



COURTLAND MANOR

Examination Report Medicaid Cost Report and Nursing Wage Survey

June 30, 2011

Issued: August 7, 2013

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



COURTLAND MANOR

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Independent Accountants' Report

State of Delaware
Office of Auditor of Accounts
Department of Health & Social Services
Division of Social Services Medicaid
Dover, Delaware

We have examined management's assertions that Courtland Manor (the "Facility") has complied with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Facility's fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities - Title XIX and Nursing Wage Survey ("Statement" and "Survey", respectively) for the fiscal year ended June 30, 2011. The Facility's management is responsible for the assertions. Our responsibility is to express an opinion on the assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and United States Government Accountability Office, *Government Auditing Standards* and, accordingly, included examining, on a test basis, evidence supporting management's assertions and performing such other tests as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, except for the items listed as adjustments on the accompanying Schedule of Adjustments on pages 4-7, management's assertions referred to above are fairly stated, in all material respects, based on the federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D).

In accordance with *Government Auditing Standards*, we also issued our report dated June 30, 2013, on our consideration of the Facility's internal control over reporting for the Statement and Survey and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.



This report is intended solely for the information and use of the Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware, the Board of Directors and management of the Facility, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer, and the Department of Finance. However, under 29 Del. C., Section 10002, this report is available to the public and its distribution is not limited.

BDO USA, LLP

June 30, 2013

Courtland Manor

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey

Year ended June 30, 2011

Description	Page	Line	As Filed Amounts	Examination Adjustments		Adjusted Amounts	Adjusted Cost Per Day	Note Ref.
				No.	Amount			
<u>PART I - COST REPORT TRIAL BALANCE AND ADJUSTMENTS</u>								
<i>Primary Patient Care Costs (lines 1-5)</i>								
Nursing Staff Salaries								
Agency Costs	2	1a	\$ -		\$ -	\$ -		
Staff Nurse	2	1b	1,564,542		-	1,564,542		
			<u>1,564,542</u>		<u>-</u>	<u>1,564,542</u>		
Nursing Staff Benefits	2	2	245,293		-	245,293		
Nursing Training Salaries	2	3	120		-	120		
Other	2	4	58,067	1	(57,456)	611		J-1
Subtotal - Primary Patient Care Costs	2	5	1,868,022		(57,456)	1,810,566	\$ 83.13	
<i>Secondary Patient Care Costs (lines 6-14)</i>								
Clinical Consultants	2	6	-		-	-		
Social Services	2	7	67,623		-	67,623		
Employee Benefits	2	8	10,602		-	10,602		
Raw Food	2	9	125,039		-	125,039		
Medical Supplies	2	10	3,216	1	57,456	60,672		J-1
Pharmacy	2	11	9,287		-	9,287		
Other - Allowable Ancillary	2	12	-		-	-		
Subtotal - Secondary Patient Care Costs	2	14	215,767		57,456	273,223	12.54	
<i>Support Service Costs (lines 15-22)</i>								
Dietary	2	15	230,067		-	230,067		
Operation and Maintenance of Facility	2	16	436,585		-	436,585		
Housekeeping	2	17	88,092		-	88,092		
Laundry & Linen	2	18	98,408		-	98,408		
Patient Recreation	2	19	113,587		-	113,587		
Employee Benefits	2	20	121,747		-	121,747		
Other	2	21	-		-	-		
Subtotal - Support Service Costs	2	22	1,088,486		-	1,088,486	49.98	

Courtland Manor

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2011

<u>Description</u>	<u>Page</u>	<u>Line</u>	<u>As Filed Amounts</u>	<u>Examination Adjustments</u>		<u>Adjusted Amounts</u>	<u>Adjusted Cost Per Day</u>	<u>Note Ref.</u>
				<u>No.</u>	<u>Amount</u>			
<i>Administrative & Routine Costs (lines 23-32)</i>								
Owner/Executive Director Salary	2	23	-		-	-		
Medical and Nursing Director Salary	2	24	97,040		-	97,040		
Other Administrative Salaries	2	25	803,676	1	(103,135)	700,541		J-3
Employee Benefits	2	26	138,395		-	138,395		
Medical Records	2	27	-		-	-		
Training	2	28	1,315		-	1,315		
Interest - Working Capital	2	29	-		-	-		
Home Office - Admin	3	30	-		-	-		
Other	3	31	-	1	18,539	99,783		J-2
				2	81,244			J-3
Subtotal - Administrative & Routine Costs	3	32	1,040,426		(3,352)	1,037,074	47.62	
<i>Capital Costs (lines 33-39)</i>								
Lease Costs	3	33	-		-	-		
Interest - Mortgage	3	34	-		-	-		
Property Taxes	3	35	42,570		-	42,570		
Depreciation	3	36	73,537		-	73,537		
Home Office Capital	3	37	-		-	-		
Other	3	38	63,271		-	63,271		
Subtotal - Capital Costs	3	39	179,378		-	179,378	8.24	
SUBTOTAL (lines 1-39)	3	40	4,392,079		(3,352)	4,388,727	201.49	

Courtland Manor

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2011

Description	Page	Line	As Filed Amounts	Examination Adjustments		Adjusted Amounts	Adjusted Cost Per Day	Note Ref.
				No.	Amount			
<i>Ancillary Costs - (lines 41-49)</i>								
Laboratory	3	41	-		-	-		
X-Rays	3	42	-		-	-		
Physical Therapy	3	43	17,397		-	17,397		
Occupational Therapy	3	44	6,499		-	6,499		
Speech Therapy	3	45	530		-	530		
Pharmacy (Rx)	3	46	22,940		-	22,940		
Oxygen	3	47	-		-	-		
Non Allowable Expenses	3	48	5,100		-	5,100		
Subtotal - Ancillary Costs	3	49	52,466		-	52,466	2.41	
<i>Other Costs - (lines 50-52)</i>								
Gift, Beauty Shop, etc.	3	50	7,271		-	7,271		
Util. Review	3	51	-		-	-		
Subtotal Other Costs	3	52	7,271		-	7,271	0.33	
TOTAL COSTS	3	53	\$ 4,451,816		\$ (3,352)	\$ 4,448,464	\$ 204.24	

PART II - COST REPORT PATIENT DAYS

Total beds	6	1, 3	70		-	70
Total bed days available	6	4	25,550		-	25,550
Medicaid Patient Days	6	5A	13,304		-	13,304
Medicare Patient Days	6	5B	89		(4)	85
Private Pay Patient Days	6	5C	7,556		(31)	7,525
90% minimum census threshold	6		22,995		-	22,995
Total census days	6	5E	21,780		-	21,780

Courtland Manor

Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2011

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				<u>No.</u>	<u>Amount</u>		
<u>PART III - NURSING WAGE SURVEY</u>							
<i>II. Staff Nurse Information</i>							
LPNs - Total Number	9	B	11		(1)	10	NWS-1
CNAs - Total Number	9	B	41		(3)	38	NWS-1

PART IV - DETAILED EXPLANATION OF ADJUSTMENTS

J-1 *Per Cost Report Instructions, Line 4 is to include other costs associated with Nursing Staff to provide basic medical care for nursing home patients. The costs listed are related to supplies, and therefore should be included on Line 10.*

J-2 *To reverse duplicate entry made by provider removing bad debt expense and related revenue offset.*

J-3 *To reverse entry removing excess officer compensation made by provider to line 31, Other Costs, and to record the proper amount in Line 25,*

NWS-1 *To adjust Nursing Wage Survey to agree to supporting documentation.*



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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of Financial Statements Performed in Accordance With *Government Auditing Standards*

State of Delaware
Office of Auditor of Accounts
Department of Health & Social Services
Division of Social Services Medicaid
Dover, Delaware

We have examined management's assertions that Courtland Manor (the "Facility") has complied with federal requirements (42 CFR 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Facility's fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities - Title XIX and Nursing Wage Survey ("Statement" and "Survey", respectively) for the fiscal year ended June 30, 2011, and have issued our report thereon dated June 30, 2013, which was qualified due to the required adjustments reported in the Schedule of Adjustments accompanying it. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to financial examinations contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Reporting

Management of the Facility is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our examination, we considered the Facility's internal control over financial reporting in order to determine our examination procedures for the purpose of expressing our opinions on management's assertions, but not for the purposes of expressing an opinion on the effectiveness of the Facility's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facility's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Statement and/or Survey will not be prevented, or detected and corrected on a timely basis.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Facility's Statement and Survey are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of reported amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Facility in a separate letter dated June 30, 2013.

This report is intended solely for the information and use of the Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware, the Board of Directors and management of the Facility, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer, and the Department of Finance. However, under 29 Del. C., Section 10002, this report is available to the public and its distribution is not limited.

BDO USA, LLP

June 30, 2013

COURTLAND MANOR

Schedule of Findings and Responses

June 30, 2011

CURRENT YEAR CONDITIONS

NONE