

POLK COUNTY HOME (GOLDEN AGE MANOR)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2010 AND 2009

**GOLDEN AGE MANOR
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Polk County Home (Golden Age Manor)
Amery, Wisconsin

We have audited the accompanying financial statements of Polk County Home (Golden Age Manor), an enterprise fund of Polk County, Wisconsin, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Home's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polk County Home (Golden Age Manor), an enterprise fund of Polk County, Wisconsin, as of December 31, 2010 and 2009 and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3-7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Directors
Polk County Home (Golden Age Manor)

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2011 on our consideration of Polk County Home (Golden Age Manor)'s internal control over financial reporting 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 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 audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Polk County Home (Golden Age Manor). The supplementary information on pages 25 to 29 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



LarsonAllen LLP

Eau Claire, Wisconsin
June 24, 2011

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010 AND 2009**

Our discussion and analysis of Polk County Home (Golden Age Manor)'s (the Home) financial performance provides an overview of the Home's financial activities for the fiscal years ended December 31, 2010 and 2009. Please read it in conjunction with Polk County Home (Golden Age Manor)'s financial statements.

FINANCIAL HIGHLIGHTS

- The Home's net assets increased by \$324,102 in fiscal 2009 to \$934,985 and decreased by \$306,774 in 2010 to \$628,211.
- In 2010, \$100,000 of the \$154,116 excess of revenues over expenses from 2009 was transferred to the County general fund.
- For the year ended December 31, 2010 there was a deficit of revenue over expenses of \$330,322.
- The Home experienced a loss from operations of \$480,009 in fiscal 2009 and a loss from operations of \$1,068,224 was experienced in 2010.
- Operating revenues decreased by 0.29% from \$6,755,847 in fiscal 2009 to \$6,736,046 in 2010. Expenses increased 7.9% over the same period, from \$7,235,856 to \$7,804,270.

USING THIS ANNUAL REPORT

The Home's financial statements consist of three statements – Balance Sheet; a Statement of Revenues, Expenses, and Changes in Net Assets; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Home.

THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

One of the most important questions asked about the Home's finances is, "Is the Home, as a whole, better or worse off as a result of the year's activities?" The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Assets report information about the Home's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Home's net assets and changes in them. You can think of the Home's net assets – the difference between assets and liabilities – as one way to measure the Home's financial health, or financial position. Over time, increases or decreases in the Home's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Home's occupancy and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Home.

THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balances during the reporting period?"

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010 AND 2009**

THE HOME'S NET ASSETS

The Home's net assets are the difference between its assets and liabilities reported on the balance sheet.

Table 1: Assets, Liabilities, and Net Assets

Table 1: Assets, Liabilities, and Net Assets

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets:			
Current Assets	\$ 1,391,602	\$ 1,299,443	\$ 1,559,690
Noncurrent Cash and Investments	26,622	55,564	32,073
Capital Assets, Net	<u>1,695,265</u>	<u>1,628,637</u>	<u>1,545,236</u>
Total Assets	<u>\$ 3,113,489</u>	<u>\$ 2,983,644</u>	<u>\$ 3,136,999</u>
Liabilities:			
Total Current Liabilities	\$ 833,651	\$ 758,633	\$ 628,335
Resident Funds Payable	17,206	47,201	23,519
Deferred Revenue	402,205	-	-
Other Post Employment Benefit Obligation	155,770	78,877	41,084
Long Term Debt	<u>1,076,446</u>	<u>1,163,948</u>	<u>1,184,974</u>
Total Liabilities	<u>2,485,278</u>	<u>2,048,659</u>	<u>1,877,912</u>
Net Assets:			
Invested in Capital Assets Net of Related Debt	1,613,206	1,537,728	1,469,669
Restricted by Donors	9,416	8,363	8,554
Unrestricted	<u>(994,411)</u>	<u>(611,106)</u>	<u>(219,136)</u>
Total Net Assets	<u>628,211</u>	<u>934,985</u>	<u>1,259,087</u>
Total Liabilities and Net Assets	<u>\$ 3,113,489</u>	<u>\$ 2,983,644</u>	<u>\$ 3,136,999</u>

A significant component of the Home's assets are its accounts receivable from residents and third-party payors. This balance decreased from \$605,837 in fiscal 2009 to \$596,012 in 2010. Although the receivables have decreased, net resident revenues increased by .7%, due to a small increase in volumes and increases in reimbursement rates. Of the outstanding balance, approximately \$313,000 is current and \$211,400 is current to 60 days.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010 AND 2009**

OPERATING RESULTS AND CHANGES IN THE HOME'S NET ASSETS

A summarized table of the changes in net assets is presented below.

Table 2: Operating Results and Changes in Net Assets

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Patient Service Revenue	\$ 6,713,618	\$ 6,665,519	\$ 6,436,210
Other Operating Revenue	22,428	90,328	46,344
Total Revenue	<u>6,736,046</u>	<u>6,755,847</u>	<u>6,482,554</u>
Operating Expenses			
Daily Resident Services	4,407,631	3,999,425	3,833,748
Special Services	797,709	726,457	642,898
General Service	1,407,648	1,374,499	1,313,927
Other Cost Centers	917	688	2,367
Administrative Services	1,050,013	1,011,239	956,468
Depreciation	140,352	123,548	123,335
Total Expenses	<u>7,804,270</u>	<u>7,235,856</u>	<u>6,872,743</u>
Operating Loss	(1,068,224)	(480,009)	(390,189)
Non-Operating Revenues (Expenses)	<u>737,902</u>	<u>634,125</u>	<u>1,006,252</u>
Excess (Deficit) of Revenues over Expenses Before Transfers	(330,322)	154,116	616,063
Transfers (to) from County General Fund	(100,000)	(600,000)	-
Capital Grants and Contributions	<u>123,548</u>	<u>121,782</u>	<u>-</u>
Increase (Decrease) in Net Assets	(306,774)	(324,102)	616,063
Net Assets, Beginning of Year	<u>934,985</u>	<u>1,259,087</u>	<u>643,024</u>
Net Assets, End of Year	<u>\$ 628,211</u>	<u>\$ 934,985</u>	<u>\$ 1,259,087</u>

Revenues at Polk County Home (Golden Age Manor) are generally determined by two factors – overall occupancy and the number of Medicare or other short stay residents. Occupancy is simply a matter of how many of the Home's available beds are occupied. Medicare occupancy is significant as these reflect residents with therapy and rehabilitative needs that result in greater reimbursement. The Home's total occupancy for fiscal 2009 was 93.8% and fiscal 2010 was 93.5%. Medicare utilization increased from 7.5% in 2009 to 7.6% in 2010. Medicare revenues went from \$1,231,353 in 2009 to \$1,272,667 in 2010.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010 AND 2009**

As noted previously, Golden Age Manor's expenses increased \$513,672 or 7.09 % from fiscal 2009 to 2010. The primary components of the Home's expenses are noted below:

- Approximately 53% of the Home's expenses are employee wages and benefits. Due to changes in census, employee work hours continue to be evaluated. Wage expenses for 2010 were \$4,429,005 as compared to \$4,107,919 in 2009. Health insurance and State pension is a significant cost factor to the Home.
- Bed Assessment Tax increased during 2010. The Bed Assessment Tax Expense for 2010 was \$218,880, as compared to \$153,900 in 2009.

Non-operating gains consist of interest income, contributions and Supplemental Payment Program (SP). During fiscal 2010 the Home received non-operating Supplemental Payment Program funds of \$782,927.

THE HOME'S CASH FLOWS

Changes in the Home's cash flows are generally consistent with changes in net assets as discussed above. Cash used by operating activities was \$324,810 in fiscal 2010.

CAPITAL ASSET AND NON-OPERATING ADMINISTRATION

As of December 31, 2010, the Home had \$1,613,206 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. During fiscal years ended December 31, 2010 and 2009 the Home purchased new equipment of \$206,980 and \$207,760, respectively.

LONG-TERM DEBT

The table below shows the Home's outstanding long-term debt.

Table 3: Long-Term Debt

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Notes Payable	\$ 65,534	\$ 70,662	\$ 75,567
Capital Lease Obligation	16,525	20,247	-
Advances from County	<u>1,003,753</u>	<u>1,081,942</u>	<u>1,114,364</u>
Total Long-Term Debt	<u>\$ 1,085,812</u>	<u>\$ 1,172,851</u>	<u>\$ 1,189,931</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010 AND 2009**

ECONOMIC FACTORS

Golden Age Manor Board and management considered many factors when setting the fiscal year 2010 budget. Of primary importance in setting the 2010 budget is the status of the economy, which takes into account market forces and environmental factors such as:

- Medicare and Medicaid reimbursement rates
- Occupancy fluctuations and aging demographics
- Increased costs of various insurance programs
- Workforce shortages, including nursing shortages
- Increased wages due to union contracts
- Cost of supplies and ancillary services

CONTACTING GOLDEN AGE MANOR'S FINANCIAL MANAGEMENT

This financial audit report is designed to provide our residents, families, suppliers, taxpayers, and community with a general overview of Golden Age Manor's finances and to show Golden Age Manor's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Golden Age Manor at 715-268-7107.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009**

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 711,112	\$ 605,194
Resident Receivables, Less Allowance for Uncollectible Accounts of Approximately \$93,100 in 2010 and \$75,000 in 2009	596,012	605,837
Inventories	45,881	49,867
Prepaid Expenses	38,597	38,545
Total Current Assets	1,391,602	1,299,443
 NONCURRENT CASH AND INVESTMENTS		
Restricted Under Resident Trust Agreement	17,206	47,201
Restricted by Donors	9,416	8,363
Total Noncurrent Cash and Investments	26,622	55,564
 CAPITAL ASSETS, NET		
	1,695,265	1,628,637
 Total Assets		
	\$ 3,113,489	\$ 2,983,644

See accompanying Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 237,402	\$ 165,233
Accrued Salaries, Wages and Benefits	332,445	272,258
Accrued Interest Payable	41,068	76,718
Accrued Compensated Absences	213,370	235,521
Current Portion of Long-Term Debt	9,366	8,903
Total Current Liabilities	<u>833,651</u>	<u>758,633</u>
RESIDENT FUNDS PAYABLE	17,206	47,201
OTHER POST EMPLOYMENT BENEFIT OBLIGATION	155,770	78,877
DEFERRED REVENUE	402,205	-
LONG-TERM DEBT, Net of Current Portion		
Advances from County	1,003,753	1,081,942
Long-Term Debt	72,693	82,006
Total Long-Term Debt	<u>1,076,446</u>	<u>1,163,948</u>
 Total Liabilities	 2,485,278	 2,048,659
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in Capital Assets Net of Related Debt	1,613,206	1,537,728
Restricted by Donors	9,416	8,363
Unrestricted	(994,411)	(611,106)
Total Net Assets	<u>628,211</u>	<u>934,985</u>
 Total Liabilities and Net Assets	 <u>\$ 3,113,489</u>	 <u>\$ 2,983,644</u>

POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
OPERATING REVENUES		
Net Resident Service Revenue (Net of Provision for Bad Debt of (\$5,556) in 2010 and -\$59,415 in 2009)	\$ 6,713,618	\$ 6,665,519
Other Operating Revenues	22,428	90,328
Total Operating Revenues	6,736,046	6,755,847
EXPENSES		
Daily Resident Services	4,407,631	3,999,425
Special Services	797,709	726,457
General Service	1,407,648	1,374,499
Other Cost Centers	917	688
Administrative Services	1,050,013	1,011,239
Depreciation	140,352	123,548
Total Expenses	7,804,270	7,235,856
OPERATING LOSS	(1,068,224)	(480,009)
NON-OPERATING GAINS (LOSSES)		
Supplemental Payment Program Revenue	782,927	682,594
Interest Income	112	56
Interest Expense	(46,189)	(47,523)
Loss on Disposal of Fixed Assets	-	(811)
Restricted and Unrestricted Contributions and Expenditures	1,052	(191)
Net Non-Operating Gains	737,902	634,125
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	(330,322)	154,116
Transfers to County General Fund	(100,000)	(600,000)
Capital Grants and Contributions	123,548	121,782
CHANGE IN NET ASSETS	(306,774)	(324,102)
NETS ASSETS BEGINNING OF YEAR	934,985	1,259,087
NETS ASSETS END OF YEAR	\$ 628,211	\$ 934,985

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third Party Payors	\$ 7,125,648	\$ 6,697,256
Cash Paid to Employees	(3,557,846)	(3,351,502)
Cash Paid to Suppliers	(3,915,040)	(3,622,145)
Other Receipts and Payments, Net	22,428	90,328
Net Cash Used by Operating Activities	(324,810)	(186,063)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Received From Supplement Payment Program	782,927	682,594
Transfer From County	123,548	121,782
Transfers to County General Fund	(100,000)	(600,000)
Net Residents' Trust Funds Received (Disbursed)	(29,995)	23,682
Net Cash Provided by Non-Capital Financing Activities	776,480	228,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Paid for Acquisition of Capital Assets	(206,980)	(186,914)
Principal Paid on Advance from County	(78,189)	(32,422)
Interest on Advances from County	(41,958)	(44,011)
Principal Paid on Long-Term Notes	(8,850)	(5,504)
Interest Paid on Long-Term Notes	(39,881)	32,020
Net Cash Used by Capital and Related Financial Activities	(375,858)	(236,831)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	112	56
Interest on Restricted and Unrestricted Donation Funds	1,052	(191)
Net Cash Provided (Used) by Investing Activities	1,164	(135)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76,976	(194,971)
Cash and Cash Equivalents - Beginning of Year	660,758	855,729
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 737,734	\$ 660,758

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (1,068,224)	\$ (480,009)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations		
Depreciation	140,352	123,548
Decrease (Increase) in:		
Patient Receivables	9,825	31,737
Inventories	3,986	(870)
Prepaid Expenses	(52)	10,918
Increase (Decrease) in:		
Accounts Payable	72,169	33,455
Accrued Salaries, Wages and Benefits	60,187	38,850
Accrued Compensated Absences	(22,151)	18,515
Other Post Employment Benefit Obligation	76,893	37,793
Deferred Revenue	402,205	-
Net Cash Used by Operating Activities	\$ (324,810)	\$ (186,063)
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 711,112	\$ 605,194
Restricted Under Resident Trust Agreement	17,206	47,201
Restricted by Donors	9,416	8,363
 Cash and Cash Equivalents	\$ 737,734	\$ 660,758

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Polk County Home (Golden Age Manor) (the Home) is owned and operated as an enterprise fund by Polk County, Wisconsin (the County) as a not-for-profit, tax exempt, licensed nursing home. The Home is directed by a governing board appointed by the County Board of Supervisors. It is the intent of the County Board that the costs (expenses, including depreciation) of providing services to the residents on a continuing basis be financed or recovered primarily through user charges.

The Home is subject to regulation by the Wisconsin Department of Health Services. Such regulation includes the Home's accounting practices and its rate setting for residents under the Title XIX Wisconsin Medical Assistance Program.

The Home maintains its financial records in accordance with the *Nursing Home Accounting and Reporting Manual* as required by the Wisconsin Department of Health Services. The accounting practices therein are intended to conform to generally accepted accounting principles. The Home uses the accrual basis of accounting. Under this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

For financial reporting purposes, the Home has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The Home has also considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Home are such that exclusion would cause the Home's financial statements to be misleading or incomplete. The Government Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the organization to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Home. The Home has no component units, which meet the Governmental Accounting Standards Board criteria.

Basis of Accounting

The Home uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Home has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and checking and savings accounts.

Accounts Receivable

The Home provides an allowance for uncollectible accounts based on management's judgment. Patients are not required to provide collateral for services rendered. Payment for services is required within 10 days of receipt of invoice or claim submitted. Accounts past due more than 60 days are individually analyzed for collectibility. Amounts for which no payments have been received are written off using management's judgment on a per account basis. In addition, an allowance is estimated for other accounts based on historical experience of the Home. At December 31, 2010 and 2009, the allowance for uncollectible accounts was approximately \$93,100 and \$75,000, respectively.

Inventories

The inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

Noncurrent Cash and Investments

Noncurrent cash and investments include assets limited by resident trust agreements and assets restricted by donors. All assets are held in checking and savings accounts.

Capital Assets

Capital Assets are reported at cost, if purchased, or at fair market value on the date received, if donated. It is the Home's policy to include amortization expense on assets acquired under capital leases with depreciation on owned assets. Depreciation is provided on the straight-line basis over the estimated useful lives of the property as follows:

Land Improvements	5-30 Years
Buildings and Building Improvements	10-40 Years
Fixed Equipment	10-25 Years
Major Movable Equipment	5-20 Years
Transportation Vehicles	4 Years

Net Assets, Net

Net assets of the Home are classified in three components. Net assets invested in capital assets net of related debt consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Home. Unrestricted net assets are the remaining net assets that do not meet the definition of invested in capital assets net of related debt or restricted net assets.

Restricted net assets consist of contributions for resident and employee recreation at December 31, 2010 and 2009.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess (Deficit) of Revenues Over Expenditures

The statement of revenues, expenses and changes in net assets includes excess (deficit) of revenue over expenses. Changes in unrestricted net assets which are excluded from excess (deficit) of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Net Resident Revenues

Net resident revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Third-Party Reimbursement Agreements

Medicaid

The Home participates in the Medicaid program that is administrated by the Wisconsin Department of Health Services (DHS). Revenues for provided services are recognized by the Home as services are provided. Rates for services provided to residents under the Title XIX Wisconsin Medical Assistance Program are based on cost reports submitted by the Home and a formula determined by the Wisconsin Department of Health Services. Average Title XIX rates cannot exceed private pay rates. Title XIX rates are subject to retroactive adjustment.

Medicare

The Home is paid under the Medicare prospective payment system (PPS) for residents who are Medicare eligible. The PPS is a per diem price-based system.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of supplemental payment revenue received from the Wisconsin Supplemental Payment Program for the subsequent year.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of resident service revenues and contractual adjustments is as follows:

	2010	2009
Total Resident Service Revenue	\$ 8,220,545	\$ 7,887,139
Contractual Adjustments		
Medicare	1,110,945	1,017,398
Provision for Bad Debts	(5,556)	(59,415)
Other	401,538	263,637
Total Contractual Adjustments	1,506,927	1,221,620
Net Patient Service Revenue	\$ 6,713,618	\$ 6,665,519

During the years ended December 31, 2010 and 2009, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	2010	2009
Total Occupancy	93.5%	93.8%
Medicaid	75.6%	75.8%
Medicare	7.6%	7.5%

Contributions

From time to time the Home receives contributions from individuals and private organizations. Revenue contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

NOTE 2 RESIDENT RECEIVABLES

Resident receivables reported as current assets by the Home at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Receivable from Patients and Their Insurance Carriers	\$ 309,053	\$ 317,252
Receivable from Medicare	201,151	100,204
Receivable from Medicaid	178,908	203,381
Total Patient Receivables	689,112	620,837
Less Allowance for Doubtful Accounts	(93,100)	(15,000)
Patient Receivables, Net	\$ 596,012	\$ 605,837

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 3 DEPOSITS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Home’s deposits may not be returned to it. In accordance with applicable state statutes, the Home, which is an enterprise fund of the County, maintains deposits at depository banks authorized by the County and is a member of the Federal Reserve System.

As a component unit of Polk County, Wisconsin, the Home is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). State statutes permit the County to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper and the local government pooled investment fund administered by the state investment board.

The Home’s deposits consist of cash balances pooled with Polk County funds.

The Home does not have an investment policy with respect to interest rate risk or credit risk.

Deposit balances at December 31, 2010 and 2009 consist of the following:

	2010	2009
Deposits	\$ 737,734	\$ 660,758

The carrying amount of deposits shown above is included in the Home’s balances as follows:

	2010	2009
Cash and Cash Equivalents	\$ 711,112	\$ 605,194
Noncurrent Cash and Investments		
Restricted Under Resident Trust Agreement	17,206	47,201
Restricted by Donors		
Recreation Fund	5,953	5,599
Employee Trust Fund	3,463	2,764
	\$ 737,734	\$ 660,758

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 4 CAPITAL ASSETS

Summaries of capital assets for the years ended December 31, 2010 and 2009 are as follows:

Capital Assets	January 1, 2010	Additions	(Retirements)	December 31, 2010
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	2,997,135	163,874	-	3,161,009
Fixed Equipment	817,058	14,135	-	831,193
Movable Equipment	819,434	28,971	(3,064)	845,341
Transportation Equipment	49,782	-	-	49,782
Totals	<u>4,793,400</u>	<u>206,980</u>	<u>(3,064)</u>	<u>4,997,316</u>
Accumulated Depreciation				
Land Improvements	93,254	2,045	-	95,299
Buildings	1,858,670	66,036	-	1,924,706
Fixed Equipment	534,073	36,969	-	571,042
Movable Equipment	628,982	35,302	(3,064)	661,220
Transportation Equipment	49,784	-	-	49,784
Totals	<u>3,164,763</u>	<u>\$ 140,352</u>	<u>\$ (3,064)</u>	<u>3,302,051</u>
	<u>\$ 1,628,637</u>			<u>\$ 1,695,265</u>

Capital Assets	January 1, 2009	Additions	(Retirements)	December 31, 2009
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	2,997,135	1,620	(1,620)	2,997,135
Fixed Equipment	768,999	94,610	(46,551)	817,058
Movable Equipment	746,762	111,530	(38,858)	819,434
Transportation Equipment	49,782	-	-	49,782
Totals	<u>4,672,669</u>	<u>207,760</u>	<u>(87,029)</u>	<u>4,793,400</u>
Accumulated Depreciation				
Land Improvements	89,547	3,707	-	93,254
Buildings	1,793,442	66,038	(810)	1,858,670
Fixed Equipment	552,048	28,575	(46,550)	534,073
Movable Equipment	642,612	25,228	(38,858)	628,982
Transportation Equipment	49,784	-	-	49,784
Totals	<u>3,127,433</u>	<u>\$ 123,548</u>	<u>\$ (86,218)</u>	<u>3,164,763</u>
	<u>\$ 1,545,236</u>			<u>\$ 1,628,637</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY

Long-term debt and Advances from County consist of the following as of December 31, 2010 and 2009:

Advances from County

	Balance January 1, 2010	Additions	Payments	Balance December 31, 2010
\$400,000 advance of 6/1/79 from Polk County, due in annual principal payments of \$11,500 through 3/1/15. Interest was retired in 1989.	\$ 66,500	\$ -	\$ (11,500)	\$ 55,000
\$238,439, 9/27/95 state trust fund loan, reclassified as advance in 1997, due in annual installments of principal of \$11,922 plus interest at 5.0% through 3/1/15.	71,532	-	(11,922)	59,610
\$180,000 advance of 4/10/98 from Polk County, due in annual installments of principal of \$9,000 plus interest at 6.75% through 9/1/15.	54,000	-	(9,000)	45,000
\$889,910 note payable to Polk County dated 12/15/2007 due annual installments of principal and semi-annual installments of interest at 3.97% through December 2017.	889,910	-	(45,767)	844,143
Total Advances from County	\$ 1,081,942	\$ -	\$ (78,189)	\$ 1,003,753
	Balance January 1, 2009	Additions	Payments	Balance December 31, 2009
\$400,000 advance of 6/1/79 from Polk County, due in annual principal payments of \$11,500 through 3/1/15. Interest was retired in 1989.	\$ 78,000	\$ -	\$ (11,500)	\$ 66,500
\$238,439, 9/27/95 state trust fund loan, reclassified as advance in 1997, due in annual installments of principal of \$11,922 plus interest at 5.0% through 3/1/15.	83,454	-	(11,922)	71,532
\$180,000 advance of 4/10/98 from Polk County, due in annual installments of principal of \$9,000 plus interest at 6.75% through 9/1/15.	63,000	-	(9,000)	54,000
\$889,910 note payable to Polk County dated 12/15/2007 due annual installments of principal and semi-annual installments of interest at 3.97% through December 2017.	889,910	-	-	889,910
Total Advances from County	\$ 1,114,364	\$ -	\$ (32,422)	\$ 1,081,942

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY (CONTINUED)

Long-Term Debt

	Balance January 1, 2010	Additions	Payments	Balance December 31, 2010	Amounts Due Within One Year
\$90,000 note payable dated 12/31/2005 due in semi-annual payments of \$4,131 of principal and interest at 4.45% with a final balloon payment of \$39,000 due 10/1/15. Secured by the assets of the Home.	\$ 70,662	\$ -	\$ (5,128)	\$ 65,534	\$ 5,414
Capital Lease Obligation at an imputed rate of 6%, collateralized by leased equipment with a cost of \$20,648	20,247	-	(3,722)	16,525	3,952
Total Long-Term Debt	\$ 90,909	\$ -	\$ (8,850)	\$ 82,059	\$ 9,366

	Balance January 1, 2009	Additions	Payments	Balance December 31, 2009	Amounts Due Within One Year
\$90,000 note payable dated 12/31/2005 due in semi-annual payments of \$4,131 of principal and interest at 4.45% with a final balloon payment of \$39,000 due 10/1/15. Secured by the assets of the Home.	\$ 75,567	\$ -	\$ (4,905)	\$ 70,662	\$ 5,181
Capital Lease Obligation at an imputed rate of 6%, collateralized by leased equipment with a cost of \$20,648	-	20,846	(599)	20,247	3,722
Total Long-Term Debt	\$ 75,567	\$ 20,846	\$ (5,504)	\$ 90,909	\$ 8,903

Scheduled principal and interest payments on long-term debt are as follows:

Years Ending December 31	Long-Term Debt		Capital Lease Obligation	
	Principal	Interest	Principal	Interest
2011	\$ 5,414	\$ 2,849	\$ 3,952	\$ 884
2012	5,657	2,605	4,196	640
2013	5,912	2,351	4,455	381
2014	6,178	2,805	3,922	109
2015	42,373	1,807	-	-
	\$ 65,534	\$ 12,417	\$ 16,525	\$ 2,014

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY (CONTINUED)

Equipment Under Capital Lease Obligation

The Home acquired equipment under a capital lease obligation fiscal year ended December 31, 2009. The cost of the equipment acquired is \$20,846, and no amortization expense was recognized during 2009. The amortization expense recognized during 2010 was \$3,723.

NOTE 6 ACCUMULATED VACATION AND SICK LEAVE LIABILITY

Employees earn one day of sick leave per month with a maximum accumulation of 120 days. This is prorated for part-time employees. Employees who reach the age of fifty-five have the option to take in cash pay one-half of accrued sick leave up to forty-five days or the option to use an amount equivalent to 67% of their accrued sick leave toward the purchase of continued health insurance. Vested sick leave earned and not taken was approximately \$69,188 and \$88,419 at December 31, 2010 and 2009, respectively, determined on the basis of current salary rates. The Home has used the 67% maximum liability for employees over the age of fifty-five (eighteen at year end) to determine its accrued liability.

Vacation is granted to employees in varying amounts based on length of service. Vacation for part-time employees is prorated. Employees are allowed to carry over to the following year one-half of their current year's vacation. The estimated value of recorded vacation leave at December 31, 2010 and 2009 was \$144,182 and \$147,102, respectively.

NOTE 7 EMPLOYEE RETIREMENT PLAN

All eligible Polk County 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 over 600 at least a year are eligible to participate in the WRS. Covered employees in the general category are required by statute to contribute 5.5% 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 the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The paid payroll for all employees of the County covered by the WRS for the year ended December 31, 2010 was \$20,095,216. The County's total paid payroll was \$20,751,248. The paid payroll for the employees of the Home covered by the WRS for the year ended December 31, 2010 was \$3,842,317. The Home's total paid payroll was \$4,218,328. The County's total required contribution for the year ended December 31, 2009 was \$2,386,659, which consisted of \$1,217,090, or 6.1% of payroll from the employer and \$1,169,567, or 5.8 % of payroll from employees. The Home is charged its share of the County's total required contributions to the WRS. The Home's share of the County's required contributions to the WRS for the year ended December 31, 2009 was \$422,655. Total County contributions for the years ending December 31, 2009 and 2008 were \$2,180,094 and \$2,210,879, respectively, equal to the required contributions for each year. The Home's share of contributions for the years ending December 31, 2009 and 2008 were \$405,519 and \$363,930, respectively.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 7 EMPLOYEE RETIREMENT 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 benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employees' three highest years earnings. Employees terminating covered employment and submitting application 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 for and the amount of all benefits is determined under Chapter 40 of the State Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION

Certain employees of Golden Age Manor participate in a health insurance plan provided by Polk County. In 2008, the County implemented the requirements of a new accounting statement GASB No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*.

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The plan provides health insurance and other benefits to participating retirees who have reached the age of 55 and have 20 years of services with the County. The health insurance benefit for retirees terminates at the age of 65. The County provides benefits for retirees as required by state statutes. Active employees who retire from the County when eligible to receive a retirement benefit from the Wisconsin Retirement System (WRS) (or similar plan) and do not participate in any other coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2010, there were approximately 31 retirees receiving health benefits from the County's health plan, none of whom were retirees from Golden Age Manor.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the County's annual OPEB cost of 2009 and 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	2009	
	County	GAM Allocation
Annual Required Contribution (ARC):	\$ 417,158	\$ 75,088
Interest on Net OPEB Obligation	18,772	3,379
Adjustment to ARC	(8,579)	(1,544)
Annual OPEB Cost	427,351	76,923
Contributions during the year	(217,387)	(39,130)
Increase in Net OPEB Obligation	209,964	37,793
Net OPEB - Beginning of the Year	228,242	41,084
Net OPEB - End of the Year	<u>\$ 438,206</u>	<u>\$ 78,877</u>

	2010	
	County	GAM Allocation
Annual Required Contribution (ARC):	\$ 571,672	\$ 108,618
Interest on Net OPEB Obligation	19,719	3,747
Adjustment to ARC	(26,541)	(5,043)
Annual OPEB Cost	564,850	107,322
Contributions during the year	(183,217)	(34,811)
Increase in Net OPEB Obligation	381,633	72,511
Net OPEB - Beginning of the Year	438,207	83,259
Net OPEB - End of the Year	<u>\$ 819,840</u>	<u>\$ 155,770</u>

The County has allocated the Home's portion of the other post employment obligation based on number of the Home's employees participating in the plan compared to the total participants. Complete disclosures for the County and Home other post employment benefit obligation can be found in the financial statements of the County.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Healthcare Risk Management

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for resident services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management

The Home is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous year in any of the County policies. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Malpractice Claims

The Home has insurance coverage to provide protection for professional liability losses on a claims-made basis. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrence during its term, but reported subsequently will be uninsured.

SUPPLEMENTARY INFORMATION

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**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		Variance Positive (Negative)	2009
	Original Budget	Actual		Actual
OPERATING REVENUES:				
Resident Service Revenue:				
Bedhold Charges - Private	\$ 22,971	\$ 31,111	\$ 8,140	\$ 16,446
Bedhold Charges - Medicaid	27,346	27,996	650	35,425
SNF - Medicare	1,853,841	1,272,667	(581,174)	1,231,353
ISN - Medicaid	64,434	49,913	(14,521)	49,329
SNF - Medicaid	1,328,453	76,324	(1,252,129)	73,389
SNF - HMO	-	131,778	131,778	21,820
ICF - I & II - Medicaid	1,999,240	3,754,221	1,754,981	3,759,653
SNF - Private	1,393,790	1,085,255	(308,535)	1,131,672
Private Pay - Insurance	187,880	248,150	60,270	218,233
Private Room Charges	46,610	42,780	(3,830)	42,045
Physical Therapy - Medicare Part A	305,773	308,169	2,396	306,008
Physical Therapy - Medicare Part B	21,464	70,689	49,225	38,975
Physical Therapy - Private Pay/Insurance	32,792	76,578	43,786	54,857
Physical Therapy - Medical Assistance	-	12,312	12,312	9,281
Occupational Therapy - Medicare Part A	346,690	386,768	40,078	377,145
Occupational Therapy - Medicare Part B	34,241	98,985	64,744	67,366
Occupational Therapy - PrivatePay/Insurance	42,878	99,319	56,441	68,913
Occupational Therapy - Medical Assistance	1,812	17,086	15,274	14,055
Speech Therapy - Medicare Part A	76,302	131,308	55,006	91,727
Speech Therapy - Medicare Part B	9,422	52,448	43,026	26,123
Speech Therapy - Private Insurance	9,350	33,533	24,183	17,215
Speech Therapy - Medical Assistance	-	8,518	8,518	1,429
Respiratory Therapy - Medicare Part A	16,951	7,155	(9,796)	7,381
Infusion Therapy	-	-	-	11,561
Medical Surgical Supplies - Part A	13,701	5,075	(8,626)	7,222
Medical Surgical Supplies - Other	6,773	5,483	(1,290)	8,260
Pharmacy - Medicare Part A	120,205	148,247	28,042	116,070
Pharmacy - Private Insurance	17,885	8,262	(9,623)	36,442
Laboratory - Medicare Part A	17,259	18,744	1,485	28,729
Laboratory - Medicare Part B	2,736	1,639	(1,097)	1,527
Laboratory - Private Insurance	935	3,131	2,196	1,955
Laboratory - Medical Assistance	61	70	9	(23)
X-Ray - Medicare Part A	7,933	3,999	(3,934)	9,304
Immunizations - Medicare Part A and B	2,072	2,832	760	6,252
Medicare Part A Ancillary Adjustments	(1,026,880)	(1,512,483)	(485,603)	(1,281,035)
Provision for Bad Debt	-	5,556	5,556	59,415
Total Resident Service Revenue	6,984,920	6,713,618	(271,302)	6,665,519

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		Variance Positive (Negative)	2009
	Original Budget	Actual		Actual
OPERATING REVENUES (CONTINUED):				
Other Operating Revenues:				
Transportation:				
Medicaid	\$ 5,069	\$ 6,103	\$ 1,034	\$ 4,945
Private	2,705	2,231	(474)	4,125
Dietary:				
Meals Sold	3,205	3,835	630	4,637
Craft Sales	2,177	2,843	666	3,751
Miscellaneous Services:				
Level I Screening	2,510	2,790	280	2,850
Telephone	-	14	14	1
Other		2,488	2,488	4,408
Insurance Refunds - Legal Fees	12,503	978	(11,525)	64,923
Revenue for Nurses Aide Training	917	1,146	229	688
Total Other Operating Revenues	<u>29,086</u>	<u>22,428</u>	<u>(6,658)</u>	<u>90,328</u>
Total Operating Revenues	7,014,006	6,736,046	(277,960)	6,755,847
OPERATING EXPENSES:				
Daily Resident Services:				
Registered Nurses:				
Salaries and Wages	672,506	639,959	32,547	574,112
Fringe Benefits	235,910	227,255	8,655	189,965
Pool Help	29,845	107,021	(77,176)	63,624
Licensed Practical Nurses:				
Salaries and Wages	541,511	538,905	2,606	516,824
Fringe Benefits	185,287	211,261	(25,974)	175,199
Pool Help	62,923	80,387	(17,464)	72,434
Nurses Aides:				
Salaries and Wages	1,672,123	1,760,002	(87,879)	1,609,273
Fringe Benefits	633,533	656,798	(23,265)	617,274
Pool Help	10,329	7,766	2,563	8,360
Purchased Services	2,638	20,481	(17,843)	20,949
Supplies and Expenses	138,976	153,107	(14,131)	146,792
Over The Counter Drugs	4,237	4,689	(452)	4,619
Total Daily Resident Services	<u>4,189,818</u>	<u>4,407,631</u>	<u>(217,813)</u>	<u>3,999,425</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010			2009
	Original Budget	Actual	Variance Positive (Negative)	Actual
OPERATING EXPENSES (CONTINUED):				
Special Services:				
Laboratory:				
Purchased Services	\$ 11,800	\$ 20,325	\$ (8,525)	\$ 11,662
Radiology:				
Purchased Services	6,404	4,084	2,320	7,584
Pharmacy:				
Supplies and Expenses	101,330	87,368	13,962	100,136
Purchased Services	1,320	1,320	-	1,320
Physical Therapy:				
Purchased Services	92,561	143,009	(50,448)	119,671
Occupational Services:				
Purchased Services	110,049	177,148	(67,099)	149,861
Medical Director Fees:				
Purchased Services	6,600	7,200	(600)	7,200
Social Services:				
Salaries and Wages	77,769	80,870	(3,101)	78,816
Fringe Benefits	29,901	30,526	(625)	29,412
Recreation Activities:				
Salaries and Wages	134,067	132,249	1,818	133,147
Fringe Benefits	67,903	43,963	23,940	43,621
Supplies and Expenses	4,512	-	4,512	-
Speech Therapy:				
Purchased Services	26,265	69,040	(42,775)	44,027
Infusion Therapy:				
Purchased Services	326	607	(281)	-
Total Special Services	670,807	797,709	(126,902)	726,457
General Services:				
Dietary:				
Salaries and Wages	347,163	344,614	2,549	343,170
Fringe Benefits	159,452	152,550	6,902	146,401
Supplies and Expenses	30,126	34,132	(4,006)	28,248
Food	224,081	223,836	245	226,324
Maintenance:				
Salaries and Wages	79,096	87,092	(7,996)	76,568
Fringe Benefits	30,095	25,799	4,296	29,562
Purchased Services	34,360	34,145	215	52,811
Supplies and Expenses	25,340	35,697	(10,357)	27,645
Housekeeping:				
Salaries and Wages	161,943	169,047	(7,104)	150,939
Fringe Benefits	74,962	68,118	6,844	57,272
Purchased Services	2,456	2,706	(250)	2,081
Supplies and Expenses	33,472	33,114	358	32,774
Laundry and Linen:				
Salaries and Wages	108,700	103,709	4,991	110,918
Fringe Benefits	47,099	39,139	7,960	45,503
Supplies and Expenses	10,764	12,074	(1,310)	6,197

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		Variance Positive (Negative)	2009
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
General Services (Continued):				
Transportation:				
Salaries and Wages	\$ 25,829	\$ 25,185	\$ 644	\$ 22,946
Fringe Benefits	15,277	14,790	487	14,008
Supplies and Expenses	1,437	1,901	(464)	1,132
Total General Services	<u>1,411,652</u>	<u>1,407,648</u>	4,004	<u>1,374,499</u>
Other Cost Centers:				
Evergreen Assisted Living:				
Supplies and Expenses	398	917	(519)	688
Total Other Cost Centers	<u>398</u>	<u>917</u>	(519)	<u>688</u>
Administrative Services:				
Fiscal/Accounting:				
Salaries and Wages	167,823	168,917	(1,094)	149,261
Fringe Benefits	79,116	77,115	2,001	70,168
Purchased Services	29,356	29,349	7	29,335
Supplies and Expenses	19,747	14,922	4,825	16,156
Medical Records:				
Salaries and Wages	84,057	85,877	(1,820)	82,513
Fringe Benefits	31,143	33,543	(2,400)	30,637
Supplies and Expenses	1,772	3,532	(1,760)	1,432
General Administration:				
Salaries and Wages	102,227	75,254	26,973	114,997
Fringe Benefits	35,515	35,214	301	35,109
Committee Fees and Expenses	4,699	4,300	399	6,311
Legal Fees	5,609	15,075	(9,466)	2,056
Telephone	13,212	10,836	2,376	11,502
Postage	3,530	2,441	1,089	3,328
Subscriptions and Dues	8,419	8,389	30	6,996
Bed Assessment Fee	218,880	218,880	-	153,900
Licenses	1,552	1,869	(317)	1,706
Advertising Employment	3,695	2,031	1,664	1,083
Advertising Promotion	3,290	4,322	(1,032)	3,604
Administrative Travel	4,601	3,905	696	4,218
Supplies and Expenses	21,159	14,241	6,918	5,518
Continuing Education and Meetings	4,346	4,512	(166)	4,520
Other Administrative Expenses	-	400	(400)	-
Fuel - Wisconsin Gas Company	74,749	44,965	29,784	54,112
Fuel for Generator	2,339	897	1,442	980
Electricity	25,578	25,443	135	29,228
Police and Fire Protection Fees	1,798	1,680	118	1,680
Water and Sewer	22,487	17,966	4,521	14,220
Equipment Operating Lease	-	4,151	(4,151)	10,137
Insurance:				
Property Insurance	3,434	4,692	(1,258)	5,151
General Liability Insurance	82,471	60,774	21,697	61,974
Worker's Compensation Insurance	89,000	74,521	14,479	99,407
Total Administrative Services	<u>1,145,604</u>	<u>1,050,013</u>	95,591	<u>1,011,239</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		Variance Positive (Negative)	2009
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED)				
Depreciation:				
Land Improvements	\$ 4,347	\$ 2,045	\$ 2,302	\$ 3,707
Buildings	66,107	66,036	71	66,038
Fixed Equipment	46,900	36,969	9,931	28,575
Major Moveable Equipment	36,654	35,302	1,352	25,228
	<u>154,008</u>	<u>140,352</u>	<u>13,656</u>	<u>123,548</u>
Total Operating Expenses	<u>7,572,287</u>	<u>7,804,270</u>	<u>(231,983)</u>	<u>7,235,856</u>
OPERATING LOSS	(558,281)	(1,068,224)	(509,943)	(480,009)
NONOPERATING REVENUES (EXPENSES):				
Supplemental Payment Revenue	-	782,927	782,927	682,594
Interest Income - General	-	1,164	1,164	56
Interest Expense - General	(45,087)	(46,189)	(1,102)	(47,523)
Restricted Donations Received	-	-	-	(191)
Gain (Loss) on Disposal of Fixed Assets	-	-	-	(811)
	<u>(45,087)</u>	<u>737,902</u>	<u>782,989</u>	<u>634,125</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	(603,368)	(330,322)	273,046	154,116
CAPITAL GRANTS AND CONTRIBUTIONS	-	123,548	123,548	121,782
TRANSFER (TO) FROM COUNTY GENERAL FUND	-	(100,000)	(100,000)	(600,000)
CHANGE IN NET ASSETS	<u>\$ (603,368)</u>	<u>\$ (306,774)</u>	<u>\$ 296,594</u>	<u>\$ (324,102)</u>
Change from General Operations	\$ (603,368)	\$ (306,774)	\$ 296,594	\$ (323,911)
Change in Restricted Donation Funds	-	-	-	(191)
	<u>\$ (603,368)</u>	<u>\$ (306,774)</u>	<u>\$ 296,594</u>	<u>\$ (324,102)</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Polk County Home (Golden Age Manor)
Amery, Wisconsin

We have audited the financial statements of Polk County Home (Golden Age Manor), as of and for the year ended December 31, 2010, and have issued our report thereon dated June 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Polk County Home (Golden Age Manor's) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Polk County Home (Golden Age Manor's) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Polk County Home (Golden Age Manor's) internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-1 and 2010-2 to be material weaknesses.

Board of Directors
Polk County Home (Golden Age Manor)

Compliance and Other Matters

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

We noted certain matters that we reported to management of Polk County Home (Golden Age Manor) in a separate letter dated June 24, 2011.

Polk County Home (Golden Age Manor's) responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Golden Age Manor's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.



LarsonAllen LLP

Eau Claire, Wisconsin
June 24, 2011

**POLK COUNTY HOME (GOLDEN AGE MANOR)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2010**

FINDING: 2010-1

ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Condition:

The Home does not have an internal control policy in place over annual financial reporting under GAAP, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Home's internal controls.

Criteria:

The Home must be able to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.

Effect:

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Home's internal controls.

Cause:

The Home has not adopted a policy over the annual financial reporting under GAAP; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

Recommendation:

The Home should continue to evaluate their internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

Management's Response:

Management will continue to rely upon the audit firm to create the draft financial statements and related footnote disclosures, and will review and approve these prior to the issuance of the annual financial statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2010**

FINDING: 2010-2

CORRECTED FINANCIAL STATEMENT MISSTATEMENTS

Condition:

The audit firm proposed and Polk County Home (Golden Age Manor) posted to its general ledger journal entries to correct certain year end account balances.

Criteria:

The Home should have controls in place to adjust year end balances to the correct amounts.

Effect:

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the Home's internal controls.

Cause:

The Home relies on the audit firm to adjust certain year end balances.

Recommendation:

The Home should evaluate its accounting controls and determine if additional procedures should be implemented to assure that accounts are adjusted to their proper year end balances.

Management's Response:

Management will review its year end audit adjustments as necessary to adjust accounts in accordance with GAAP.