



**Johnson & Block**  
AND COMPANY, INC.

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Certified Public Accountants

AUDITED FINANCIAL STATEMENTS

BLOOMFIELD HEALTH CARE AND REHABILITATION CENTER

DECEMBER 31, 2010 AND 2009

*Quality service through our commitment to clients and staff.*

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BLOOMFIELD HEALTH CARE AND REHABILITATION CENTER

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Kryszinski ▲ Janice L. Froelich ▲ Jay H. Bennett

**INDEPENDENT AUDITOR'S REPORT**

The County Board of Supervisors  
Iowa County  
Dodgeville, Wisconsin

We have audited the accompanying financial statements of Bloomfield Health Care and Rehabilitation Center, an enterprise fund of Iowa County, Wisconsin as of and for the years ended, December 31, 2010 and 2009, as listed in table of contents. These financial statements are the responsibility of Iowa County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Bloomfield Health Care and Rehabilitation Center (an enterprise fund) and do not purport to, and do not present fairly the financial position of Iowa County, Wisconsin as of December 31, 2010 and 2009, and the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bloomfield Health Care and Rehabilitation Center of Iowa County, Wisconsin, as of December 31, 2010 and 2009, and the changes in financial position and, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2011, on our consideration of Bloomfield Health Care and Rehabilitation Center of Iowa County, Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bloomfield Health Care and Rehabilitation Center of Iowa County, Wisconsin's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*JOHNSON BLOCK AND COMPANY, INC.*

*Johnson Block and Company, Inc.*

September 23, 2011

Exhibit A  
 Bloomfield Health Care and Rehabilitation Center  
 Statements of Net Assets  
 December 31, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
<u>Current Assets</u>		
Operating Cash	\$ 1,918,866	\$ 1,904,767
Petty Cash Fund	325	325
Resident Accounts Receivable	955,011	625,135
Materials and Supplies	<u>40,787</u>	<u>41,818</u>
Total Current Assets	<u>2,914,989</u>	<u>2,572,045</u>
<u>Restricted Assets</u>		
Cash and Investment	<u>707,020</u>	<u>726,296</u>
Total Restricted Assets	<u>707,020</u>	<u>726,296</u>
<u>Fixed Assets</u>		
Fixed Assets	5,169,895	4,872,818
Less: Accumulated Depreciation	<u>(3,332,794)</u>	<u>(3,191,424)</u>
Total Net Fixed Assets	<u>1,837,101</u>	<u>1,681,394</u>
Total Assets	<u>\$ 5,459,110</u>	<u>\$ 4,979,735</u>

Exhibit A (Continued)  
 Bloomfield Health Care and Rehabilitation Center  
 Statements of Net Assets  
 December 31, 2010 and 2009

	2010	2009
Liabilities		
<u>Current Liabilities</u>		
Payable from Current Assets:		
Accounts payable	\$ 104,188	\$ 92,931
Due to other governments	49,771	61,431
Accrued interest	12,745	14,951
Current portion of G.O. debt	112,556	108,323
Accrued salaries	137,061	124,829
Deferred Revenue	211,150	-
	627,471	402,465
 <u>Long Term Liabilities</u>		
General obligation debt	472,457	582,143
Compensated absences	342,543	325,699
Less: current portion	(112,556)	(108,323)
	702,444	799,519
Total Long Term Liabilities	702,444	799,519
Total Liabilities	1,329,915	1,201,984
 <u>Net Assets</u>		
Investment in capital assets, net of related debt	1,364,644	1,099,251
Restricted	707,020	726,296
Unrestricted	2,057,531	1,952,204
	4,129,195	3,777,751
Total Net Assets	4,129,195	3,777,751
Total Liabilities and Net Assets	\$ 5,459,110	\$ 4,979,735

Exhibit B  
 Bloomfield Health Care and Rehabilitation Center  
 Statements of Activities  
 For the Years Ended December 31, 2010 and 2009

	2010	2009
<u>Operating Revenues</u>		
<u>Daily Service</u>		
Resident Revenue:		
Private	\$ 1,129,786	\$ 689,634
Medical Assistance	2,459,077	2,338,656
Medicare	1,474,901	1,358,488
Veterans	120,693	85,254
Total Daily Service	5,184,457	4,472,032
Other Operating Revenue	146,340	94,342
Total Operating Revenues	5,330,797	4,566,374
<u>Operating Expenses</u>		
Daily Resident Service	3,001,600	2,739,220
Special Service	635,723	631,232
General Service	1,008,200	970,953
Administration	341,413	339,012
Unassigned	596,189	547,087
Total Operating Expenses	5,583,125	5,227,504
Net Operating (Loss)	(252,328)	(661,130)
<u>Nonoperating Revenues (Expenses)</u>		
County appropriation		73,963
IGT revenue	449,954	579,024
Interest expense	(18,685)	(27,786)
Gain/(Loss) on disposal of equipment	(7,028)	(866)
Grant proceeds	69,919	
Other nonoperating revenues	17,083	20,604
Total Nonoperating Revenues (Expenses)	511,243	644,939
Income before contributions and transfers	258,915	(16,191)
Capital contribution	92,529	100,437
Transfer from other County funds		71,680
Change in Net Assets	351,444	155,926
Net Assets - Beginning of Year as Reported	3,777,751	3,621,825
Net Assets - End of year	\$ 4,129,195	\$ 3,777,751

Exhibit C  
 Bloomfield Health Care and Rehabilitation Center  
 Statements of Cash Flows  
 For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Cash Flows from (Used by) Operating Activities</u>		
Receipts from Customers	\$ 5,000,921	\$ 4,848,457
Payments to Employees	(2,708,977)	(2,531,744)
Payment for Employee Benefits	(1,235,739)	(1,248,853)
Payments to Suppliers and Contractors	<u>(1,392,210)</u>	<u>(1,171,412)</u>
Net Cash (Used) by Operating Activities	<u>(336,005)</u>	<u>(103,552)</u>
 <u>Cash Flows from (Used by) Non-Capital Financing Activities</u>		
Subsidy Received from General Fund		73,963
Transfer from other county funds		71,680
IGT Receipts	<u>661,104</u>	<u>579,024</u>
Cash Provided by Non-Capital Financing Activities	<u>661,104</u>	<u>724,667</u>
 <u>Cash Flows From (Used by) Capital and Related Financing Activities</u>		
Payments for Capital Acquisitions	(379,229)	(69,135)
Grant proceeds	69,919	
Principal paid	(17,158)	
Interest Paid	<u>(20,891)</u>	<u>(30,159)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(347,359)</u>	<u>(99,294)</u>
 <u>Cash Flows from Investing Activities</u>		
Receipt of Interest	<u>17,083</u>	<u>20,604</u>
Cash Provided by Investing Activities	<u>17,083</u>	<u>20,604</u>
 Net Increase in Cash and Cash Equivalents	(5,177)	542,425
Cash and Cash Equivalents at Beginning of Year	<u>2,631,388</u>	<u>2,088,963</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,626,211</u>	<u>\$ 2,631,388</u>

Exhibit C (Continued)  
 Bloomfield Health Care and Rehabilitation Center  
 Statements of Cash Flows  
 For the Years Ended December 31, 2010 and 2009

	2010	2009
<u>Reconciliation of Cash and Cash Equivalents to Balance Sheet:</u>		
Operating Cash	\$ 1,918,866	\$ 1,904,767
Petty Cash Fund	325	325
Cash and Investments (Restricted)	707,020	726,296
 Cash and Cash Equivalents	 \$ 2,626,211	 \$ 2,631,388
 <u>Reconciliation of operating loss to net cash from operating activities</u>		
Operating (loss)	(252,328)	(661,130)
Adjustments to Reconcile:		
Depreciation	216,495	219,889
(Increase) Decrease in Accounts Receivable	(329,876)	282,083
(Increase) Decrease in Materials & Supplies Inventory	1,031	(4,783)
Increase (Decrease) in Accrued Salaries	12,232	21,012
Increase (Decrease) in Vested Fringe Benefits	16,844	3,730
Increase (Decrease) in Accounts Payable	11,257	(1,809)
Increase (Decrease) in Due to Other Governments	(11,660)	37,456
 Net Cash (Used) by Operating Activities	 \$ (336,005)	 \$ (103,552)

Supplemental Schedule of Noncash Investing and Financing Activities:

During 2010, the county paid \$92,529 for debt principal payments which represented contributed capital.

During 2009, the county paid \$100,437 for debt principal payments which represented contributed capital.

Exhibit D  
Bloomfield Health Care and Rehabilitation Center  
Statement of Net Assets  
Fiduciary Funds  
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Manor resident cash	<u>\$8,068</u>	<u>\$8,824</u>
<u>Liabilities</u>		
Funds held for others	<u>\$8,068</u>	<u>\$8,824</u>

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

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NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Bloomfield Health Care and Rehabilitation Center is owned and operated as an enterprise fund by Iowa County, Wisconsin as a licensed nursing home and are not intended to present fairly the financial position of Iowa County, Wisconsin and the results of its operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America. It is the intent of the Iowa 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.

Bloomfield Health Care and Rehabilitation Center is subject to regulation by the Wisconsin Department of Health and Family Services. Such regulation includes rate setting for residents under the Title XIX Wisconsin Medical Assistance Program as described in Note 1B.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The term, "measurement focus," is used to denote what is being measured and reported in Bloomfield Health Care and Rehabilitation Center's operating statement. Bloomfield Health Care and Rehabilitation Center is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether Bloomfield Health Care and Rehabilitation Center is better or worse off economically as a result of events and transactions of the period.

The term, "basis", of accounting is used to determine when a transaction or event is recognized on Bloomfield Health Care and Rehabilitation Center's operating statement. Bloomfield Health Care and Rehabilitation Center uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Bloomfield Health Care and Rehabilitation Center has elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board.

Bloomfield Health Care and Rehabilitation Center is presented as an enterprise fund of Iowa County. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The Health Care and Rehabilitation Center distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and goods in connection with ongoing operations. The principal operating revenues of the Health Care and Rehabilitation Center are for patient charges. Operating expenses include the cost of services, administrative expenses, and depreciation. 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 the Health Care and Rehabilitation Center's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. Income Taxes

The Health Care and Rehabilitation Center is a government owned entity and is exempt from federal and state income taxes.

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

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NOTE 1

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Inventories

Inventories of materials and supplies are priced at cost using the first-in, first-out method and are expensed when used.

E. Property, Plant and Equipment

Property, plant and equipment are recorded at cost or fair market value for donated property. Normal repairs and maintenance are charged to operations as incurred. Significant alterations and renovations are capitalized. Net interest costs, incurred for long-term debt issued for construction purposes, are capitalized during the period of construction. No interest was capitalized for 2010 or 2009.

Depreciation, including depreciation on capital leases, is computed on a unit basis using the straight-line method over the estimated useful lives as shown below:

	<u>Years</u>
Land improvements	5-30
Buildings	15-40
Fixed equipment	10-25
Major movable	5-20
Transportation vehicles	4

F. Restricted Assets

The Health Care and Rehabilitation Center is custodian for resident's funds. The resident's fund represents cash deposited with the Health Care and Rehabilitation Center for the use of individual residents. Balance as of December 31, 2010 and 2009 was \$8,068 and \$6,647, respectively.

The Health Care and Rehabilitation Center also received money as part of a bequest which needs to be used for the entertainment of the Center's residents and can't be used for operating expenses. Balance as of December 31, 2010 and 2009 was \$707,020 and \$726,296 respectively.

G. Compensated Absences

Employees earn one day of sick leave for each 163 hours worked with a maximum accumulation of one hundred twenty (120) days. All employees are entitled to use their accumulated sick leave for continued payment of health insurance upon retirement. If an employee maintains at least twenty-four (24) sick days for a twelve-month period, the employee, at the end of twelve months, may be paid for half of the sick leave not used but accrued during that twelve-month period. The twelve-month period is from anniversary date to anniversary date. The benefits are financed on a pay-as-you-go basis.

Health Care and Rehabilitation Center employees are granted vacation in varying amounts based on length of service. Vacations are generally taken in the year earned.

H. Risk Management

The Health Care and Rehabilitation Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Health Care and Rehabilitation Center maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Health Care and Rehabilitation Center. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Health Care and Rehabilitation Center considers all highly liquid investments within maturity of three months or less when purchased to be cash equivalents.

J. Receivables

Management considers all resident receivables to be fully collectible. No allowance is considered necessary.

K. Revenues

Operating revenues result from providing services to residents at the Health Care and Rehabilitation Center. Other revenues, such as the tax levy and ITP funds are reported as nonoperating revenues.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2

CASH AND INVESTMENTS

At December 31, 2010, cash and investments included the following:

	12/31/10	12/31/09
Treasurer pooled cash	\$ 1,918,866	\$ 1,904,767
Petty cash on hand	1,196	1,186
Deposits with financial institutions	706,739	733,362
Local Government Investment Pool	7,478	897
Total cash and investments	\$ 2,634,279	\$ 2,640,212

Cash and investments as of December 31, 2010 are classified in the accompanying financial statements as follows:

	12/31/10	12/31/09
Exhibit A:		
Operating Cash	\$ 1,918,866	\$ 1,904,767
Petty Cash Fund	325	325
Restricted Cash and Investments	707,020	726,296
Exhibit D:		
Health Care and Rehabilitation Center resident cash	8,068	8,824
Total Cash and Investments	\$ 2,634,279	\$ 2,640,212

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 2

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

Investment of Health Care and Rehabilitation Center funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district
- Bonds issued by a local professional baseball park district
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority
- Bonds issued by a local football stadium district
- Bonds issued by a local arts district
- Bonds issued by the Wisconsin Aerospace Authority

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Health Care and Rehabilitation Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Health Care and Rehabilitation Center's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Health Care and Rehabilitation Center's investments by maturity:

Investment Type	Remaining Maturity (in Months)		
	Amount	12 Months or Less	13 to 24 Months
Local Government Investment Pool	\$ 7,478	\$ 7,478	\$
Certificates of Deposit	675,000	675,000	
Totals	\$ 682,478	\$ 682,478	\$

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

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NOTE 2

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Health Care and Rehabilitation Center has no investment policy that would further limit its investment choices. At December 31, 2010 and 2009, the Health Care and Rehabilitation Center's investment in the Wisconsin Local Government Investment Pool was not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Health Care and Rehabilitation Center would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Health Care and Rehabilitation Center would not be able to recover the value of its investment of collateral securities that are in possession of another party. The Health Care and Rehabilitation Center does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non interest bearing accounts. In addition, the banks used by the District participate in the FDIC's transaction account guarantee program. Under this program, the FDIC provides unlimited protection to all accounts earning no higher than .25% interest through December 31, 2010. Beginning December 31, 2010, the Dodd-Frank Act took effect. Under this program, the FDIC provides unlimited protection to all noninterest-bearing accounts through December 31, 2012. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. Additionally, deposits in each local and area credit union are insured by the National Credit Union Association (NCUA) in the amount of \$250,000 for interest bearing accounts and \$250,000 for non interest bearing accounts.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2010, the fair value of the Health Care and Rehabilitation Center's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Health Care and Rehabilitation Center.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2010 was: 97% in U.S. Government Securities, 2% in commercial paper and corporate notes and 1% in Bankers' Acceptances. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 2

CASH AND INVESTMENTS (CONTINUED)

The Treasurer pooled cash in the Health Care and Rehabilitation Center's portion of Iowa County's pooled cash accounts. Federal depository insurance and the State of Wisconsin Guarantee Fund Insurance apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the Health Care and Rehabilitation Center alone.

Concentration of Credit Risk

The Health Care and Rehabilitation Center places no limit on the amount the Health Care and Rehabilitation Center may invest in any one issuer.

NOTE 3

PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment and the related accumulated depreciation at December 31, 2010 and 2009 are summarized as follows:

Property, Plant and Equipment

	Balance 1/1/09	Additions	Retirements	Balance 12/31/09	Additions	Retirement	Balance 12/31/10
Land	\$ 13,639	\$	\$	\$ 13,639	\$	\$	\$ 13,639
Land Improvements	264,944			264,944	3,739		268,683
Buildings	2,326,711	3,067		2,329,778	69,594	(5,229)	2,394,143
Chapel Building	407,002			407,002	17,612		424,614
Fixed Equipment	1,121,994	53,894	(6,110)	1,169,778	239,617	(74,385)	1,335,010
Major Movable	690,116	12,173	(14,612)	687,677	48,668	(2,539)	733,806
<b>Totals</b>	<b>\$ 4,824,406</b>	<b>\$ 69,134</b>	<b>\$ (20,722)</b>	<b>\$ 4,872,818</b>	<b>\$ 379,230</b>	<b>\$ (82,153)</b>	<b>\$ 5,169,895</b>

Accumulated Depreciation

	Balance 1/1/09	Depreciation	Retirements	Balance 12/31/09	Depreciation	Retirements	Balance 12/31/10
Land Improvements	\$ 165,979	\$ 25,326	\$	\$ 191,305	\$ 21,805	\$	\$ 213,110
Buildings	1,461,446	84,990		1,546,436	83,671	(4,176)	1,625,931
Chapel Building	123,706	18,084		141,790	18,605		160,395
Fixed Equipment	737,758	56,142	(5,242)	788,658	56,298	(68,410)	776,546
Major Movable	502,502	35,345	(14,612)	523,235	36,116	(2,539)	556,812
<b>Totals</b>	<b>\$ 2,991,391</b>	<b>\$ 219,887</b>	<b>\$ (19,854)</b>	<b>\$ 3,191,424</b>	<b>\$ 216,495</b>	<b>\$ (75,125)</b>	<b>\$3,332,794</b>

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 4

RESIDENT ACCOUNTS RECEIVABLE

Accounts Receivable at December 31 consisted of the following amounts:

	2010	2009
Private	\$ 116,771	\$ 68,247
Medical Assistance	275,743	313,701
Medicare	327,770	172,952
Veterans Affairs	31,054	10,874
Insurance	121,717	54,537
Family Care	38,009	
State Grant	37,219	
Other	6,728	4,824
Total	\$ 955,011	\$ 625,135

Amounts due for Medical Assistance and Medicare residents are subject to review and approval by state and federal regulators. Amounts due from Medicare may not be received for up to two years. Management believes that all accounts receivable will eventually be collected.

Medicare is billed at actual rates established by the Federal Government. Any adjustments or write off's are recorded using the direct write-off method.

NOTE 5

DEFINED BENEFIT PENSION PLAN

All eligible Bloomfield Health Care and Rehabilitation Center employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Bloomfield Health Care and Rehabilitation Center employees covered by the WRS for the year ended December 31, 2010 was \$2,551,450; the employer's total payroll was \$2,721,209. The total required contribution for the year ended December 31, 2010 was \$280,659, which consisted of 11.0 percent of the covered payroll from the employer. Total contributions for the years ending December 31, 2009 and 2008 were \$249,479 and \$256,837, respectively, equal to the required contributions for each year.

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 5

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefits are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, Post Office Box 7931, Madison, Wisconsin 53707-7931.

NOTE 6

COMPENSATED ABSENCES

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Only benefits considered to be vested are disclosed in these statements. Accumulated sick leave vests to employees upon retirement. Payments for sick leave will be made at rates in effect when the benefits are used. Vested sick leave at December 31, 2010 and 2009 were determined on the basis of current salary rates. The minimum estimated value of the sick leave liability to be paid as severance pay upon retirement, as of December 31, 2010 and 2009 was \$342,543 and \$325,699 respectively. The number of employees currently eligible to participate was 2 and 0 for 2010 and 2009, respectively. Amounts paid out during 2010 and 2009 to cover health insurance premiums were \$0 and \$9,395, respectively.

Vacation pay at year-end is not material to these financial statements.

NOTE 7

COUNTY APPROPRIATION

The county appropriation for 2010 and 2009 consists of the following amounts:

	2010	2009
Capital Outlay	\$ 92,529	\$ 43,800
County Payments for Debt Payments	92,529	130,600
Totals	\$ 92,529	\$ 174,400

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 8

CHANGES IN LONG-TERM DEBT

The 2010 and 2009 changes in long-term debt payable of the Health Care and Rehabilitation Center are summarized as follows:

	Balance 1/1/09	Increases	Decreases	Balance 12/31/09	Increases	Decreases	Balance 12/31/10
General Obligation Notes	\$ 682,580	\$	\$ (100,437)	\$ 582,143	\$	\$ (109,686)	\$ 472,457
Compensated Absences	321,969	3,730		325,699	16,844		342,543
<b>Total Long-term Debt</b>	<b>\$ 1,004,549</b>	<b>\$ 3,730</b>	<b>\$ (100,437)</b>	<b>\$907,842</b>	<b>\$ 16,844</b>	<b>\$ (109,686)</b>	<b>\$ 815,000</b>

Iowa County, Wisconsin, obtained a 20-year loan from the State of Wisconsin to finance wastewater treatment plant improvements at Bloomfield Health Care and Rehabilitation Center. The total amount authorized was \$485,993 and the amount outstanding at December 31, 2009 and 2008 was \$99,058 and \$129,693, respectively. The principal and interest payments on the loan will be made from appropriations by the County. The debt is secured by the general taxing authority of Iowa County, Wisconsin. The debt is reported on the balance sheet as follows:

General obligation sewerage system note issued 6/10/92, due 5/1/2012 (rate of interest 3.795%)	\$ 67,261
Less: Current Portion	(33,004)
Long-Term Portion	<u>\$ 34,257</u>

During 2004 Iowa County, Wisconsin, refinanced a 15-year loan from the State of Wisconsin for a new construction addition at Bloomfield Health Care and Rehabilitation Center. The debt is secured by the general taxing authority of Iowa County, Wisconsin.

Bank note issued 3/31/04, due 3/31/2014, with a rate of interest 3.9%	\$ 405,196
Less: Current Portion	(79,552)
Long-Term Portion	<u>\$ 325,644</u>

The current debt cash flow requirements for retirement of general obligation note principal and interest are as follows:

Year	Principal	Interest	Total
2011	\$ 112,556	\$ 17,998	\$ 130,554
2012	116,919	13,612	130,531
2013	85,966	9,658	95,624
2014	157,016	6,158	163,174
<b>Totals</b>	<b>\$ 472,457</b>	<b>\$ 47,426</b>	<b>\$ 519,883</b>

NOTE 9

ECONOMIC DEPENDENCY

The Health Care and Rehabilitation Center receives reimbursement of its costs for the care of certain patients from different agencies of the federal government. During 2010 and 2009, respectively, these reimbursements amounted to \$3,933,978 and \$3,697,144 or 74% and 81% of total operating revenue.

Bloomfield Health Care and Rehabilitation Center  
Notes to Basic Financial Statements  
December 31, 2010 and 2009

NOTE 10

NET-ASSETS - RESTRICTED

Net assets are restricted for the following purpose:

	2010	2009
Bob Campbell bequest for client entertainment	\$ 707,020	\$ 726,296

NOTE 11

PATIENT CARE REVENUES

The major portion of the Health Care and Rehabilitation Center's revenues for patient care is funded pursuant to federal and state medical assistance programs. The continuation of these revenues is dependent upon governmental policies. Revenues received under these programs are based upon cost reimbursement principles, which are subject to audits. It is not known what effect, if any; audit adjustments may have on the recorded revenue and receivables arising from services rendered under the Medicaid program.

NOTE 12

NET ASSETS

GASB 34 requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

**Invested in capital assets, net of related debt-** This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

**Restricted –** This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Assets –** The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The following calculation supports the Health Care and Rehabilitation Center's net assets invested in capital assets, net of related debt:

	2010	2009
Plant in Service	\$ 5,169,895	\$ 4,872,818
Accumulated Depreciation	(3,332,794)	(3,191,424)
Sub-Total	1,837,101	1,681,394
Less Capital Related Debt		
Current portion of capital related long term debt	112,556	108,323
Long-term portion of capital related long term debt	359,901	473,820
Sub-Total	472,457	582,143
Total Net Assets Invested in Capital Assets, Net of Related Debt	\$ 1,364,644	\$ 1,099,251

SUPPLEMENTAL INFORMATION

BLOOMFIELD HEALTH CARE AND REHABILITATION CENTER  
PER CAPITA COST  
FOR THE YEAR ENDED DECEMBER 31, 2010

Per Capita Cost

The daily average per capita cost of maintaining residents at Bloomfield Health Care and Rehabilitation Center for the period January 1, 2010 to December 31, 2010 is computed below:

Expenses (Exhibit B)	<u>\$ 5,583,125</u>
<u>Other (Income)/Expenses</u>	
Other Operating Revenue	(146,340)
Interest Expense	<u>18,685</u>
Net Other (Income) Expenses	<u>(127,655)</u>
Net Cost of Maintaining Residents	<u>\$ 5,455,470</u>
Resident Days	<u>25,927</u>
Per Capita Cost Per Day	<u>\$ 210.42</u>

BLOOMFIELD HEALTH CARE AND REHABILITATION CENTER  
DAILY RATES  
FOR THE YEAR ENDED DECEMBER 31, 2010

Amounts charged for daily care during 2010 are given below:

	Residential	Personal	Intermediate	Skilled	ISN	DD-1A	DD-1B	DD2	DD3
<u>Private:</u>									
01/1/10-06/30/10		168.00	189.00	198.00	205.00				
07/1/10-12/31/10		178.00	199.00	208.00	215.00				
<u>Medical Assistance:</u>									
01/1/10-3/31/10	151.37	151.37	151.37	151.37	151.37	226.08	226.08	190.03	153.14
04/1/10-06/30/10	152.47	152.47	152.47	152.47	152.47	226.08	226.08	190.03	153.14
07/1/10-09/30/10	154.58	154.58	154.58	154.58	154.58	235.71	235.71	198.07	159.56
10/1/10-12/31/10	150.09	150.09	150.09	150.09	150.09	237.29	237.29	199.38	160.58
<u>VA:</u>									
01/1/10-12/31/10				176.87					
<u>Medicare:</u>									
01/1/10-08/31/10				194.00					
09/1/10-12/31/10				203.00					

The amount actually reimbursed by Medicare varied depending on various categories which patients were placed.