

POLK COUNTY HOME (GOLDEN AGE MANOR)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2012 AND 2011

**POLK COUNTY HOME (GOLDEN AGE MANOR)
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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 Golden Age Manor, which comprise the statements of net position as of December 31, 2012 and 2011, 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 opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Golden Age Manor as of December 31, 2012 and 2011, and the results of its operations, changes in its net position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Correction of an Error

As discussed in Note 9 to the financial statements, an error resulting in the understatement of due to County general fund and overstatement of previously reported net position as of December 31, 2011, was discovered during the current year. Accordingly, amounts recorded for due to County general fund and net position have been restated in the December 31, 2011, financial statements now presented, and an adjustment has been made to net position as of January 1, 2011, to correct the error. Our opinion is not modified with respect to that matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2013 on our consideration of 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 Golden Age Manor's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
June 27, 2013

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012 AND 2011**

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, 2012 and 2011. Please read it in conjunction with Polk County Home (Golden Age Manor)'s financial statements.

FINANCIAL HIGHLIGHTS

- The Home's net position decreased by \$509,184 in fiscal 2011 to (\$4,521 and increased by \$184,463 in 2012 to \$179,942.
- In 2011, \$52,551 was transferred to the County general fund.
- For the year ended December 31, 2012 there was an excess of revenue over expenses of \$184,463.
- The Home experienced a loss from operations of \$1,315,239 in fiscal 2011 and a loss from operations of \$880,301 was experienced in 2012.
- Operating revenues increased by 0.6% from \$6,677,169 in fiscal 2011 to \$6,718,981 in 2012. Expenses decreased 4.9% over the same period, from \$7,992,408 to \$7,599,282.

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 STATEMENT OF NET POSITION AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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 Statement of Net Position and Statement 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 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, 2012 AND 2011**

THE HOME'S NET POSITION

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

Table 1: Assets, Liabilities, and Net Position

	<u>2012</u>	<u>2011 As Restated</u>	<u>2010 As Restated</u>
Assets:			
Current Assets	\$ 594,563	\$ 1,088,712	\$ 1,268,054
Noncurrent Cash and Investments	42,802	30,884	26,622
Capital Assets, Net	<u>1,487,658</u>	<u>1,637,932</u>	<u>1,695,265</u>
Total Assets	<u>\$ 2,125,023</u>	<u>\$ 2,757,528</u>	<u>\$ 2,989,941</u>
Liabilities:			
Due to County General Fund	\$ 205,439	\$ 808,211	\$ -
Other Current Liabilities	545,862	709,907	833,651
Resident Funds Payable	34,623	21,550	17,206
Deferred Revenue	-	-	402,205
Other Post Employment Benefit Obligation	261,740	218,669	155,770
Long Term Debt	<u>897,417</u>	<u>1,003,712</u>	<u>1,076,446</u>
Total Liabilities	<u>1,945,081</u>	<u>2,762,049</u>	<u>2,485,278</u>
Net Position:			
Invested in Capital Assets Net of Related Debt	1,424,707	1,565,187	1,613,206
Restricted by Donors	8,179	9,334	9,416
Unrestricted	<u>(1,252,944)</u>	<u>(1,579,042)</u>	<u>(1,117,959)</u>
Total Net Position	<u>179,942</u>	<u>(4,521)</u>	<u>504,663</u>
Total Liabilities and Net Position	<u>\$ 2,125,023</u>	<u>\$ 2,757,528</u>	<u>\$ 2,989,941</u>

A significant component of the Home's assets are its accounts receivable from residents and third-party payors. This balance decreased from \$559,624 in fiscal 2011 to \$520,849 in 2012. Net resident revenues increased by 0.6%, due to a small increase in volumes. Of the outstanding balance, approximately \$400,000 is current and \$61,000 is current to 60 days.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012 AND 2011**

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

	<u>2012</u>	<u>2011 As Restated</u>	<u>2010 As Restated</u>
Net Patient Service Revenue	\$ 6,699,236	\$ 6,653,013	\$ 6,713,618
Other Operating Revenue	19,745	24,156	22,428
Total Revenue	<u>6,718,981</u>	<u>6,677,169</u>	<u>6,736,046</u>
Operating Expenses			
Daily Resident Services	4,197,077	4,540,723	4,407,631
Special Services	711,215	768,676	797,709
General Service	1,417,062	1,450,839	1,407,648
Other Cost Centers	964	1,423	917
Administrative Services	1,106,642	1,073,518	1,050,013
Depreciation	166,322	157,229	140,352
Total Expenses	<u>7,599,282</u>	<u>7,992,408</u>	<u>7,804,270</u>
Operating Loss	(880,301)	(1,315,239)	(1,068,224)
Non-Operating Revenues (Expenses)	<u>1,064,764</u>	<u>858,606</u>	<u>737,902</u>
Excess (Deficit) of Revenues over Expenses Before Transfers	184,463	(456,633)	(330,322)
Transfers to County General Fund	<u>-</u>	<u>(52,551)</u>	<u>(100,000)</u>
Increase (Decrease) in Net Position	184,463	(509,184)	(430,322)
Net Position, Beginning of Year	<u>(4,521)</u>	<u>504,663</u>	<u>934,985</u>
Net Position, End of Year	<u>\$ 179,942</u>	<u>\$ (4,521)</u>	<u>\$ 504,663</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 2011 was 91.2% and fiscal 2012 was 92.4%. Medicare utilization decreased from 6.7% in 2011 to 5.9% in 2012. Medicare revenues went from \$1,223,617 in 2011 to \$976,441 in 2012.

As noted previously, Golden Age Manor's expenses decreased \$391,078 or 4.9% from fiscal 2011 to 2012. The primary components of the Home's expenses are noted below:

- Approximately 55% of the Home's expenses are employee wages. Due to changes in census, employee work hours continue to be evaluated. Wage expenses for 2012 were \$4,403,051 as compared to \$4,489,145 in 2011. Health insurance and State pension is a significant cost factor to the Home.

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**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012 AND 2011**

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 2012 the Home recognized non-operating Supplemental Payment Program funds of \$1,098,210.

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 \$792,927 in fiscal 2012.

CAPITAL ASSET AND NON-OPERATING ADMINISTRATION

As of December 31, 2012, the Home had \$1,487,658 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. During fiscal years ended December 31, 2012 and 2011 the Home purchased new equipment of \$11,098 and \$99,896, respectively.

LONG-TERM DEBT

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

Table 3: Long-Term Debt

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Notes Payable	\$ 54,575	\$ 60,172	\$ 65,534
Capital Lease Obligation	8,376	12,573	16,525
Advances from County	844,833	940,820	1,003,753
	<u>\$ 907,784</u>	<u>\$ 1,013,565</u>	<u>\$ 1,085,812</u>

ECONOMIC FACTORS

Golden Age Manor Board and management considered many factors when setting the fiscal year 2012 budget. Of primary importance in setting the 2012 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)
STATEMENTS OF NET POSITION
DECEMBER 31, 2012 AND 2011**

	2012	2011 As Restated
ASSETS		
CURRENT ASSETS		
Resident Receivables, Less Allowance for Uncollectible Accounts of Approximately \$75,000 in 2012 and \$75,000 in 2011	\$ 520,849	\$ 559,624
Estimated Third-Party Payor Settlements	851	454,200
Inventories	43,730	46,093
Prepaid Expenses	29,133	28,795
Total Current Assets	594,563	1,088,712
 NONCURRENT CASH AND INVESTMENTS		
Restricted Under Resident Trust Agreement	34,623	21,550
Restricted by Donors	8,179	9,334
Total Noncurrent Cash and Investments	42,802	30,884
 CAPITAL ASSETS, NET		
	1,487,658	1,637,932
 Total Assets		
	\$ 2,125,023	\$ 2,757,528

See accompanying Notes to Financial Statements.

	2012	2011 As Restated
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 114,661	\$ 106,208
Due to County General Fund	205,439	808,211
Accrued Salaries, Wages and Benefits	147,612	313,782
Accrued Interest Payable	39,278	41,018
Accrued Compensated Absences	233,944	239,046
Current Portion of Long-Term Debt	10,367	9,853
Total Current Liabilities	<u>751,301</u>	<u>1,518,118</u>
RESIDENT FUNDS PAYABLE	34,623	21,550
OTHER POST EMPLOYMENT BENEFIT OBLIGATION	261,740	218,669
LONG-TERM DEBT, Net of Current Portion		
Advances from County	844,833	940,820
Long-Term Debt	52,584	62,892
Total Long-Term Debt	<u>897,417</u>	<u>1,003,712</u>
Total Liabilities	1,945,081	2,762,049
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Invested in Capital Assets Position of Related Debt	1,424,707	1,565,187
Restricted by Donors	8,179	9,334
Unrestricted	<u>(1,252,944)</u>	<u>(1,579,042)</u>
Total Net Position	<u>179,942</u>	<u>(4,521)</u>
Total Liabilities and Net Position	<u>\$ 2,125,023</u>	<u>\$ 2,757,528</u>

POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011 As Restated
OPERATING REVENUES		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$361 in 2012 and (-\$2,548) in 2011)	\$ 6,699,236	\$ 6,653,013
Other Operating Revenues	19,745	24,156
Total Operating Revenues	6,718,981	6,677,169
EXPENSES		
Daily Resident Services	4,197,077	4,540,723
Special Services	711,215	768,676
General Service	1,417,062	1,450,839
Other Cost Centers	964	1,423
Administrative Services	1,106,642	1,073,518
Depreciation	166,322	157,229
Total Expenses	7,599,282	7,992,408
OPERATING LOSS	(880,301)	(1,315,239)
NON-OPERATING GAINS (LOSSES)		
Supplemental Payment Program Revenue	1,098,210	902,005
Interest Income	1,083	115
Interest Expense	(38,924)	(43,514)
Gain on Disposal of Fixed Assets	600	-
Restricted and Unrestricted Contributions and Expenditures	3,795	-
Net Non-Operating Gains	1,064,764	858,606
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	184,463	(456,633)
Transfers to County General Fund	-	(52,551)
CHANGE IN NET POSITION	184,463	(509,184)
NET POSITION BEGINNING OF YEAR	(4,521)	628,211
Prior Period Audit Adjustment	-	(123,548)
Net Position - Beginning of Year As Restated	(4,521)	504,663
NET POSITION END OF YEAR	\$ 179,942	\$ (4,521)

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third Party Payors	\$ 6,738,011	\$ 6,287,196
Cash Paid to Employees	(3,905,817)	(3,714,830)
Cash Paid to Suppliers	(3,644,866)	(4,172,041)
Other Receipts and Payments, Net	19,745	24,156
Net Cash Used by Operating Activities	(792,927)	(1,575,519)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Received From Supplement Payment Program	1,551,559	447,805
Change in Cash Overdraft Funded by County	(602,772)	808,211
Transfers to County General Fund	-	(52,551)
Net Residents' Trust Funds Received (Disbursed)	13,073	4,344
Net Cash Provided by Non-Capital Financing Activities	961,860	1,207,809
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Paid for Acquisition of Capital Assets	(10,498)	(99,896)
Principal Paid on Advance from County	(95,987)	(62,933)
Interest on Advances from County	(37,347)	(39,784)
Principal Paid on Long-Term Notes	(9,280)	(9,314)
Interest Paid on Long-Term Notes	(4,986)	(3,780)
Net Cash Used by Capital and Related Financial Activities	(158,098)	(215,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	1,083	115
Net Cash Provided by Investing Activities	1,083	115
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,918	(583,302)
Cash and Cash Equivalents - Beginning of Year	30,884	614,186
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 42,802	\$ 30,884

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (880,301)	\$ (1,315,239)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations		
Depreciation	166,322	157,229
Decrease (Increase) in:		
Patient Receivables	38,775	36,388
Inventories	2,363	(212)
Prepaid Expenses	(338)	9,802
Increase (Decrease) in:		
Accounts Payable	8,453	(131,194)
Accrued Salaries, Wages and Benefits	(166,170)	(18,663)
Accrued Compensated Absences	(5,102)	25,676
Other Post Employment Benefit Obligation	43,071	62,899
Deferred Revenue	-	(402,205)
Net Cash Used by Operating Activities	\$ (792,927)	\$ (1,575,519)
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Restricted Under Resident Trust Agreement	\$ 34,623	\$ 21,550
Restricted by Donors	8,179	9,334
 Cash and Cash Equivalents	\$ 42,802	\$ 30,884

SUPPLEMENTAL CASH FLOW DISCLOSURES

Assets were donated in the amount of \$4,950 during the year ended December 31, 2012.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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) standards 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, 2012 AND 2011**

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 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, 2012 and 2011, the allowance for uncollectible accounts was approximately \$75,000 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 Position

Net position of the Home are classified in three components. Net position 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 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, 2012 and 2011.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess (Deficit) of Revenues Over Expenditures

The statement of revenues, expenses and changes in net position includes excess (deficit) of revenue over expenses. Changes in unrestricted net position 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, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2012	2011
Total Resident Service Revenue	\$ 7,330,018	\$ 7,553,701
Contractual Adjustments		
Medicare	961,387	1,011,787
Provision for Bad Debts	361	2,548
Other	(330,966)	(113,647)
Total Contractual Adjustments	630,782	900,688
Net Patient Service Revenue	\$ 6,699,236	\$ 6,653,013

During the years ended December 31, 2012 and 2011, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	2012	2011
Total Occupancy	92.4%	91.2%
Medicaid	75.4%	76.5%
Medicare	5.9%	6.7%

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, 2012 and 2011 consisted of the following:

	2012	2011
Receivable from Patients and Their Insurance Carriers	\$ 204,414	\$ 174,663
Receivable from Medicare	82,712	179,928
Receivable from Medicaid	308,723	280,033
Total Patient Receivables	595,849	634,624
Less Allowance for Doubtful Accounts	(75,000)	(75,000)
Patient Receivables, Net	\$ 520,849	\$ 559,624

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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, 2012 and 2011 consist of the following:

	2012	2011
Deposits	\$ 42,802	\$ 30,884

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

	2012	2011
Noncurrent Cash and Investments		
Restricted Under Resident Trust Agreement	\$ 34,623	\$ 21,550
Restricted by Donors		
Recreation Fund	4,408	5,441
Employee Trust Fund	3,771	3,893
	\$ 42,802	\$ 30,884

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 CAPITAL ASSETS

Summaries of capital assets for the years ended December 31, 2012 and 2011 are as follows:

Capital Assets	January 1, 2012	Additions	(Retirements)	December 31, 2012
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	3,175,407	4,080	-	3,179,487
Fixed Equipment	835,186	-	-	835,186
Movable Equipment	916,093	11,968	(3,830)	924,231
Transportation Equipment	49,782	-	-	49,782
Totals	<u>5,086,459</u>	<u>16,048</u>	<u>(3,830)</u>	<u>5,098,677</u>
Accumulated Depreciation				
Land Improvements	97,170	1,781	-	98,951
Buildings	2,002,430	80,073	-	2,082,503
Fixed Equipment	608,808	37,772	-	646,580
Movable Equipment	690,337	46,696	(3,830)	733,203
Transportation Equipment	49,782	-	-	49,782
Totals	<u>3,448,527</u>	<u>\$ 166,322</u>	<u>\$ (3,830)</u>	<u>3,611,019</u>
	<u>\$ 1,637,932</u>			<u>\$ 1,487,658</u>
Capital Assets	January 1, 2011	Additions	(Retirements)	December 31, 2011
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	3,161,009	14,398	-	3,175,407
Fixed Equipment	831,193	3,993	-	835,186
Movable Equipment	845,341	81,505	(10,753)	916,093
Transportation Equipment	49,782	-	-	49,782
Totals	<u>4,997,316</u>	<u>99,896</u>	<u>(10,753)</u>	<u>5,086,459</u>
Accumulated Depreciation				
Land Improvements	95,299	1,871	-	97,170
Buildings	1,924,706	77,724	-	2,002,430
Fixed Equipment	571,042	37,765	1	608,808
Movable Equipment	661,222	39,869	(10,754)	690,337
Transportation Equipment	49,782	-	-	49,782
Totals	<u>3,302,051</u>	<u>\$ 157,229</u>	<u>\$ (10,753)</u>	<u>3,448,527</u>
	<u>\$ 1,695,265</u>			<u>\$ 1,637,932</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY

Long-term debt and advances from county consist of the following as of December 31, 2012 and 2011:

Advances from County

	Balance January 1, 2012	Additions	Payments	Balance December 31, 2012
\$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.	\$ 43,500	\$ -	\$ (11,500)	\$ 32,000
\$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.	47,688	-	(11,922)	35,766
\$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.	36,000	-	(9,000)	27,000
\$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.	813,632	-	(63,565)	750,067
Total Advances from County	<u>\$ 940,820</u>	<u>\$ -</u>	<u>\$ (95,987)</u>	<u>\$ 844,833</u>
	Balance January 1, 2011	Additions	Payments	Balance December 31, 2011
\$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.	\$ 55,000	\$ -	\$ (11,500)	\$ 43,500
\$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.	59,610	-	(11,922)	47,688
\$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.	45,000	-	(9,000)	36,000
\$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.	844,143	-	(30,511)	813,632
Total Advances from County	<u>\$ 1,003,753</u>	<u>\$ -</u>	<u>\$ (62,933)</u>	<u>\$ 940,820</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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

Long-Term Debt

	Balance January 1, 2012	Additions	Payments	Balance December 31, 2012	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.	\$ 60,172	\$ -	\$ (5,597)	\$ 54,575	\$ 5,912
Capital Lease Obligation at an imputed rate of 6%, collateralized by leased equipment with a cost of \$20,648.	12,573	-	(4,197)	8,376	4,455
Total Long-Term Debt	\$ 72,745	\$ -	\$ (9,794)	\$ 62,951	\$ 10,367

	Balance January 1, 2011	Additions	Payments	Balance December 31, 2011	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.	\$ 65,534	\$ -	\$ (5,362)	\$ 60,172	\$ 5,657
Capital Lease Obligation at an imputed rate of 6%, collateralized by leased equipment with a cost of \$20,648.	16,525	-	(3,952)	12,573	4,196
Total Long-Term Debt	\$ 82,059	\$ -	\$ (9,314)	\$ 72,745	\$ 9,853

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>
2013	\$ 5,912	\$ 2,351	\$ 4,455	\$ 381
2014	6,178	2,085	3,921	109
2015	42,485	1,807	-	-
	\$ 54,575	\$ 6,243	\$ 8,376	\$ 490

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 is \$20,846, and accumulated amortization was \$12,507 and \$8,338 for the years ended December 31, 2012 and 2011, respectively. The amortization expense recognized during the years ending 2012 and 2011 was \$4,169 each year.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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 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 \$77,445 and \$92,315 at December 31, 2012 and 2011, 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, 2012 and 2011 was \$156,499 and \$146,731, respectively.

NOTE 7 EMPLOYEE RETIREMENT PLAN

All eligible 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 prior to July 1, 2011, expected to work at least 600 hours a year (440 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. 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 nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the general/teacher/educational support personnel category were required by statute to contribute 6.5% of their salary (3.9% for executive and elected officials, 5.8% for protective occupations with social security, and 4.8% for protective occupations without social security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 2012 are:

	Employee	Employer
General	5.90%	5.90%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%
Protective without Social Security	5.90%	11.30%

The payroll for Nursing Home employees covered by the WRS for the year ended December 31, 2012 was \$2,528,785; the employer's total payroll was \$1,302,438. The total required contribution for the year ended December 31, 2012 was \$298,398, which consisted of \$149,199, or 5.9% of payroll from the employer and \$149,199 or 5.90% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$422,655 and \$405,519, 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.

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*.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)

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 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.

The following table shows the components of the County's annual OPEB cost at 2012 and 2011, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	2011	
	County	GAM Allocation
Annual Required Contribution (ARC):	\$ 571,672	\$ 108,618
Interest on Net OPEB Obligation	20,607	3,915
Adjustment to ARC	(27,735)	(5,270)
Annual OPEB Cost	564,544	107,263
Contributions during the year	(233,496)	(44,364)
Increase in Net OPEB Obligation	331,048	62,899
Net OPEB - Beginning of the Year	819,840	155,770
Net OPEB - End of the Year	<u>\$ 1,150,888</u>	<u>\$ 218,669</u>
	2012	
	County	GAM Allocation
Annual Required Contribution (ARC):	\$ 458,197	\$ 87,057
Interest on Net OPEB Obligation	51,698	9,823
Adjustment to ARC	(70,512)	(13,397)
Annual OPEB Cost	439,383	83,483
Contributions during the year	(210,651)	(40,024)
Increase in Net OPEB Obligation	228,732	43,459
Net OPEB - Beginning of the Year	1,148,849	218,281
Net OPEB - End of the Year	<u>\$ 1,377,581</u>	<u>\$ 261,740</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)

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 PRIOR PERIOD ADJUSTMENT

In prior years, the Home recorded a contribution from the County in the amount of \$123,548 related to the anticipated transfer of funds for depreciation funding. During the year ended December 31, 2012, It was determined that the transfer was recorded in error. As a result, a prior period adjustment was required to correctly state cash and net position balances as of January 1, 2011. The impact of the prior period adjustment on the statement of net position and statement of revenues, expenses and changes in net position is reflected below.

	As Previously Stated	Prior Period Adjustments	As Restated
December 31, 2010 Net Position	\$ 628,211	\$ (123,548)	\$ 504,663
December 31, 2011 Due to County General Fund	684,663	123,548	808,211

NOTE 10 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.

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 POSITION – BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		Variance Positive (Negative)	2011
	Original Budget	Actual		Actual
OPERATING REVENUES:				
Resident Service Revenue:				
Bedhold Charges - Private	\$ 23,189	\$ 9,018	\$ (14,171)	\$ 20,785
Bedhold Charges - Medicaid	17,430	24,997	7,567	18,053
SNF - Medicare	1,305,118	512,870	(792,248)	1,028,530
ISN - Medicaid	-	-	-	12,250
SNF - Medicaid	-	(9,021)	(9,021)	45,503
SNF - Hospice	-	25,061	25,061	-
SNF - HMO	86,333	58,778	(27,555)	72,326
ICF - I & II - Medicaid	3,879,246	3,846,606	(32,640)	3,760,159
SNF - Private	1,160,468	1,442,178	281,710	1,171,212
Private Pay - Insurance	214,185	177,944	(36,241)	126,470
Private Room Charges	44,880	22,485	(22,395)	42,210
Physical Therapy - Medicare Part A	318,044	265,175	(52,869)	267,269
Physical Therapy - Medicare Part B	43,709	58,936	15,227	45,635
Physical Therapy - Private Pay/Insurance	48,232	53,574	5,342	48,321
Physical Therapy - Medical Assistance	7,445	7,125	(320)	3,336
Occupational Therapy - Medicare Part A	434,301	374,195	(60,106)	368,849
Occupational Therapy - Medicare Part B	78,847	76,808	(2,039)	104,613
Occupational Therapy - Private Pay/Insurance	64,732	70,854	6,122	60,649
Occupational Therapy - Medical Assistance	10,984	7,489	(3,495)	5,904
Speech Therapy - Medicare Part A	99,779	61,428	(38,351)	74,768
Speech Therapy - Medicare Part B	43,377	30,555	(12,822)	48,959
Speech Therapy - Private Insurance	20,033	15,217	(4,816)	5,408
Speech Therapy - Medical Assistance	3,316	-	(3,316)	4,804
Respiratory Therapy - Medicare Part A	11,360	-	(11,360)	7,457
Medical Surgical Supplies - Part A	10,925	15,006	4,081	16,538
Medical Surgical Supplies - Other	9,088	720	(8,368)	153
Pharmacy - Medicare Part A	131,440	130,243	(1,197)	113,563
Pharmacy - Private Pay/Insurance	24,567	10,397	(14,170)	(1,419)
Billable Medical Supplies - Private Pay	-	8,472	8,472	5,780
Laboratory - Medicare Part A	22,922	23,168	246	61,645
Laboratory - Medicare Part B	1,657	2,534	877	2,786
Laboratory - Private Insurance	2,100	2,612	512	2,299
Laboratory - Medical Assistance	76	161	85	159
X-Ray - Medicare Part A	7,435	3,133	(4,302)	4,949
Psychotherapy Part A	-	1,300	1,300	-
Immunizations - Medicare Part A and B	4,066	-	(4,066)	3,778
Infusion Therapy	3,995	-	(3,995)	-
Medicare Part A Ancillary Adjustments	(1,271,407)	(630,421)	640,986	(898,140)
Provision for Bad Debt	-	(361)	(361)	(2,548)
Total Resident Service Revenue	6,861,872	6,699,236	(162,636)	6,653,013

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		Variance Positive (Negative)	2011
	Original Budget	Actual		Actual
OPERATING REVENUES (CONTINUED):				
Other Operating Revenues:				
Transportation:				
Medicaid	\$ 5,372	\$ 5,782	\$ 410	\$ 5,456
Private	2,934	1,466	(1,468)	2,499
Dietary:				
Meals Sold	3,842	5,105	1,263	4,834
Craft Sales	3,017	1,252	(1,765)	2,023
Miscellaneous Services:				
Level I Screening	2,650	2,280	(370)	2,070
Telephone	6	-	(6)	7
Other	2,886	3,402	516	5,960
Insurance Refunds - Legal Fees	10,000	-	(10,000)	619
Revenue for Nurses Aide Training	917	458	(459)	688
Total Other Operating Revenues	<u>31,624</u>	<u>19,745</u>	<u>(11,879)</u>	<u>24,156</u>
Total Operating Revenues	6,893,496	6,718,981	(174,515)	6,677,169
OPERATING EXPENSES:				
Daily Resident Services:				
Registered Nurses:				
Salaries and Wages	662,501	656,727	5,774	675,092
Fringe Benefits	192,054	194,414	(2,360)	229,853
Pool Help	102,057	11,887	90,170	84,693
Licensed Practical Nurses:				
Salaries and Wages	515,831	568,047	(52,216)	539,419
Fringe Benefits	160,979	166,286	(5,307)	187,680
Pool Help	52,887	37,671	15,216	65,012
Nurses Aides:				
Salaries and Wages	1,813,489	1,828,142	(14,653)	1,856,017
Fringe Benefits	609,960	567,627	42,333	708,294
Pool Help	18,180	2,728	15,452	15,279
Purchased Services	13,735	50	13,685	5,564
Supplies and Expenses	162,951	158,366	4,585	169,729
Over The Counter Drugs	4,448	5,132	(684)	4,091
Total Daily Resident Services	<u>4,309,072</u>	<u>4,197,077</u>	<u>111,995</u>	<u>4,540,723</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		Variance Positive (Negative)	2011
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
Special Services:				
Laboratory:				
Purchased Services	\$ 14,596	\$ 16,911	\$ (2,315)	\$ 23,908
Radiology:				
Purchased Services	6,024	720	5,304	2,458
Pharmacy:				
Supplies and Expenses	96,278	81,365	14,913	70,322
Purchased Services	1,320	7,126	(5,806)	1,722
Physical Therapy:				
Purchased Services	148,951	112,999	35,952	126,300
Occupational Services:				
Purchased Services	208,837	151,431	57,406	187,485
Medical Director Fees:				
Purchased Services	7,200	6,600	600	7,800
Social Services:				
Salaries and Wages	80,480	81,875	(1,395)	81,095
Fringe Benefits	27,278	27,955	(677)	31,582
Recreation Activities:				
Salaries and Wages	130,953	143,083	(12,130)	127,974
Fringe Benefits	38,736	40,134	(1,398)	44,883
Supplies and Expenses	3,791	-	3,791	-
Speech Therapy:				
Purchased Services	67,642	41,016	26,626	59,813
Infusion Therapy:				
Purchased Services	311	-	311	3,334
Total Special Services	832,397	711,215	121,182	768,676
General Services:				
Dietary:				
Salaries and Wages	341,079	345,722	(4,643)	344,023
Fringe Benefits	132,645	130,546	2,099	154,213
Supplies and Expenses	33,972	31,115	2,857	37,823
Food	252,072	260,088	(8,016)	244,715
Maintenance:				
Salaries and Wages	79,467	75,485	3,982	79,674
Fringe Benefits	17,215	40,740	(23,525)	20,915
Purchased Services	42,948	26,627	16,321	48,810
Supplies and Expenses	27,281	41,756	(14,475)	41,229
Housekeeping:				
Salaries and Wages	170,948	182,423	(11,475)	175,610
Fringe Benefits	58,167	59,455	(1,288)	75,842
Purchased Services	2,876	1,988	888	2,546
Supplies and Expenses	36,436	30,196	6,240	32,980

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		Variance Positive (Negative)	2011
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
General Services (Continued):				
Laundry and Linen:				
Salaries and Wages	\$ 104,379	\$ 98,577	\$ 5,802	\$ 96,608
Fringe Benefits	38,191	38,128	63	38,535
Supplies and Expenses	10,093	11,250	(1,157)	12,611
Transportation:				
Salaries and Wages	25,946	27,033	(1,087)	26,987
Fringe Benefits	19,816	14,908	4,908	16,301
Supplies and Expenses	1,996	1,025	971	1,417
Total General Services	1,395,527	1,417,062	(21,535)	1,450,839
Other Cost Centers:				
Evergreen Assisted Living:				
Lease	-	506	(506)	506
Supplies and Expenses	-	458	(458)	917
Total Other Cost Centers	-	964	(964)	1,423
Administrative Services:				
Fiscal/Accounting:				
Salaries and Wages	169,024	160,852	8,172	172,565
Fringe Benefits	84,600	86,798	(2,198)	93,150
Purchased Services	29,326	24,485	4,841	18,170
Supplies and Expenses	18,050	22,834	(4,784)	17,777
Medical Records:				
Salaries and Wages	88,994	89,698	(704)	86,257
Fringe Benefits	44,406	46,441	(2,035)	49,260
Supplies and Expenses	2,499	1,407	1,092	912
General Administration:				
Salaries and Wages	74,651	87,999	(13,348)	62,840
Fringe Benefits	27,048	50,640	(23,592)	27,737
Committee Fees and Expenses	5,023	2,809	2,214	4,143
Legal Fees	8,613	-	8,613	2,237
Accounting Fees	-	14,430	(14,430)	13,000
Telephone	11,833	10,838	995	10,947
Postage	2,981	3,733	(752)	4,329
Subscriptions and Dues	7,935	11,223	(3,288)	8,067
Bed Assessment Fee	232,560	232,560	-	232,560
Licenses	1,869	1,637	232	834
Advertising Employment	2,488	7,319	(4,831)	4,656
Advertising Promotion	3,481	2,995	486	3,779
Administrative Travel	4,168	4,915	(747)	2,974
Supplies and Expenses	9,012	11,285	(2,273)	27,326
Continuing Education and Meetings	4,931	3,096	1,835	2,587
Other Administrative Expenses	7,083	182	6,901	7,550

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012		Variance Positive (Negative)	2011
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED)				
Administrative Services (Continued):				
Fuel - Wisconsin Gas Company	\$ 57,942	\$ 36,397	\$ 21,545	\$ 43,427
Fuel for Generator	994	1,182	(188)	1,075
Electricity	26,646	27,206	(560)	27,000
Police and Fire Protection Fees	1,680	2,246	(566)	1,707
Water and Sewer	16,780	18,700	(1,920)	18,096
Equipment Operating Lease	-	1,226	(1,226)	3,658
Insurance:				
Property Insurance	3,152	4,692	(1,540)	4,692
General Liability Insurance	36,434	33,324	3,110	37,913
Worker's Compensation Insurance	107,424	103,493	3,931	82,293
Total Administrative Services	<u>1,091,627</u>	<u>1,106,642</u>	<u>(15,015)</u>	<u>1,073,518</u>
Depreciation:				
Land Improvements	2,045	1,781	264	1,871
Buildings	70,841	80,073	(9,232)	77,724
Fixed Equipment	36,969	37,772	(803)	37,765
Major Moveable Equipment	46,350	46,696	(346)	39,869
	<u>156,205</u>	<u>166,322</u>	<u>(10,117)</u>	<u>157,229</u>
Total Operating Expenses	<u>7,784,828</u>	<u>7,599,282</u>	<u>185,546</u>	<u>7,992,408</u>
OPERATING LOSS	(891,332)	(880,301)	11,031	(1,315,239)
NONOPERATING REVENUES (EXPENSES):				
Supplemental Payment Revenue	932,600	1,098,210	165,610	902,005
Interest Income - General	74	1,083	1,009	115
Interest Expense - General	(39,965)	(38,924)	1,041	(43,514)
Contributions - General	-	3,795	3,795	-
Gain (Loss) on Disposal of Fixed Assets	(270)	600	870	-
Total Nonoperating Revenues (Expenses)	<u>892,439</u>	<u>1,064,764</u>	<u>172,325</u>	<u>858,606</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	1,107	184,463	183,356	(456,633)
TRANSFER (TO) FROM COUNTY GENERAL FUND	-	-	-	(52,551)
CHANGE IN NET POSITION	<u>\$ 1,107</u>	<u>\$ 184,463</u>	<u>\$ 183,356</u>	<u>\$ (509,184)</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 Golden Age Manor as of and for the year ended December 31, 2012, and have issued our report thereon dated June 27, 2013. 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 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 Golden Age Manor's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a deficiency in internal control that we consider to be a material weakness.

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 2012-1 and 2012-2 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 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*.

Golden Age Manor’s Response to Findings

Golden Age Manor’s response to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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
June 27, 2013

**POLK COUNTY HOME (GOLDEN AGE MANOR)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2012**

FINDING: 2012-1

**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, 2012**

FINDING: 2012-2

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.