

***Washington County Nursing Home***  
**Akron, Colorado**

**Financial Statements**  
**For the Year Ended December 31, 2014**

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## **Independent Auditors' Report**

To the Board of Directors  
Washington County Nursing Home  
Akron, Colorado

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

We have audited the accompanying financial statements of Washington County Nursing Home, a component unit of Washington County, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Washington County Nursing Home's 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 error or fraud.

### **Auditors' Responsibility**

Our responsibility is to express opinions on the 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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington County Nursing Home as of December 31, 2014, and the respective changes in financial position and 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 the management's discussion and analysis listed 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County Nursing Home's financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
May 1, 2015

**WASHINGTON COUNTY NURSING HOME**  
**Management's Discussion and Analysis**  
**For the year ended December 31, 2014**

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**Financial Highlights**

The overall health of Washington County Nursing Home (WCNH) continues to be strong for the year ended December 31, 2014.

- The Statement of Net Position indicates:
  - The current ratio is 7.64:1 in 2014 compared to 5.88:1 in 2013
  - WCNH carries no long term debt on its building
  - There were total Unrestricted Net Position of \$694,643 in 2014 compared to \$770,556 in 2013
- 
- The Statement of Revenues, Expenses and Changes in Fund Net Position indicates:
  - An Operating Loss of \$96,921 in 2013 compared to an Operating Loss of \$137,459 in 2014.
  - A decrease in Net Position of \$49,000 in 2013 compared to \$105,894 in 2014.
- 
- The Statement of Cash Flows indicates:
  - \$(86,698) cash was used by operations in 2013 compared to \$(92,039) in 2014.
  - Total cash decreased by \$12,991 in 2013 compared to a decrease of \$23,523 in 2014.

**Using This Annual Report**

WCNH's financial statements consist of three statements: A Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and The Statement of Cash Flows. These financial statements and related notes provide information about the activities of WCNH including resources held by WCNH but restricted for specific purposes by contributors and grantors.

The Statement of Net Position reports the financial health of the organization at a particular point in time. The relationship between assets on hand and liabilities owed is very important to that financial health. It also indicates any assets held that are restricted for a particular use.

The Statement of Revenues, Expenses and Changes in Fund Net Position reports the results of operations for the current year. It reveals both the results of operations in the operating income line, and the results of all activities including nonoperating revenues, such as contributions, in the change in net position line.

The Statement of Cash Flows reports cash receipts, cash payments, and changes in cash, resulting from operations, investing, and financing activities.

### **WCNH's Net Position**

Net position is the difference between the Assets and Liabilities on the Statement of Net Position. WCNH has positive Net Position at December 31, 2013 of \$976,796 compared to \$870,902 at December 31, 2014; this is the cumulative result of operations over the entire life of the organization. Net Position decreased in the current year by \$105,894.

### **Washington County Nursing Home's Net Position**

	<u>12/31/2013</u>	<u>12/31/2014</u>
Assets:		
Current assets	\$618,930	\$585,305
Restricted assets	4,794	5,890
Noncurrent assets	<u>468,325</u>	<u>395,564</u>
Total Assets	<u>\$1,092,049</u>	<u>\$986,759</u>
Liabilities:		
Current liabilities	\$77,424	\$79,573
Other liabilities	4,794	5,890
Long-term liabilities	<u>33,035</u>	<u>30,394</u>
Total Liabilities	\$115,253	\$115,857
Net Position:		
Net investment in capital assets	\$206,230	\$176,259
Unrestricted	<u>770,566</u>	<u>694,643</u>
Total Net Position	<u>\$976,796</u>	<u>\$870,902</u>
 Total Liabilities and Net Position	 <u>\$1,092,049</u>	 <u>\$986,759</u>

### **Operating Results**

WCNH had operating loss in 2013 of \$96,921 compared to an operating loss of \$137,459 in 2014.

### **Nonoperating Revenues**

The organization received nonoperating revenues from earnings on investments, contributions, grants and County subsidy of \$47,921 and \$31,565 for 2013 and 2014 respectively. The contributions came from various sources that were the result of fund raising on the part of volunteers to the organization. The County subsidy is from a sales tax of 1.50% that is for the support of WCNH, Washington County Clinic and Washington County Ambulance.

### **Operating Results and Changes in Washington County Nursing Home's Net Position**

	<u>12/31/2013</u>	<u>12/31/2014</u>
Operating Revenue:		
Residency	\$1,921,867	\$1,703,745
Ancillary	<u>166,288</u>	<u>141,106</u>
Total Revenue	\$2,088,155	\$1,844,851
Operating Expenses:		
Salaries and benefits	\$1,589,500	\$1,468,206
Supplies, contract services and other	561,750	478,476
Depreciation and amortization	<u>33,826</u>	<u>35,628</u>
Total Operating Expenses	\$2,185,076	\$1,982,310
Operating Loss	(\$96,921)	(\$137,459)
Non-operating Revenues	<u>\$47,921</u>	<u>\$31,565</u>
Change in Net Position	\$(49,000)	\$(105,894)
Net Position at beginning of year	<u>\$1,025,796</u>	<u>\$976,796</u>
Net Position at end of year	<u>\$976,796</u>	<u>\$870,902</u>

### **Budget Results**

WCNH's Operating Revenues were less than final budget by \$11,801 for the year in 2013. In 2014 Operating Revenues were less than budgeted by \$187,494 reflecting the decrease in occupied beds during the year.

In 2013 expenses were \$68,987 over budget. In 2014, expenses were under anticipated budget by \$55,304.

The change in Net Position did not meet budget expectations by \$(49,000) in 2013 and \$(105,894) in 2014.

### **Contacting the WCNH's Financial Management**

This financial report is designed to provide our residents, their families, suppliers, creditors and donors with a general overview of WCNH's finances and to show WCNH's accountability for the money it receives. If you have any questions about this report or need additional information, contact Brenda Rhea, Nursing Home Administrator, Washington County Nursing Home, 465 Main St. Akron, CO 80720.



## **Basic Financial Statements**

The basic financial statements of the Washington County Nursing Home include the following:

*Financial statements.* The financial statements display information about the reporting government as a whole.

*Notes to the financial statements.* The notes communicate information essential for the fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

**WASHINGTON COUNTY NURSING HOME**  
**Statement of Net Position**  
**December 31, 2014**

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Assets	
Current assets	
Cash	\$ 275,263
Cash with county treasurer	28,785
Certificate of deposit	105,674
Accounts receivable, net of allowance for uncollectible accounts	161,509
Prepaid items	<u>14,074</u>
Total current assets	585,305
Restricted assets	
Cash held in trust for residents	5,890
Noncurrent assets	
Advance to pioneer haven	219,305
Land	3,365
Capital assets, net of depreciation	<u>172,894</u>
Total noncurrent assets	<u>395,564</u>
Total assets	<u><u>\$ 986,759</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 27,618
Accrued salaries	35,857
Payroll taxes and withholdings	<u>16,098</u>
Total current liabilities	79,573
Other liabilities	
Cash held in trust for residents	5,890
Long-term liabilities	
Accrued compensated absences	<u>30,394</u>
Total liabilities	115,857
Net position	
Net investment in capital assets	176,259
Unrestricted	<u>694,643</u>
Total net position	<u>870,902</u>
Total liabilities and net position	<u><u>\$ 986,759</u></u>

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

**WASHINGTON COUNTY NURSING HOME**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2014**

Operating revenues	
Residency	\$ 1,703,745
Ancillary	134,881
Meals	6,225
	<hr/>
Total revenues	1,844,851
Operating expenses	
Nursing	1,103,001
Medical records	44,292
Social services	38,842
Activities	64,900
Dietary	274,788
Housekeeping	142,786
Maintenance	82,536
Administration	195,537
Depreciation	35,628
	<hr/>
Total operating expenses	1,982,310
Operating loss	(137,459)
Nonoperating revenues	
Earnings on investments	250
Contributions	5,244
Reimbursements	10,452
County subsidy	15,619
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Total nonoperating revenues	31,565
Change in net position	(105,894)
Net position at beginning of year	976,796
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Net position at end of year	\$ 870,902
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The accompanying notes are an integral part of these financial statements.

**WASHINGTON COUNTY NURSING HOME**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2014**

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Cash flows from operating activities	
Receipts from patients	\$ 1,850,278
Payments to suppliers	(800,817)
Payments to employees	(1,141,500)
	<hr/>
Net cash used by operating activities	(92,039)
Cash flows from noncapital financing activities	
Contributions and reimbursements	15,697
County subsidy	15,619
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Net cash provided by noncapital financing activities	31,316
Cash flows from capital and related financing activities	
Purchase of capital assets	(5,657)
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Net cash used by capital and related financing activities	(5,657)
Cash flows from investing activities	
Receipts from pioneer haven	42,790
Earnings on investments	67
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Net cash provided by investing activities	42,857
	<hr/>
Net decrease in cash and cash equivalents	(23,523)
Cash and cash equivalents at beginning of year	327,571
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Cash and cash equivalents at end of year	<u><u>\$ 304,048</u></u>

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

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Reconciliation of operating loss to net cash used by operating activities	
Operating loss	\$ (137,459)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	35,628
Change in assets and liabilities	
Accounts receivable	5,427
Prepaid items	4,857
Accounts payable	8,128
Accrued salaries	(4,170)
Payroll taxes and withholdings	(1,809)
Accrued compensated absences	(2,641)
Net cash used by operating activities	<u>\$ (92,039)</u>
Cash and cash equivalents at end of year consist of:	
Cash	\$ 275,263
Cash with county treasurer	<u>28,785</u>
Total	<u>\$ 304,048</u>

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Washington County Nursing Home's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Washington County Nursing Home have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The more significant of Washington County Nursing Home's accounting policies are described below.

**A.1 – Reporting entity**

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Washington County Nursing Home has examined other entities that could be included as defined in numbers 2 and 3 above. Based on these criteria, the Washington County Nursing Home has no component units.

The Washington County Nursing Home is a component unit of Washington County, Colorado as it became operational under County control on May 11, 1996.

**A.2 – Basis of presentation**

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Washington County Nursing Home finances and meets its cash flow needs.

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (continued)**

**A.3 – Encumbrances**

Encumbrance accounting is not used by the Washington County Nursing Home.

**A.4 – Cash and cash equivalents**

For the purposes of the statement of cash flows, the Washington County Nursing Home considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**A.5 – Accounts receivable**

Accounts receivable consist primarily of amounts due for resident care. No allowance for uncollectible accounts has been reported based upon a review of existing accounts receivable and prior collection experience.

**A.6 – Capital assets**

All capital assets with a unit cost greater than \$2,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	10-30 years
Machinery and equipment	3-5 years

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (continued)**

**A.7 – Compensated absences**

The Washington County Nursing Home reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.”

Vacation time off with pay is available to eligible employees to provide opportunities for rest, relaxation and personal pursuits. Eligible full-time employees accrue vacation leave at the rate of twelve days per year for their first four years of employment, with increases every five years up to a maximum of twenty-one days per year upon reaching twenty-five years of service. The amount of paid vacation leave employees receive each year increases with the length of their employment. Vacation leave is a vested benefit and is reported as a liability on the statement of net position.

Sick leave time off with pay is available to eligible employees who are unable to report to work due to illness or injury to himself or herself or an eligible family member. Eligible employees accrue sick leave benefits at the rate of eight hours per month. Upon voluntary resignation or retirement, an employee will be paid one-fourth of accumulated unused sick leave. This portion is considered to be a vested benefit and is reported as a liability on the statement of net position.

**A.8 – Net position**

Net position reports the differences between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through enabling legislation adopted by Washington County Nursing Home or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Washington County Nursing Home applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**A.9 – Operating revenues and expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the Washington County Nursing Home. These revenues primarily consist of charges for services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Washington County Nursing Home. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (continued)**

**A.10 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of the board of directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**A.11 – Budgets and budgetary accounting**

An annual budget is established for the Washington County Nursing Home. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revenues are budgeted by source, and expenses are budgeted by department and the major divisions thereof and by the principal objects of expense. The legal level of control is considered to be the entity as a whole and expenses may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by the board of directors.

The Washington County Nursing Home follows these procedures in establishing budgetary data reflected in the financial statements:

- On or before October 15<sup>th</sup>, the budget officer submits to the board of directors a budget which shall be a complete financial plan for the ensuing fiscal year.
- The budget is prepared using the accrual basis of accounting.
- Public hearings are conducted to obtain comments.
- Prior to December 31<sup>st</sup>, the budget is legally adopted through passage of an adoption resolution.

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the Washington County Nursing Home's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Washington County Nursing Home's deposits may not be returned to it. The Washington County Nursing Home does not have a deposit policy for custodial credit risk. At year-end, the Washington County Nursing Home had total deposits of \$437,031, of which \$260,423 was insured and \$176,608 was collateralized with securities held by the pledging institution's trust department or agent in the Washington County Nursing Home's name.

**Investments**

Authorized investments – Investment policies are governed by Colorado State Statutes and the Washington County Nursing Home's own investment policies and procedures. Investments of the Washington County Nursing Home may include:

- Obligations of the United States Government, such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the Washington County Nursing Home had only investments in certificates of deposit.

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

**Note C – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 3,365	\$ -	\$ -	\$ 3,365
Total capital assets, not being depreciated	3,365	-	-	3,365
Capital assets, being depreciated:				
Site improvements	7,523	-	-	7,523
Buildings and improvements	822,293	2,548	-	824,841
Equipment	416,971	3,109	-	420,080
Total capital assets, being depreciated	<u>1,246,787</u>	<u>5,657</u>	<u>-</u>	<u>1,252,444</u>
Total capital assets	1,250,152	5,657	-	1,255,809
Less accumulated depreciation for:				
Site improvements	(7,523)	-	-	(7,523)
Buildings and improvements	(698,020)	(15,350)	-	(713,370)
Equipment	(338,379)	(20,278)	-	(358,657)
Total accumulated depreciation	<u>(1,043,922)</u>	<u>(35,628)</u>	<u>-</u>	<u>(1,079,550)</u>
Total capital assets, net of depreciation	<u>\$ 206,230</u>	<u>\$ (29,971)</u>	<u>\$ -</u>	<u>\$ 176,259</u>

**Note D – Advance to pioneer haven**

The Washington County Nursing Home has advanced funds in the amount of \$350,500 to Pioneer Haven, for the purchase of a complex designed for seniors (62 years of age and older) and/or for persons who are disabled. The intent of Pioneer Haven is to repay the advance over a period of no longer than fifteen years as funds become available. The outstanding balance at December 31, 2014 was \$219,305.

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note E – Long-term debt**

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Compensated absences	\$ 33,035	\$ -	\$ (2,641)	\$ 30,394	\$ -

The Washington County Nursing Home believes that the current portion of compensated absences is negligible and is therefore not reported.

**Note F – Risk management**

The Washington County Nursing Home is a participant in select insurance pools offered by the Colorado Counties, Inc.

Colorado Workers' Compensation Pool

The Washington County Nursing Home is exposed to various risks of loss related to injuries of employees while on the job. The Washington County Nursing Home participates in the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for its workers' compensation insurance coverage. The Washington County Nursing Home's financial contribution for the year was \$36,788. The intergovernmental agreement of formation of the CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Washington County Nursing Home is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; claims relating to professional liability; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**WASHINGTON COUNTY NURSING HOME**  
**Notes to Financial Statements**

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**Note G – Defined contribution plan**

The Washington County Nursing Home SIMPLE Plan (the plan) is a defined contribution pension plan established by the Washington County Nursing Home to provide benefits at retirement to certain eligible employees. All employees of the Washington County Nursing Home who are reasonably expected to receive at least \$5,000 in covered compensation are eligible to participate in the plan. At year-end, there were 12 plan members. Employees are required to contribute the lesser of 6% of covered salary or \$6,000. The Washington County Nursing Home is required to contribute an amount up to 3% of each eligible employee's covered compensation. Plan provisions and contribution requirements are established by the Internal Revenue Code. Employee and employer contributions to the plan for the year totaled \$16,320 and \$10,584, respectively.

**Note H – Commitments and contingencies**

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The Amendment contains tax, spending, revenue and debt limitations that apply to the State of Colorado, all local governments and special districts.

The Washington County Nursing Home considers itself to be an enterprise as defined by TABOR, thus being exempt from the provisions of the Amendment.

In addition, Washington County's electorate approved a ballot issue in May of 1996 that would allow the Washington County Nursing Home (if it should be determined that the Washington County Nursing Home does not qualify as an enterprise) to retain, appropriate, and utilize any and all revenues generated in 1993, 1994 and 1995 in excess of the limits imposed by Article X, Section 20 of the Colorado Constitution, and be authorized to retain, appropriate, collect and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in 1996 and all subsequent years.

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### **Supplementary Information**

Supplementary information includes financial schedules not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

**WASHINGTON COUNTY NURSING HOME**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Residency	\$ 2,005,945	\$ 2,005,945	\$ 1,703,745	\$ (302,200)
Ancillary	18,600	18,600	134,881	116,281
Meals	7,800	7,800	6,225	(1,575)
Total revenues	<u>2,032,345</u>	<u>2,032,345</u>	<u>1,844,851</u>	<u>(187,494)</u>
Operating expenses				
Nursing	1,137,575	1,137,575	1,103,001	34,574
Medical records	36,572	36,572	44,292	(7,720)
Social services	41,400	41,400	38,842	2,558
Activities	57,633	57,633	64,900	(7,267)
Dietary	304,927	304,927	274,788	30,139
Housekeeping	175,332	175,332	142,786	32,546
Maintenance	86,532	86,532	82,536	3,996
Administration	163,200	163,200	195,537	(32,337)
Depreciation	34,443	34,443	35,628	(1,185)
Total operating expenses	<u>2,037,614</u>	<u>2,037,614</u>	<u>1,982,310</u>	<u>55,304</u>
Operating loss	(5,269)	(5,269)	(137,459)	(132,190)
Nonoperating revenues				
Earnings on investments			250	250
Contributions	3,450	3,450	5,244	1,794
Reimbursements			10,452	10,452
County subsidy			15,619	15,619
Total nonoperating revenues	<u>3,450</u>	<u>3,450</u>	<u>31,565</u>	<u>28,115</u>
Change in net position	<u>\$ (1,819)</u>	<u>\$ (1,819)</u>	<u>(105,894)</u>	<u>\$ (104,075)</u>
Net position at beginning of year			<u>976,796</u>	
Net position at end of year			<u>\$ 870,902</u>	



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**WASHINGTON COUNTY NURSING HOME**  
**Budgetary Comparison Schedule - Expenses**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nursing				
Salaries	\$ 729,037	\$ 729,037	\$ 689,099	\$ 39,938
Employee benefits	231,087	231,087	217,089	13,998
Supplies	48,716	48,716	62,546	(13,830)
Contract services	70,350	70,350	84,714	(14,364)
Medical director	6,275	6,275	6,297	(22)
Drugs	16,800	16,800	14,546	2,254
Insurance	11,256	11,256	13,565	(2,309)
Repairs and maintenance	1,800	1,800	332	1,468
Miscellaneous	22,254	22,254	14,813	7,441
Total nursing	1,137,575	1,137,575	1,103,001	34,574
Medical records				
Salaries	25,663	25,663	34,472	(8,809)
Employee benefits	9,064	9,064	8,652	412
Contract services	560	560	446	114
Supplies	785	785	255	530
Miscellaneous	500	500	467	33
Total medical records	36,572	36,572	44,292	(7,720)
Social services				
Salaries	29,655	29,655	27,282	2,373
Employee benefits	4,885	4,885	4,129	756
Contract services	5,640	5,640	6,571	(931)
Supplies	360	360	167	193
Miscellaneous	860	860	693	167
Total social services	41,400	41,400	38,842	2,558
Activities				
Salaries	32,275	32,275	37,955	(5,680)
Employee benefits	11,155	11,155	15,254	(4,099)
Cable television	3,492	3,492	3,478	14
Contract services	720	720		720
Supplies	5,340	5,340	4,199	1,141
Van	1,080	1,080	881	199
Miscellaneous	3,571	3,571	3,133	438
Total activities	57,633	57,633	64,900	(7,267)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Dietary				
Salaries	140,510	140,510	137,284	3,226
Employee benefits	57,837	57,837	42,883	14,954
Contract services	7,800	7,800	5,080	2,720
Food and nutritional supplement	87,060	87,060	80,642	6,418
Repairs and maintenance	1,920	1,920	614	1,306
Supplies	7,200	7,200	6,670	530
Miscellaneous	2,600	2,600	1,615	985
Total dietary	304,927	304,927	274,788	30,139
Housekeeping				
Salaries	108,376	108,376	97,859	10,517
Employee benefits	43,448	43,448	23,366	20,082
Supplies	20,208	20,208	20,553	(345)
Repairs and maintenance	300	300	121	179
Miscellaneous	3,000	3,000	887	2,113
Total housekeeping	175,332	175,332	142,786	32,546
Maintenance				
Contract services	9,912	9,912	11,180	(1,268)
Repairs and maintenance	18,600	18,600	14,828	3,772
Supplies	7,320	7,320	5,232	2,088
Utilities	50,400	50,400	51,296	(896)
Miscellaneous	300	300		300
Total maintenance	86,532	86,532	82,536	3,996

(continued)

**WASHINGTON COUNTY NURSING HOME**  
**Budgetary Comparison Schedule - Expenses**  
**For the Year Ended December 31, 2014**

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Administration				
Salaries	87,707	87,707	108,931	(21,224)
Employee benefits	20,150	20,150	23,951	(3,801)
Contract services	22,971	22,971	20,202	2,769
Professional services			5,120	(5,120)
Equipment lease	4,920	4,920	4,631	289
Supplies	4,680	4,680	4,783	(103)
Insurance	6,352	6,352	6,596	(244)
Telephone	9,120	9,120	7,942	1,178
Miscellaneous	7,300	7,300	13,381	(6,081)
Total administration	163,200	163,200	195,537	(32,337)
Depreciation	34,443	34,443	35,628	(1,185)
Total expenses	<u>\$ 2,037,614</u>	<u>\$ 2,037,614</u>	<u>\$ 1,982,310</u>	<u>\$ 55,304</u>