,901	994,057
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	59	175
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(173,790)	(138,494)
 CASH AND CASH EQUIVALENTS, BEGINNING	325,449	463,943
 CASH AND CASH EQUIVALENTS, ENDING	\$ 151,659	\$ 325,449
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	\$ (1,999,365)	\$ (1,533,527)
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
(Increase) Decrease in Accounts Receivable	(21,583)	400,028
Increase in Accounts Payable	313,721	1,228
Increase (Decrease) in Deposits Payable	(11,523)	(455)
 NET CASH USED IN OPERATING ACTIVITIES	\$ (1,718,750)	\$ (1,132,726)
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Unrestricted	\$ 132,077	\$ 294,344
Restricted	19,582	31,105
TOTAL CASH AND CASH EQUIVALENTS	\$ 151,659	\$ 325,449

The accompanying notes are an integral part of the financial statements.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mississippi Valley Health Services Commission (MVHS), a component unit of La Crosse County, was created by an Intergovernmental Agreement under Wisconsin Statute 66.0301 between eleven Wisconsin counties, including La Crosse, Monroe, Vernon, Crawford, Sauk, Juneau, Richland, Marinette, Rock, Chippewa, and Trempealeau in 2009. Outagamie and Winnebago counties were added as members in 2010. MVHS provides nursing home services for the elderly and developmentally disabled.

This report includes all of the funds of MVHS. The reporting entity for MVHS consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. MVHS presently does not report any component units.

B. Basis of Presentation and Accounting

MVHS's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. MVHS follows all pronouncements of the Governmental Accounting Standards Board.

The accounts of MVHS are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise MVHS's assets, liabilities, net position, revenues, and expenses. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Additionally, Generally Accepted Accounting Principles (GAAP) requires the use of enterprise funds to account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation and Accounting (Continued)

The accounting and financial reporting treatment applied to MVHS is determined by its measurement focus. The transactions of MVHS are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e. total assets net of total liabilities) are segregated into net investment of capital assets; restricted; and unrestricted components. MVHS has only unrestricted net position.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of MVHS are charges to patients for services received, along with a daily assessment rate for each patient day for residents coming from a participating county. Operating expenses for MVHS include the cost of contracted services and rent, administrative expenses, and other supplies and taxes of MVHS. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is MVHS's policy to use restricted resources first, and then unrestricted resources as they are needed.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided. Where appropriate, receivables are reduced by the estimated portion that is expected to be uncollectible.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash

The cash accounts of MVHS are pooled with La Crosse County in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements.

For the purposes of the statement of cash flows, MVHS considers cash equivalents to include cash and investments having an original maturity of three months or less when purchased.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Receivables

Receivables are recorded at their net value. Receivables include private pay balances, medical assistance and medicaid, County daily assessments, Title XIX intergovernmental transfer program payments, and the balance of funds held by La Crosse County on behalf of MVHS. The carrying value of receivables is reduced by a valuation allowance that reflects MVHS's best estimate of amounts that will not be collected. At December 31, 2014 and 2013 MVHS's management determined that an allowance was not necessary.

E. Restricted Assets

Restricted assets consist of the amounts held by La Crosse County for deposits owed to the resident's of MVHS.

F. Net Position

Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

- Restricted net position - consists of net position with constraints placed on their use either by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment of capital assets."

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 are composed of the following:

	2014	2013
Treasurer's Cash	\$ 114,013	\$ 277,690
Petty Cash - Contingent Fund	1,800	1,800
Petty Cash - Work Therapy	4,000	4,000
Petty Cash - Donation Fund	10,213	8,745
Petty Cash - Can Fund	403	225
Cash Imprest Fund	1,648	1,884
Total Cash and Cash Equivalents	132,077	294,344
Resident's Trusts Cash and Cash Equivalents	19,582	31,105
Total Cash and Cash Equivalents	\$ 151,659	\$ 325,449

Disclosures of deposit and investment risks are reported in La Crosse County's Comprehensive Annual Financial Report.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 - RECEIVABLES

At December 31, 2014 and 2013, receivables consisted of balances from the following:

	<u>2014</u>	<u>2013</u>
Member County Assessments	\$ 206,497	\$ 224,402
Medical Assistance and Medicaid	450,207	530,357
Intergovernmental Aid	575,719	180,000
Private Pay	105,213	32,517
Other	<u>15</u>	<u>1,073</u>
	<u>\$ 1,337,651</u>	<u>\$ 968,349</u>

NOTE 4 - LEASE AND ADMINISTRATIVE AGREEMENT

MVHS has entered into a lease and administrative agreement with La Crosse County. Through this agreement, La Crosse County provides to MVHS personnel and human resources related to the administration and operation of a nursing home, along with cash management services. In so doing, La Crosse County holds all cash of MVHS. In addition, MVHS also pays rent to La Crosse County equal to the sum of expenses, which include utilities, insurance, repairs, and depreciation of the facility and property that is owned by the County.

The term of this agreement commenced on July 1, 2009, and will continue until December 31, 2022, on a regular calendar fiscal year, which starts January 1 to December 31.

NOTE 5 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014 and 2013, rents and other consideration paid to La Crosse County under the lease and administration agreement were as follows:

	<u>2014</u>	<u>2013</u>
Rent of the Facility and Related Capital Assets	\$ 289,734	\$ 299,923
Additional Rent for Utilities, Insurance, Repairs and Other Facility Related Items	461,259	451,809
Personnel and Related Benefits	9,066,419	9,277,184

In addition as a participating County, La Crosse County pays MVHS a member assessment based on La Crosse County's resident patient days of care. La Crosse County also pays the difference between the sum of the assessments of all members and the actual costs of MVHS's operations, as determined in the MVHS Medicaid cost reports filed with the State of Wisconsin.

MISSISSIPPI VALLEY HEALTH SERVICES COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 5 - RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended December 31, 2014 and 2013, MVHS recorded member assessments from La Crosse County of \$1,630,775 and \$1,704,829, respectively. Related party receivables and payables as of December 31 were as follows:

	2014	2013
Accounts Receivable from La Crosse County	\$ 129,914	\$ 143,110
Accounts Payable to La Crosse County	289,734	-

NOTE 6 – RISK MANAGEMENT

MVHS's exposure to risks of loss, including employee health, dental, and worker's compensation claims are provided for through MVHS's agreement with La Crosse County to contract labor. All of these risk management activities are accounted for within Internal Service Funds included on the County's financial statements, with MVHS's share of the cost recorded as an expense in these financial statements. MVHS obtains property and professional liability insurance from commercial insurance companies. There were no significant changes in insurable risks or coverage from the prior year. Claims have not exceeded coverage since MVHS was formed in 2009.