

**POLK COUNTY HOME (GOLDEN AGE MANOR)**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Polk County Home (Golden Age Manor), which comprise the statements of net position as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polk County Home (Golden Age Manor), as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

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 page 25 to 29 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation the financial statements as a whole. The original budget information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on the original budget information.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2015 on our consideration of Polk County Home (Golden Age Manor's) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Polk County Home (Golden Age Manor's) internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
April 20, 2015

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013. Please read it in conjunction with Polk County Home (Golden Age Manor)'s financial statements.

**FINANCIAL HIGHLIGHTS**

- The Home's net position increased by \$234,561 in fiscal 2013 to \$414,503 and increased by \$131,405 in 2014 to \$545,908.
- For the year ended December 31, 2014 and 2013 there was an excess of revenue over expenses before capital contributions and transfers to the County of \$153,082 and \$229,238, respectively.
- The Home experienced a loss from operations of \$744,512 in fiscal 2013 and a loss from operations of \$826,016 was experienced in 2014.
- Operating revenues increased by 3.3% from \$6,776,890 in fiscal 2013 to \$6,999,787 in 2014. Operating expenses increased 4.0% over the same period, from \$7,521,402 to \$7,825,803.

**USING THIS ANNUAL REPORT**

The Home's financial statements consist of three statements – statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the activities of the Home.

**THE STATEMENTS OF NET POSITION AND THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

One of the most important questions asked about the Home's finance is, "Is the Home, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position 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 position 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 position and changes in them. You can think of the Home's net position – 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 position is 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 STATEMENTS OF CASH FLOWS**

The final required statement is the Statements of Cash Flows. The statements 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, 2014 AND 2013**

**THE HOME'S NET POSITION**

The Home's net position is the difference between its assets and liabilities reported on the statements of net position.

**Table 1: Assets, Liabilities, and Net Position**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Assets:</b>			
Current Assets	\$ 1,205,548	\$ 694,975	\$ 595,583
Noncurrent Cash and Investments	37,122	47,976	42,802
Capital Assets, Net	<u>1,522,442</u>	<u>1,478,392</u>	<u>1,487,658</u>
Total Assets	<u><u>\$ 2,765,112</u></u>	<u><u>\$ 2,221,343</u></u>	<u><u>\$ 2,126,043</u></u>
<b>Liabilities:</b>			
Due to County General Fund	\$ 597,370	\$ 170,629	\$ 206,459
Other Current Liabilities	566,881	519,558	545,862
Resident Funds Payable	26,834	31,401	34,623
Other Post Employment Benefit Obligation	379,837	298,956	261,740
Long Term Debt	<u>648,282</u>	<u>786,296</u>	<u>897,417</u>
Total Liabilities	2,219,204	1,806,840	1,946,101
<b>Net Position:</b>			
Invested in Capital Assets Net of Related Debt	1,476,298	1,425,758	1,565,187
Restricted by Donors	10,288	16,575	8,179
Unrestricted	<u>(940,678)</u>	<u>(1,027,830)</u>	<u>(1,393,424)</u>
Total Net Position	<u>545,908</u>	<u>414,503</u>	<u>179,942</u>
Total Liabilities and Net Position	<u><u>\$ 2,765,112</u></u>	<u><u>\$ 2,221,343</u></u>	<u><u>\$ 2,126,043</u></u>

A significant component of the Home's assets are its net accounts receivable from residents and third-party payors. This balance increased 7.9% from \$621,580 in fiscal 2013 to \$670,597 in 2014. Net resident revenues increased by 3.3%, due to a small increase in volumes along with an increase in ancillary revenues.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014 AND 2013**

**OPERATING RESULTS AND CHANGES IN THE HOME'S NET POSITION**

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

**Table 2: Operating Results and Changes in Net Position**

	2014	2013	2012
Net Resident Service Revenue	\$ 6,975,603	\$ 6,754,396	\$ 6,699,236
Other Operating Revenue	24,184	22,494	19,745
Total Revenue	<u>6,999,787</u>	<u>6,776,890</u>	<u>6,718,981</u>
Operating Expenses			
Daily Resident Services	4,325,553	4,163,377	4,197,077
Special Services	696,772	708,478	711,215
General Service	1,478,369	1,415,709	1,417,062
Other Cost Centers	229	1,423	964
Administrative Services	1,147,976	1,072,422	1,106,643
Depreciation	176,904	159,993	166,322
Total Expenses	<u>7,825,803</u>	<u>7,521,402</u>	<u>7,599,283</u>
Operating Loss	(826,016)	(744,512)	(880,302)
Non-Operating Revenues	<u>979,098</u>	<u>973,750</u>	<u>1,064,764</u>
Excess of Revenues over Expenses Before Transfers	153,082	229,238	184,462
Transfers to County General Fund	(21,677)	(21,677)	-
Capital Grants and Contributions	<u>-</u>	<u>27,000</u>	<u>-</u>
Increase in Net Position	131,405	234,561	184,462
Net Position, Beginning of Year	<u>414,503</u>	<u>179,942</u>	<u>(4,520)</u>
Net Position, End of Year	<u>\$ 545,908</u>	<u>\$ 414,503</u>	<u>\$ 179,942</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 2013 was 94.0% and fiscal 2014 was 94.3%. Medicare utilization decreased from 6.2% in 2013 to 4.2% in 2014.

As noted previously, Polk County Home (Golden Age Manor's) operating expenses increased \$339,025 or 4.5% from fiscal 2013 to 2014. The primary components of the Home's expenses are noted below:

- Approximately 56% of the Home's expenses are employee wages. Due to changes in census, employee work hours continue to be evaluated. Wage expenses for 2014 were \$4,354,255 as compared to \$4,254,854 in 2013. Health insurance and State pension are also significant cost factors for the Home.

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**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014 AND 2013**

**OPERATING RESULTS AND CHANGES IN THE HOME'S NET POSITION (CONTINUED)**

Non-operating gains consist of interest income, contributions, and Supplemental Payment Program (SP). During fiscal year 2014 the Home recognized non-operating Supplemental Payment Program funds of \$1,004,706 and \$1,000,956 for the years ended December 31, 2014 and 2013.

**THE HOME'S CASH FLOWS**

Changes in the Home's cash flows are generally consistent with changes in net position as discussed above. Cash used by operating activities was \$586,341 in fiscal year 2014 and \$672,678 in fiscal year 2013.

**CAPITAL ASSET AND NON-OPERATING ADMINISTRATION**

As of December 31, 2014, the Home had \$1,522,442 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. During fiscal years ended December 31, 2014 and 2013 the Home purchased and leased new capital assets of \$220,953 and \$3,393, respectively. The facility also had a bus donated to them during 2013 with an estimated value of \$27,000.

**LONG-TERM DEBT**

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

**Table 3: Long-Term Debt**

	2014	2013	2012
Notes Payable	\$ 42,586	\$ 48,713	\$ 54,575
Capital Lease Obligation	3,558	3,921	8,376
Advances from County	646,503	743,761	844,833
Total Long-Term Debt	<u>\$ 692,647</u>	<u>\$ 796,395</u>	<u>\$ 907,784</u>

**ECONOMIC FACTORS**

Polk County Home (Golden Age Manor) Board and management considered many factors when setting the fiscal year 2014 budget. Of primary importance in setting the 2014 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 POLK COUNTY HOME (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 Polk County Home (Golden Age Manor's) finances and to show Polk County Home (Golden Age Manor's) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Polk County Home (Golden Age Manor's) Golden Age Manor at 715-268-7107.



<b>LIABILITIES AND NET POSITION</b>	<u>2014</u>	<u>2013</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 82,348	\$ 52,661
Due to County General Fund	597,370	170,629
Accrued Salaries, Wages and Benefits	173,141	152,310
Accrued Interest Payable	37,501	39,226
Accrued Compensated Absences	229,526	265,262
Current Portion of Long-Term Debt	<u>44,365</u>	<u>10,099</u>
Total Current Liabilities	1,164,251	690,187
<b>RESIDENT FUNDS PAYABLE</b>	26,834	31,401
<b>OTHER POST EMPLOYMENT BENEFIT OBLIGATION</b>	379,837	298,956
<b>LONG-TERM DEBT, Net of Current Portion</b>		
Advances from County	646,503	743,761
Long-Term Debt	<u>1,779</u>	<u>42,535</u>
Total Long-Term Debt	<u>648,282</u>	<u>786,296</u>
 Total Liabilities	 2,219,204	 1,806,840
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,476,298	1,425,758
Restricted by Donors	10,288	16,575
Unrestricted	<u>(940,678)</u>	<u>(1,027,830)</u>
Total Net Position	<u>545,908</u>	<u>414,503</u>
 Total Liabilities and Net Position	 <u>\$ 2,765,112</u>	 <u>\$ 2,221,343</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>OPERATING REVENUES</b>		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$15,260 in 2014 and \$49,985 in 2013)	\$ 6,975,603	\$ 6,754,396
Other Operating Revenues	24,184	22,494
Total Operating Revenues	6,999,787	6,776,890
<b>EXPENSES</b>		
Daily Resident Services	4,325,553	4,163,377
Special Services	696,772	708,478
General Service	1,478,369	1,415,709
Other Cost Centers	229	1,423
Administrative Services	1,147,976	1,072,422
Depreciation	176,904	159,993
Total Expenses	7,825,803	7,521,402
<b>OPERATING LOSS</b>	(826,016)	(744,512)
<b>NON-OPERATING GAINS (LOSSES)</b>		
Supplemental Payment Program Revenue	1,004,706	1,000,956
Interest Income	9	743
Interest Expense	(30,330)	(36,345)
Gain on Disposal of Capital Assets	11,000	-
Restricted and Unrestricted Contributions (Expenditures)	(6,287)	8,396
Net Non-Operating Gains	979,098	973,750
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS</b>	153,082	229,238
Transfers to County General Fund	(21,677)	(21,677)
Capital Grants and Contributions	-	27,000
<b>CHANGE IN NET POSITION</b>	131,405	234,561
Net Position Beginning of Year	414,503	179,942
<b>NET POSITION END OF YEAR</b>	\$ 545,908	\$ 414,503

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Residents and Third Party Payors	\$ 6,926,587	\$ 6,654,517
Cash Paid to Employees	(3,766,163)	(3,650,716)
Cash Paid to Suppliers	(3,770,949)	(3,698,973)
Other Receipts and Payments, Net	24,184	22,494
Net Cash Used by Operating Activities	(586,341)	(672,678)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash Received From Supplement Payment Program	527,006	1,000,956
Change in Cash Overdraft Funded by County	426,741	(35,830)
Transfers to County General Fund	(21,677)	(21,677)
Net Residents' Trust Funds Received (Disbursed)	(10,854)	5,174
Net Cash Provided by Non-Capital Financing Activities	921,216	948,623
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash Paid for Acquisition of Capital Assets	(213,116)	(123,727)
Proceeds from Sale of Capital Assets	8,500	-
Principal Paid on Advance from County	(97,207)	(101,072)
Interest on Advances from County	(29,715)	(33,614)
Principal Paid on Long-Term Notes	(11,878)	(10,317)
Interest Paid on Long-Term Notes	(2,342)	(2,784)
Net Cash Used by Capital and Related Financial Activities	(345,758)	(271,514)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	9	743
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(10,874)	5,174
Cash and Cash Equivalents - Beginning of Year	48,996	43,822
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 38,122	\$ 48,996

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (826,016)	\$ (744,512)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations		
Depreciation	176,904	159,993
Decrease (Increase) in:		
Resident Receivables	(49,017)	(99,880)
Inventories	3,067	211
Prepaid Expenses	13,057	277
Increase (Decrease) in:		
Accounts Payable	29,688	(61,999)
Accrued Salaries, Wages and Benefits	20,831	4,698
Accrued Compensated Absences	(35,736)	31,318
Other Post Employment Benefit Obligation	80,881	37,216
Net Cash Used by Operating Activities	\$ (586,341)	\$ (672,678)
 <b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 1,000	\$ 1,020
Restricted Under Resident Trust Agreement	26,834	31,401
Restricted by Donors	10,288	16,575
Cash and Cash Equivalents	\$ 38,122	\$ 48,996
 <b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Contribution of Capital Assets	\$ -	\$ 27,000
Capital Assets Financed Through Capital Lease	\$ 5,337	\$ -

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 is a party to numerous transactions involving other units of Polk County. No current balances were due from and to such related parties at December 31, 2014 and 2013

**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, 2014 AND 2013**

**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.

**Resident 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 collectability. 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, 2014 and 2013, the allowance for uncollectible accounts was \$140,000 and \$125,000, 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 Position**

Net position of the Home are classified in three components. Net investment in capital assets 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 by Donors net position are non-capital net position that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Home. Unrestricted net position are the remaining net position that do not meet the definition of invested in capital assets net of related debt or restricted net assets.

Restricted by Donors net position consist of contributions for resident and employee recreation at December 31, 2014 and 2013.

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

The State of Wisconsin Department of Human Services also provides additional reimbursement to county nursing facilities through the intergovernmental transfer program based on the shortfall between a facility's Medicaid reimbursement and the cost of providing the related care. These additional settlement amounts are reflected as nonoperating gains. Amounts recognized were \$1,004,706 and \$1,000,956 during the years ended December 31, 2014 and 2013, respectively.

**Medicare**

By state statute, a nursing facility which participates in the Medicaid program must also participate in the Medicare program. This program is administered by the Centers for Medicare and Medicaid Services.

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.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Third-Party Reimbursement Agreements (Continued)**

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

	<u>2014</u>	<u>2013</u>
Total Resident Service Revenue	\$ 7,469,511	\$ 7,415,717
Contractual Adjustments		
Medicare	612,949	1,018,679
Provision for Bad Debts	15,260	49,985
Other	<u>(134,301)</u>	<u>(407,343)</u>
Total Contractual Adjustments	<u>493,908</u>	<u>661,321</u>
Net Resident Service Revenue	<u>\$ 6,975,603</u>	<u>\$ 6,754,396</u>

During the years ended December 31, 2014 and 2013, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	<u>2014</u>	<u>2013</u>
Total Occupancy	94.3%	94.0%
Medicaid	78.4%	76.6%
Medicare	4.2%	6.2%

**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, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Receivable from Residents and Their Insurance Carriers	\$ 370,724	\$ 355,145
Receivable from Medicare	103,696	82,712
Receivable from Medicaid	<u>336,177</u>	<u>308,723</u>
Total Resident Receivables	810,597	746,580
Less: Allowance for Doubtful Accounts	<u>(140,000)</u>	<u>(125,000)</u>
Resident Receivables, Net	<u>\$ 670,597</u>	<u>\$ 621,580</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 deposits. The bank 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, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Deposits	<u>\$ 38,122</u>	<u>\$ 48,996</u>

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

	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 1,000	\$ 1,020
Noncurrent Cash and Investments		
Restricted Under Resident Trust Agreement	26,834	31,401
Restricted by Donors		
Recreation Fund	2,942	3,897
Employee Trust Fund	3,852	4,009
Solarium Fund	3,494	8,669
	<u>\$ 38,122</u>	<u>\$ 48,996</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 4 CAPITAL ASSETS**

Summaries of capital assets for the years ended December 31, 2014 and 2013 are as follows:

<b>Capital Assets</b>	January 1, 2014	Additions	(Sales and Retirements)	December 31, 2014
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	3,099	-	106,485
Buildings	3,299,821	189,284	-	3,489,105
Fixed Equipment	835,186	8,900	-	844,086
Movable Equipment	927,624	19,671	(12,855)	934,440
Transportation Equipment	76,782	-	(30,867)	45,915
Totals	<u>5,249,404</u>	<u>220,954</u>	<u>(43,722)</u>	<u>5,426,636</u>
<b>Accumulated Depreciation</b>				
Land Improvements	100,435	1,462	-	101,897
Buildings	2,162,251	87,453	-	2,249,704
Fixed Equipment	684,169	37,245	-	721,414
Movable Equipment	774,375	45,344	(12,856)	806,863
Transportation Equipment	49,782	5,400	(30,866)	24,316
Totals	<u>3,771,012</u>	<u>\$ 176,904</u>	<u>\$ (43,722)</u>	<u>3,904,194</u>
	<u>\$ 1,478,392</u>			<u>\$ 1,522,442</u>
<b>Capital Assets</b>				
	January 1, 2013	Additions	(Sales and Retirements)	December 31, 2013
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	3,179,487	120,334	-	3,299,821
Fixed Equipment	835,186	-	-	835,186
Movable Equipment	924,230	3,394	-	927,624
Transportation Equipment	49,782	27,000	-	76,782
Totals	<u>5,098,676</u>	<u>150,728</u>	<u>-</u>	<u>5,249,404</u>
<b>Accumulated Depreciation</b>				
Land Improvements	98,951	1,484	-	100,435
Buildings	2,082,503	79,748	-	2,162,251
Fixed Equipment	646,580	37,589	-	684,169
Movable Equipment	733,203	41,172	-	774,375
Transportation Equipment	49,782	-	-	49,782
Totals	<u>3,611,019</u>	<u>\$ 159,993</u>	<u>\$ -</u>	<u>3,771,012</u>
	<u>\$ 1,487,657</u>			<u>\$ 1,478,392</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY**

Long-term debt and advances from county consist of the following as of December 31, 2014 and 2013:

**Advances from County**

	Balance January 1, 2014	Additions	Payments	Balance December 31, 2014	Amounts Due Within One Year
\$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.	\$ 20,500	\$ -	\$ (11,500)	\$ 9,000	\$ 9,000
\$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 5.00% through 3/1/15.	23,844	-	(11,922)	11,922	11,922
\$180,000 advance of 4/10/96 from Polk County, due in annual installments of principal of \$9,000 plus interest at 6.75% through 9/1/15.	18,000	-	(9,000)	9,000	9,000
\$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.	681,417	-	(64,836)	616,581	197,052
Total Advances from County	<u>\$ 743,761</u>	<u>\$ -</u>	<u>\$ (97,258)</u>	<u>\$ 646,503</u>	<u>\$ 226,974</u>

	Balance January 1, 2013	Additions	Payments	Balance December 31, 2013	Amounts Due Within One Year
\$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.	\$ 32,000	\$ -	\$ (11,500)	\$ 20,500	\$ 11,500
\$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 5.00% through 3/1/15.	35,766	-	(11,922)	23,844	11,922
\$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.	27,000	-	(9,000)	18,000	9,000
\$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.	750,067	-	(68,650)	681,417	64,836
Total Advances from County	<u>\$ 844,833</u>	<u>\$ -</u>	<u>\$ (101,072)</u>	<u>\$ 743,761</u>	<u>\$ 97,258</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

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

**Long-Term Debt**

	Balance January 1, 2014	Additions	Payments	Balance December 31, 2014	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.	\$ 48,713	\$ -	\$ (6,127)	\$ 42,586	\$ 42,586
Capital Lease Obligation at an imputed rate of 6.00%, collateralized by leased equipment with a cost of \$20,648.	3,921	-	(3,921)	-	-
Capital Lease Obligation at an imputed rate of 3.50%, collateralized by leased equipment with a cost of \$15,837.		5,337	(1,779)	3,558	1,779
Total Long-Term Debt	<u>\$ 52,634</u>	<u>\$ 5,337</u>	<u>\$ (11,827)</u>	<u>\$ 46,144</u>	<u>\$ 44,365</u>

	Balance January 1, 2013	Additions	Payments	Balance December 31, 2013	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.	\$ 54,575	\$ -	\$ (5,862)	\$ 48,713	\$ 6,178
Capital Lease Obligation at an imputed rate of 6.00%, collateralized by leased equipment with a cost of \$20,846.	8,376	-	(4,455)	3,921	3,921
Total Long-Term Debt	<u>\$ 62,951</u>	<u>\$ -</u>	<u>\$ (10,317)</u>	<u>\$ 52,634</u>	<u>\$ 10,099</u>

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

<u>Years Ending December 31</u>	<u>Long-Term Debt</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 42,586	\$ 1,807	\$ 1,779	\$ 145
2016	-	-	1,779	145
Total	<u>\$ 42,586</u>	<u>\$ 1,807</u>	<u>\$ 3,558</u>	<u>\$ 290</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

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

**Equipment Under Capital Lease Obligation**

The Home acquired equipment under a capital lease obligation during the year ended December 31, 2009. The cost of the equipment acquired was \$20,846, and accumulated amortization was \$20,846 and \$16,677 as of December 31, 2014 and 2013, respectively. The amortization expense recognized during the years ended 2014 and 2013 was \$4,169 each year.

The Home acquired equipment under a capital lease obligation during the year ended December 31, 2014. The cost of the equipment acquired was \$15,837. After trade in and a down payment \$5,337 was leased over a three year period. Accumulated amortization and amortization expense was \$3,167 as of December 31, 2014.

**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 55 have 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 \$45,266 and \$71,693 at December 31, 2014 and 2013, respectively, determined on the basis of current salary rates. The Home has used the 67% maximum liability for employees over the age of 55 (18 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, 2014 and 2013 was \$184,260 and \$193,569, respectively.

**NOTE 7 EMPLOYEE RETIREMENT PLAN**

All eligible Polk County Home (Golden Age Manor) employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work 9 or 10 months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)**

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for Nursing Home employees covered by the WRS for the year ended December 31, 2014 was \$4,151,224; the employer's total payroll was \$4,382,151. The total required contribution for the year ended December 31, 2014 was \$581,172, which consisted of \$290,586 or 7.0% of payroll from the employer and \$290,586 or 7.0% of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$521,004 and \$458,197, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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. Final average earnings is the average of the employees' 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 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. Participants who initially became WRS eligible on or after July 1, 2011 must have five year of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility for 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, P.O. Box 7931, Madison, WI 53707-7931.

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION**

Certain employees of Polk County Home (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, 2012, there were 37 retirees receiving health benefits from the County's health plan, none of whom were retirees from Polk County Home (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, 2014 AND 2013**

**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 at 2014 and 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	2014	
	County	GAM Allocation
Annual Required Contribution (ARC):	\$ 394,157	\$ 83,561
Interest on Net OPEB Obligation	61,221	12,979
Adjustment to ARC	(87,515)	(18,553)
Annual OPEB Cost	367,863	77,987
Contributions during the year	(149,631)	(31,722)
Increase in Net OPEB Obligation	218,232	46,265
Net OPEB - Beginning of the Year	1,573,454	333,572
Net OPEB - End of the Year	<u>\$ 1,791,686</u>	<u>\$ 379,837</u>

  

	2013	
	County	GAM Allocation
Annual Required Contribution (ARC):	\$ 458,197	\$ 87,057
Interest on Net OPEB Obligation	54,025	10,265
Adjustment to ARC	(73,685)	(14,000)
Annual OPEB Cost	438,537	83,322
Contributions during the year	(242,664)	(46,106)
Increase in Net OPEB Obligation	195,873	37,216
Net OPEB - Beginning of the Year	1,377,581	261,740
Net OPEB - End of the Year	<u>\$ 1,573,454</u>	<u>\$ 298,956</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.

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**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.

**NOTE 10 FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Home will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

Statement No. 71, Accounting Pension Transition for Contributions made Subsequent to the Measurement Date, - an amendment of GASB Statement No. 68, which is required to be implemented during fiscal year 2015. The implementation of this Statement will require the Home, in the transition year of Statement No. 68, to recognize contributions to defined benefit pension plans between the measurement date of the reported net pension liability and the end of the government's reporting period as a deferred outflow of resources.

These pronouncements will be implemented by their respective implementation dates.

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## **SUPPLEMENTARY INFORMATION**

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**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		Variance Positive (Negative)	2013
	Original Budget	Actual		Actual
<b>OPERATING REVENUES:</b>				
<b>Resident Service Revenue:</b>				
Bedhold Charges - Private	\$ 9,018	\$ 11,800	\$ 2,782	\$ 15,564
Bedhold Charges - Medicaid	24,997	23,941	(1,056)	22,846
SNF - Medicare	1,045,001	373,170	(671,831)	545,720
SNF - Hospice	-	9,378	9,378	43,373
SNF - HMO	58,778	254,174	195,396	193,509
ICF - I & II - Medicaid	3,873,165	4,135,764	262,599	3,873,057
SNF - Private	1,404,778	1,315,360	(89,418)	1,402,572
Private Pay - Insurance	177,944	213,053	35,109	37,738
Private Room Charges	22,485	26,115	3,630	15,360
Physical Therapy - Medicare Part A	265,175	197,695	(67,480)	273,591
Physical Therapy - Medicare Part B	58,936	68,027	9,091	81,156
Physical Therapy - Private Pay/Insurance	53,574	113,486	59,912	25,937
Physical Therapy - Medical Assistance	6,356	23,037	16,681	10,643
Occupational Therapy - Medicare Part A	374,195	151,794	(222,401)	360,648
Occupational Therapy - Medicare Part B	76,808	101,130	24,322	111,510
Occupational Therapy - PrivatePay/Insurance	70,854	118,874	48,020	20,885
Occupational Therapy - Medical Assistance	7,098	26,788	19,690	9,917
Speech Therapy - Medicare Part A	61,428	50,876	(10,552)	62,188
Speech Therapy - Medicare Part B	30,555	50,306	19,751	58,040
Speech Therapy - Private Insurance	15,217	23,627	8,410	9,282
Speech Therapy - Medical Assistance	-	8,082	8,082	11
Respiratory Therapy - Medicare Part A	-	12,194	12,194	20,885
Medical Surgical Supplies - Part A	15,006	10,885	(4,121)	18,278
Medical Surgical Supplies - Other	720	7,749	7,029	855
Pharmacy - Medicare Part A	130,243	79,101	(51,142)	145,877
Pharmacy - Private Pay/Insurance	10,397	29,711	19,314	3,756
Billable Medical Supplies - Private Pay	8,472	9,320	848	11,831
Laboratory - Medicare Part A	23,168	9,626	(13,542)	24,793
Laboratory - Medicare Part B	2,534	5,814	3,280	1,398
Laboratory - Private Insurance	2,612	4,846	2,234	1,329
Laboratory - Medical Assistance	161	471	310	134
X-Ray - Medicare Part A	3,133	3,440	307	4,270
X-Ray - Private Insurance	-	(253)	(253)	-
Psychotherapy Part A	1,300	130	(1,170)	73
Cardiac Therapy Part A	-	-	-	1,084
Immunizations - Medicare Part A and B	-	-	-	7,607
Contractual Adjustments	(1,066,605)	(478,648)	587,957	(611,336)
Provision for Bad Debt	(361)	(15,260)	(14,899)	(49,985)
Total Resident Service Revenue	6,767,142	6,975,603	208,461	6,754,396

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		Variance Positive (Negative)	2013
	Original Budget	Actual		Actual
<b>OPERATING REVENUES (CONTINUED):</b>				
<b>Other Operating Revenues:</b>				
Transportation:				
Medicaid	\$ 5,782	\$ 6,470	\$ 688	\$ 7,033
Private	1,466	2,662	1,196	2,048
Dietary:				
Meals Sold	5,105	4,532	(573)	4,170
Craft Sales	1,252	351	(901)	1,857
Miscellaneous Services:				
Level I Screening	2,280	1,680	(600)	3,510
Other	3,402	8,260	4,858	2,959
Revenue for Nurses Aide Training	458	229	(229)	917
Total Other Operating Revenues	19,745	24,184	4,439	22,494
<b>Total Operating Revenues</b>	6,786,887	6,999,787	212,900	6,776,890
<b>OPERATING EXPENSES:</b>				
<b>Daily Resident Services:</b>				
Registered Nurses:				
Salaries and Wages	666,490	796,518	(130,028)	720,503
Fringe Benefits	194,906	277,434	(82,528)	214,092
Pool Help	11,887	1,544	10,343	4,761
Licensed Practical Nurses:				
Salaries and Wages	576,568	522,116	54,452	555,489
Fringe Benefits	166,286	150,727	15,559	156,975
Pool Help	37,671	-	37,671	1,753
Nurses Aides:				
Salaries and Wages	1,828,433	1,770,367	58,066	1,747,740
Fringe Benefits	568,997	641,693	(72,696)	593,496
Pool Help	2,728	-	2,728	221
Purchased Services	50	300	(250)	212
Supplies and Expenses	158,541	159,093	(552)	163,625
Over The Counter Drugs	5,132	5,761	(629)	4,510
Total Daily Resident Services	4,217,689	4,325,553	(107,864)	4,163,377

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		Variance Positive (Negative)	2013
	Original Budget	Actual		Actual
<b>OPERATING EXPENSES (CONTINUED):</b>				
<b>Special Services:</b>				
Laboratory:				
Purchased Services	\$ 16,911	\$ 4,502	\$ 12,409	\$ 19,386
Radiology:				
Purchased Services	720	2,554	(1,834)	2,321
Pharmacy:				
Supplies and Expenses	81,365	83,051	(1,686)	92,117
Purchased Services	7,126	10,740	(3,614)	6,588
Physical Therapy:				
Purchased Services	112,999	109,299	3,700	107,696
Occupational Services:				
Purchased Services	151,431	152,758	(1,327)	138,286
Medical Director Fees:				
Purchased Services	6,600	7,424	(824)	7,200
Social Services:				
Salaries and Wages	79,387	80,784	(1,397)	82,631
Fringe Benefits	28,105	32,004	(3,899)	30,086
Supplies and Expenses		-	-	-
Recreation Activities:				
Salaries and Wages	145,229	121,578	23,651	128,771
Fringe Benefits	40,134	43,338	(3,204)	41,885
Supplies and Expenses	3,090	-	3,090	-
Speech Therapy:				
Purchased Services	41,511	48,664	(7,153)	42,768
Infusion Therapy:				
Purchased Services	495	76	419	8,743
Total Special Services	715,103	696,772	18,331	708,478
<b>General Services:</b>				
Dietary:				
Salaries and Wages	345,722	348,306	(2,584)	339,999
Fringe Benefits	130,546	154,935	(24,389)	133,055
Supplies and Expenses	31,115	34,693	(3,578)	37,616
Food	260,088	274,891	(14,803)	252,582
Maintenance:				
Salaries and Wages	75,485	81,203	(5,718)	74,186
Fringe Benefits	41,001	39,419	1,582	36,018
Purchased Services	26,508	27,424	(916)	32,078
Supplies and Expenses	41,756	45,851	(4,095)	42,599
Housekeeping:				
Salaries and Wages	184,731	154,949	29,782	180,528
Fringe Benefits	59,455	64,359	(4,904)	63,233
Purchased Services	1,988	2,383	(395)	2,429
Supplies and Expenses	30,196	36,016	(5,820)	29,949

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		Variance Positive (Negative)	2013
	Original Budget	Actual		Actual
<b>OPERATING EXPENSES (CONTINUED):</b>				
<b>General Services (Continued):</b>				
Laundry and Linen:				
Salaries and Wages	\$ 108,580	\$ 116,523	\$ (7,943)	\$ 95,722
Fringe Benefits	38,128	41,732	(3,604)	40,409
Supplies and Expenses	7,474	10,177	(2,703)	8,793
Transportation:				
Salaries and Wages	27,033	26,744	289	26,995
Fringe Benefits	14,908	16,421	(1,513)	16,528
Supplies and Expenses	1,025	2,343	(1,318)	2,990
Total General Services	1,425,739	1,478,369	(52,630)	1,415,709
<b>Other Cost Centers:</b>				
Evergreen Assisted Living:				
Lease		-	-	506
Supplies and Expenses	506	229	277	917
Total Other Cost Centers	506	229	277	1,423
<b>Administrative Services:</b>				
Fiscal/Accounting:				
Salaries and Wages	173,805	172,493	1,312	160,552
Fringe Benefits	86,798	100,364	(13,566)	92,606
Purchased Services	37,360	27,195	10,165	23,796
Supplies and Expenses	22,834	32,778	(9,944)	28,080
Medical Records:				
Salaries and Wages	91,043	80,390	10,653	86,359
Fringe Benefits	46,441	50,462	(4,021)	44,233
Supplies and Expenses	1,407	298	1,109	1,004
General Administration:				
Salaries and Wages	81,073	82,284	(1,211)	79,962
Fringe Benefits	46,698	43,461	3,237	47,576
Committee Fees and Expenses		-	-	2,067
Legal Fees	-	628	(628)	-
Accounting Fees	14,430	10,335	4,095	13,550
Telephone	8,029	12,530	(4,501)	11,230
Postage	3,733	3,035	698	3,895
Subscriptions and Dues	11,223	12,825	(1,602)	11,873
Bed Assessment Fee	232,560	232,560	-	232,560
Licenses	1,637	713	924	784
Advertising Employment	7,319	11,105	(3,786)	6,841
Advertising Promotion	2,995	4,400	(1,405)	4,599
Administrative Travel	4,915	2,522	2,393	2,812
Supplies and Expenses	12,328	1,788	10,540	13,354
Continuing Education and Meetings	3,215	3,090	125	3,629
Other Administrative Expenses	2,924	-	2,924	-

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014		Variance Positive (Negative)	2013
	Original Budget	Actual		Actual
<b>OPERATING EXPENSES (CONTINUED)</b>				
<b>Administrative Services (Continued):</b>				
Fuel - Wisconsin Gas Company	\$ 39,397	\$ 50,566	\$ (11,169)	\$ 39,848
Fuel for Generator	1,182	1,474	(292)	1,049
Electricity	27,206	29,683	(2,477)	24,802
Police and Fire Protection Fees	2,246	5,492	(3,246)	1,789
Water and Sewer	18,700	15,530	3,170	16,997
Equipment Operating Lease	1,226	1,392	(166)	(87)
Insurance:				
Property Insurance	5,100	5,538	(438)	5,531
General Liability Insurance	32,916	34,940	(2,024)	34,644
Worker's Compensation Insurance	103,202	118,105	(14,903)	76,487
Total Administrative Services	<u>1,123,942</u>	<u>1,147,976</u>	<u>(24,034)</u>	<u>1,072,422</u>
<b>Depreciation:</b>				
Land Improvements	1,781	1,462	319	1,484
Buildings	80,073	87,453	(7,380)	79,748
Fixed Equipment	37,772	37,245	527	37,589
Major Moveable Equipment	46,696	45,343	1,353	41,172
	<u>166,322</u>	<u>176,904</u>	<u>(10,582)</u>	<u>159,993</u>
<b>Total Operating Expenses</b>	<u>7,649,301</u>	<u>7,825,803</u>	<u>(176,502)</u>	<u>7,521,402</u>
<b>OPERATING LOSS</b>	(862,414)	(826,016)	36,398	(744,512)
<b>NONOPERATING GAINS (LOSSES):</b>				
Supplemental Payment Revenue	1,098,210	1,004,706	(93,504)	1,000,956
Interest Income - General	1,083	9	(1,074)	743
Interest Expense - General	(31,749)	(30,330)	1,419	(36,345)
Contributions - General	4,950	(6,287)	(11,237)	8,396
Gain (Loss) on Disposal of Fixed Assets	600	11,000	10,400	-
	<u>1,073,094</u>	<u>979,098</u>	<u>(93,996)</u>	<u>973,750</u>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE TRANSFERS, CAPITAL GRANTS, AND CONTRIBUTIONS</b>	210,680	153,082	(57,598)	229,238
Transfers to County General Fund	(21,677)	(21,677)	-	(21,677)
Capital Grants and Contributions	-	-	-	27,000
<b>CHANGE IN NET POSITION</b>	<u>\$ 189,003</u>	<u>\$ 131,405</u>	<u>\$ (57,598)</u>	<u>\$ 234,561</u>

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**INDEPENDENT AUDITORS' 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, in accordance with the 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 Controller General of the United States, the financial statements of Golden Age Manor, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2015.

**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 (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of Polk County Home (Golden Age Manor's) internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified deficiencies in internal control that we consider to be a 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 2014-1, 2014-2, and 2014-3 to be material weaknesses.

**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*.

**Polk County Home (Golden Age Manor’s) Response to Findings**

Polk County Home (Golden Age Manor’s) response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Polk County Home (Golden Age Manor’s) response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
April 20, 2015

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2014**

**FINDING: 2014-1**

**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 (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2014**

**FINDING: 2014-2**

**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.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

**FINDING: 2014-3**

**MONTHLY RECONCILING**

- Condition:** Multiple months of cash and accounts payable information were not reconciled during the year ended December 31, 2014.
- Criteria:** The Home should have controls in place to monthly reconcile their cash and accounts payable accounts.
- 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 did not reconcile their cash and accounts payable as of December 31, 2014, leading to proposed audit adjustments in both the cash and accounts payable adjustments.
- Recommendation:** The Home should reconcile their cash and accounts payable accounts on a monthly basis.
- Management's Response:** Management will perform monthly reconciliation of their cash and accounts payable accounts.