

POLK COUNTY HOME (GOLDEN AGE MANOR)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2015 AND 2014

**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 Polk County Home (Golden Age Manor), which comprise the statements of net position as of December 31, 2015 and 2014, 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, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

During fiscal year ended December 31, 2015, the Home adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. As a result of the implementation of GASB Statement No. 68, the Home reported a restatement for the change in accounting principle (see Note 10). Our auditors’ opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and pension plan schedules, as referenced in the table of contents, 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 34 to 38 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.

Board of Directors
Polk County Home (Golden Age Manor)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016 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

Minneapolis, Minnesota
June 21, 2016

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014. Please read it in conjunction with Polk County Home (Golden Age Manor)'s financial statements.

FINANCIAL HIGHLIGHTS

- The Home's net position increased by \$131,405 in fiscal 2014 to \$545,908 and increased by \$1,340,659 in 2015 to \$1,886,567. \$1,374,530 of the 2015 increase was due to a change in accounting principle discussed further in Note 10.
- For the year ended December 31, 2014 and 2015 there was an excess of revenue over expenses before capital contributions and transfers to the County of \$153,082 and an excess of expense over revenue before capital contributions and transfers to County of \$12,194, respectively.
- The Home experienced a loss from operations of \$826,016 in fiscal 2014 and a loss from operations of \$1,079,344 was experienced in 2015.
- Operating revenues decreased by 4.1% from \$6,999,787 in fiscal 2014 to \$6,715,713 in 2015. Operating expenses decreased 0.4% over the same period, from \$7,825,803 to \$7,795,057.

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 deferred outflows of resources 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, 2015 AND 2014**

THE HOME'S NET POSITION

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

Table 1: Assets and Deferred Outflows of Resources, Liabilities, and Net Position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets and Deferred Outflows of Resources:			
Current Assets	\$ 589,593	\$ 1,205,548	\$ 694,975
Restricted Assets	707,648	37,122	47,976
Capital Assets, Net	1,548,320	1,522,442	1,478,392
Deferred Outflows of Resources	<u>696,704</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,542,265</u>	<u>\$ 2,765,112</u>	<u>\$ 2,221,343</u>
Liabilities:			
Due to County General Fund	\$ 52,638	\$ 597,370	\$ 170,629
Other Current Liabilities	743,040	793,855	519,558
Resident Funds Payable	22,467	26,834	31,401
Other Post Employment Benefit Obligation	405,189	379,837	298,956
Long-Term Debt	<u>432,364</u>	<u>421,308</u>	<u>786,296</u>
Total Liabilities	<u>1,655,698</u>	<u>2,219,204</u>	<u>1,806,840</u>
Net Position:			
Invested in Capital Assets Net of Related Debt	1,437,536	1,249,324	1,425,758
Restricted by Donors	9,729	10,288	16,575
Restricted for Pension Plan	675,452	-	-
Unrestricted	<u>(236,150)</u>	<u>(713,704)</u>	<u>(1,027,830)</u>
Total Net Position	<u>1,886,567</u>	<u>545,908</u>	<u>414,503</u>
Total Liabilities and Net Position	<u>\$ 3,542,265</u>	<u>\$ 2,765,112</u>	<u>\$ 2,221,343</u>

A significant component of the Home's assets is its net accounts receivable from residents and third-party payors. This balance decreased 24.2% from \$670,597 in fiscal 2014 to \$508,415 in 2015. Net resident revenues decreased by 4.1%, due to a small decrease in volumes along with an increase in contractual allowances and bad debt write offs.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015 AND 2014**

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

	2015	2014	2013
Net Resident Service Revenue	\$ 6,686,014	\$ 6,975,603	\$ 6,754,396
Other Operating Revenue	29,699	24,184	22,494
Total Revenue	<u>6,715,713</u>	<u>6,999,787</u>	<u>6,776,890</u>
Operating Expenses			
Daily Resident Services	4,325,778	4,325,553	4,163,377
Special Services	734,264	696,772	708,478
General Service	1,438,248	1,478,369	1,415,709
Other Cost Centers	-	229	1,423
Administrative Services	1,116,383	1,147,976	1,072,422
Depreciation	180,384	176,904	159,993
Total Expenses	<u>7,795,057</u>	<u>7,825,803</u>	<u>7,521,402</u>
Operating Loss	(1,079,344)	(826,016)	(744,512)
Non-Operating Revenues	<u>1,067,150</u>	<u>979,098</u>	<u>973,750</u>
Excess (Deficit) of Revenues over Expenses Before Transfers	(12,194)	153,082	229,238
Transfers to County General Fund	(21,677)	(21,677)	(21,677)
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>27,000</u>
Increase (Decrease) in Net Position	(33,871)	131,405	234,561
Net Position, Beginning of Year	545,908	414,503	179,942
Change in Accounting Principle	1,374,530	-	-
Net Position, Beginning of Year, Restated	<u>1,920,438</u>	<u>414,503</u>	<u>179,942</u>
Net Position, End of Year	<u>\$ 1,886,567</u>	<u>\$ 545,908</u>	<u>\$ 414,503</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 2014 was 94.3% and fiscal 2015 was 91.2%. Medicare utilization increased from 4.2% in 2014 to 5.3% in 2015.

As noted previously, Polk County Home (Golden Age Manor's) operating expenses decreased \$30,746 or 0.4% from fiscal 2014 to 2015. The primary components of the Home's expenses are noted below:

- Approximately 57% 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 \$4,355,799 as compared to \$4,420,889 in 2015. Health insurance and State pension are also significant cost factors for the Home.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015 AND 2014**

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 2015 the Home recognized non-operating Supplemental Payment Program funds of \$1,095,842 and \$1,004,706 for the years ended December 31, 2015 and 2014.

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 \$623,533 in fiscal year 2015 and \$586,341 in fiscal year 2014.

CAPITAL ASSET AND NON-OPERATING ADMINISTRATION

As of December 31, 2015, the Home had \$1,548,320 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. During fiscal years ended December 31, 2015 and 2014 the Home purchased and leased new capital assets of \$206,262 and \$220,954, respectively.

LONG-TERM DEBT

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

Table 3: Long-Term Debt

	2015	2014	2013
Notes Payable	\$ -	\$ 42,586	\$ 48,713
Capital Lease Obligation	1,779	3,558	3,921
Advances from County	541,369	646,503	743,761
Total Long-Term Debt	<u>\$ 543,148</u>	<u>\$ 692,647</u>	<u>\$ 796,395</u>

ECONOMIC FACTORS

Polk County Home (Golden Age Manor) Board and management considered many factors when setting the fiscal year 2015 budget. Of primary importance in setting the 2015 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.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS	2015	2014
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,000	\$ 1,000
Resident Receivables, Less Allowance for Uncollectible Accounts of \$140,000 in 2015 and 2014	508,415	670,597
Other Receivables	-	477,700
Inventories	53,050	40,452
Prepaid Expenses	27,128	15,799
Total Current Assets	589,593	1,205,548
RESTRICTED ASSETS		
Restricted Under Resident Trust Agreement	22,467	26,834
Restricted by Donors	9,729	10,288
Wisconsin Retirement System Pension Asset	675,452	-
Total Restricted Assets	707,648	37,122
CAPITAL ASSETS, NET		
	1,548,320	1,522,442
Total Assets	2,845,561	2,765,112
DEFERRED OUTFLOWS OF RESOURCES		
Wisconsin Retirement System Pension Related	696,704	-
Total Assets and Deferred Outflows of Resources	\$ 3,542,265	\$ 2,765,112

See accompanying Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 108,772	\$ 82,348
Due to County General Fund	52,638	597,370
Accrued Salaries, Wages and Benefits	189,192	173,141
Accrued Interest Payable	37,795	37,501
Accrued Compensated Absences	296,497	229,526
Current Portion of Long-Term Debt and Advances from County	<u>110,784</u>	<u>271,339</u>
Total Current Liabilities	795,678	1,391,225
RESIDENT FUNDS PAYABLE	22,467	26,834
OTHER POST EMPLOYMENT BENEFIT OBLIGATION	405,189	379,837
LONG-TERM DEBT AND ADVANCES FROM COUNTY, Net of Current Portion		
Advances from County	432,364	419,529
Long-Term Debt	-	1,779
Total Long-Term Debt and Advances from County	<u>432,364</u>	<u>421,308</u>
 Total Liabilities	 1,655,698	 2,219,204
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Net Investment in Capital Assets	1,437,536	1,249,324
Restricted by Donors	9,729	10,288
Restricted for Pension Plan	675,452	-
Unrestricted	<u>(236,150)</u>	<u>(713,704)</u>
Total Net Position	<u>1,886,567</u>	<u>545,908</u>
 Total Liabilities and Net Position	 <u>\$ 3,542,265</u>	 <u>\$ 2,765,112</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
OPERATING REVENUES		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$112,043 in 2015 and \$15,260 in 2014)	\$ 6,686,014	\$ 6,975,603
Other Operating Revenues	29,699	24,184
Total Operating Revenues	6,715,713	6,999,787
EXPENSES		
Daily Resident Services	4,325,778	4,325,553
Special Services	734,264	696,772
General Service	1,438,248	1,478,369
Other Cost Centers	-	229
Administrative Services	1,116,383	1,147,976
Depreciation	180,384	176,904
Total Expenses	7,795,057	7,825,803
OPERATING LOSS	(1,079,344)	(826,016)
NON-OPERATING GAINS (LOSSES)		
Supplemental Payment Program Revenue	1,095,842	1,004,706
Interest Income	394	9
Interest Expense	(28,527)	(30,330)
Gain on Disposal of Capital Assets	-	11,000
Restricted and Unrestricted Contributions (Expenditures)	(559)	(6,287)
Net Non-Operating Gains	1,067,150	979,098
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	(12,194)	153,082
Transfers to County General Fund	(21,677)	(21,677)
CHANGE IN NET POSITION	(33,871)	131,405
Net Position - Beginning of Year	545,908	414,503
Change in Accounting Principle	1,374,530	-
Net Position - Beginning of Year, Restated	1,920,438	414,503
NET POSITION - END OF YEAR	\$ 1,886,567	\$ 545,908

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third-Party Payors	\$ 6,848,196	\$ 6,926,587
Cash Paid to Employees	(3,767,943)	(3,766,163)
Cash Paid to Suppliers	(3,733,485)	(3,770,949)
Other Receipts and Payments, Net	29,699	24,184
Net Cash Used by Operating Activities	(623,533)	(586,341)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Received From Supplement Payment Program	1,573,542	527,006
Change in Cash Overdraft Funded by County	(544,732)	426,741
Transfers to County General Fund	(21,677)	(21,677)
Net Residents' Trust Funds Disbursed	(4,926)	(10,854)
Net Cash Provided by Non-Capital Financing Activities	1,002,207	921,216
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Paid for Acquisition of Capital Assets	(206,262)	(213,116)
Proceeds from Sale of Capital Assets	-	8,500
Principal Paid on Advance from County	(105,134)	(97,207)
Interest on Advances from County	(26,720)	(29,715)
Principal Paid on Long-Term Notes	(44,365)	(11,878)
Interest Paid on Long-Term Notes	(1,513)	(2,342)
Net Cash Used by Capital and Related Financing Activities	(383,994)	(345,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	394	9
Net Cash Provided by Investing Activities	394	9
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,926)	(10,874)
Cash and Cash Equivalents - Beginning of Year	38,122	48,996
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 33,196	\$ 38,122

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (1,079,344)	\$ (826,016)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations		
Depreciation	180,384	176,904
Net Change in WRS Pension Items	2,374	-
Decrease (Increase) in Current Assets:		
Resident Receivables	162,182	(49,017)
Inventories	(12,598)	3,067
Prepaid Expenses	(11,329)	13,057
Increase (Decrease) in Current Liabilities:		
Accounts Payable	26,424	29,688
Accrued Salaries, Wages and Benefits	16,051	20,831
Accrued Compensated Absences	66,971	(35,736)
Other Post Employment Benefit Obligation	25,352	80,881
Net Cash Used by Operating Activities	\$ (623,533)	\$ (586,341)
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 1,000	\$ 1,000
Restricted Under Resident Trust Agreement	22,467	26,834
Restricted by Donors	9,729	10,288
Cash and Cash Equivalents	\$ 33,196	\$ 38,122
 SUPPLEMENTAL CASH FLOW DISCLOSURES		
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, 2015 AND 2014**

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, 2015 and 2014

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, 2015 AND 2014**

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, 2015 and 2014, the allowance for uncollectible accounts was \$140,000.

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

Depreciation expense for the years ended December 31, 2015 and 2014 was \$180,384 and \$176,904, respectively.

Deferred Outflows of Resources

The Home's financial statements report decreases in net position that relate to future periods as deferred outflows of resources. The Home reports deferred outflows of resources for Wisconsin Retirement System pension related items.

Deferred Inflows of Resources

The Home would report increases in net position that apply to a future period as deferred inflows of resources in a separate section of the statement of net position. No deferred inflows of resources are reported in the financial statements in the current year.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vested Benefits

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Only benefits considered to be vested are disclosed in these statements. All vested vacation and estimated vested sick leave pay is accrued when incurred in the financial statements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at year end are determined on the basis of current salary rates and include salary related payments.

Other Post Employment Benefits Payable

Under provisions of various employee contracts, the Home provides a retirement program for certain employees which includes health insurance benefits. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay as you go basis. The amount was actuarially determined in accordance with GASB 45.

Employee's Retirement System

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position of the Home is 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. Restricted for Pension Plan net position are non-capital net position that must be used to pay pension benefits. 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, 2015 and 2014.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 non-operating gains. Amounts recognized were \$1,095,842 and \$1,004,706 during the years ended December 31, 2015 and 2014, 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, 2015 AND 2014

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>2015</u>	<u>2014</u>
Total Resident Service Revenue	\$ 7,446,572	\$ 7,469,511
Contractual Adjustments		
Medicare	896,921	612,949
Provision for Bad Debts	112,043	15,260
Other	<u>(248,406)</u>	<u>(134,301)</u>
Total Contractual Adjustments	<u>760,558</u>	<u>493,908</u>
Net Resident Service Revenue	<u>\$ 6,686,014</u>	<u>\$ 6,975,603</u>

During the years ended December 31, 2015 and 2014, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	<u>2015</u>	<u>2014</u>
Total Occupancy	91.2%	94.3%
Medicaid	78.2%	78.4%
Medicare	5.3%	4.2%

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, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Receivable from Residents and Their Insurance Carriers	\$ 269,242	\$ 370,724
Receivable from Medicare	88,235	103,696
Receivable from Medicaid	<u>290,938</u>	<u>336,177</u>
Total Resident Receivables	648,415	810,597
Less: Allowance for Doubtful Accounts	<u>(140,000)</u>	<u>(140,000)</u>
Resident Receivables, Net	<u>\$ 508,415</u>	<u>\$ 670,597</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014 consist of the following:

	2015	2014
Deposits	\$ 33,196	\$ 38,122

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

	2015	2014
Cash and Cash Equivalents	\$ 1,000	\$ 1,000
Noncurrent Cash and Investments:		
Restricted Under Resident Trust Agreement	22,467	26,834
Restricted by Donors:		
Recreation Fund	2,735	2,942
Employee Trust Fund	3,317	3,852
Solarium Fund	3,677	3,494
	\$ 33,196	\$ 38,122

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 CAPITAL ASSETS

Summaries of capital assets for the years ended December 31, 2015 and 2014 are as follows:

	January 1, 2015	Additions	(Transfers and Retirements)	December 31, 2015
Capital Assets				
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	106,485	8,178	-	114,663
Buildings	3,489,105	166,162	-	3,655,267
Fixed Equipment	844,086	26,752	-	870,838
Movable Equipment	934,440	5,170	-	939,610
Transportation Equipment	45,915	-	-	45,915
Totals	<u>5,426,636</u>	<u>206,262</u>	<u>-</u>	<u>5,632,898</u>
Accumulated Depreciation				
Land Improvements	101,897	1,464	-	103,361
Buildings	2,249,704	95,808	-	2,345,512
Fixed Equipment	721,414	36,948	-	758,362
Movable Equipment	806,863	40,764	-	847,627
Transportation Equipment	24,316	5,400	-	29,716
Totals	<u>3,904,194</u>	<u>\$ 180,384</u>	<u>\$ -</u>	<u>\$ 4,084,578</u>
	<u>\$ 1,522,442</u>			<u>\$ 1,548,320</u>
	January 1, 2014	Additions	(Transfers and Retirements)	December 31, 2014
Capital Assets				
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>
Accumulated Depreciation				
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>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY

Long-term debt and advances from county consist of the following as of December 31, 2015 and 2014:

Advances from County

	Balance January 1, 2015	Additions	Payments	Balance December 31, 2015	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.	\$ 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.	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.	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 2020. (1)	616,581	-	(75,212)	541,369	109,005
Total Advances from County	<u>\$ 646,503</u>	<u>\$ -</u>	<u>\$ (105,134)</u>	<u>\$ 541,369</u>	<u>\$ 109,005</u>

(1) In 2015, the Home received an extension of this note payable and the payment schedule was re-amortized as a result. It was previously due December 2017 and is now due December 2020.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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

Advances from County (Continued)

	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 4/10/98 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>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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

Long-Term Debt

	Balance January 1, 2015	Additions	Payments	Balance December 31, 2015	Amounts Due Within One Year
\$90,000 note payable dated 12/31/05 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.	\$ 42,586	\$ -	\$ (42,586)	\$ -	\$ -
Capital Lease Obligation at an imputed rate of 3.50%, collateralized by leased equipment with a cost of \$15,837.	3,558	-	(1,779)	1,779	1,779
Total Long-Term Debt	<u>\$ 46,144</u>	<u>\$ -</u>	<u>\$ (44,365)</u>	<u>\$ 1,779</u>	<u>\$ 1,779</u>
	Balance January 1, 2014	Additions	Payments	Balance December 31, 2014	Amounts Due Within One Year
\$90,000 note payable dated 12/31/05 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>

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

<u>Year Ending December 31,</u> 2016	<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
	<u>\$ 1,779</u>	<u>\$ 145</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 as of December 31, 2015 and 2014. The amortization expense recognized during the years ended December 31, 2015 and 2014 was \$-0- and \$4,169, respectively.

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 was \$3,167 as of December 31, 2015 and 2014. Amortization expense was \$-0- and \$3,167 for the years ended December 31, 2015 and 2014, respectively.

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 \$95,545 and \$45,266 at December 31, 2015 and 2014, 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, 2015 and 2014 was \$200,952 and \$184,260, respectively.

NOTE 7 WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS

General Information About the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. 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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (CONTINUED)

General Information About the Pension Plan (Continued)

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees 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.

During the fiscal reporting period January 1, 2015 through December 31, 2015, the WRS recognized \$274,182 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General	6.80%	6.80%
Executives and Elected Officials	7.70%	7.70%
Protective with Social Security	6.80%	9.63%
Protective without Social Security	6.80%	13.23%

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (CONTINUED)

General Information About the Pension Plan (Continued)

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7.0%
2006	0.8	3.0
2007	3.0	10.0
2008	6.6	-
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Home reported an asset of \$675,452 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. The Home's proportion of the net pension asset was based on a projection of the Home's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2014, the Home's proportion was 0.02749905 percent, which was a decrease of 0.00086106 from its proportion measured as of December 31, 2013.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2015, the Home recognized pension expense of \$2,374. At December 31, 2015, the Home reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience Changes of Assumptions	\$ 97,920	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	327,086	-
Contributions Subsequent to the Measurement Date	19,644	-
	252,054	-
Total	<u>\$ 696,704</u>	<u>\$ -</u>

\$252,054 reported as deferred outflows of resources related to pensions resulting from the Home's proportionate share of contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31:</u>	Pension Expense Amount
2016	\$ 87,244
2017	87,244
2018	87,244
2019	87,244
2020	87,244
Thereafter	8,429

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions. The total pension asset in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2014
Actuarial Cost Method:	Frozen Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
Inflation	3.2% to 8.8%
Seniority/Merit	0.2% - 5.8%
Mortality:	WRS experience projected to 2017 with scale BB
Post-retirement Adjustments*:	5.0%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 7 WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (CONTINUED)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21%	5.3%	70%	5.3%
International Equity	23%	5.7%	30%	5.7%
Fixed Income	36%	1.7%	N/A	N/A
Inflation Sensive Assets	20%	2.3%	N/A	N/A
Real Estate	7%	4.2%	N/A	N/A
Private Equity/Debt	7%	6.9%	N/A	N/A
Multi-Asset	6%	3.9%	N/A	N/A
Cash	-20%	0.9%	N/A	N/A
Totals	<u>100%</u>		<u>100%</u>	

Discount Rate. A single discount rate of 7.20 percent was used to measure the total pension asset. This single discount rate was based on the expected rate of return on pension plan investments of 7.20 percent and a long term bond rate of 3.56 percent. Because of the unique structure of WRS, the 7.20 percent expected rate of return implies that a dividend of approximately 2.1 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of the Home's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Home's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Home's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Home's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,905,566</u>	<u>\$ (675,452)</u>	<u>\$ (2,713,836)</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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.

The following table shows the components of the County's annual OPEB cost at 2015 and 2014, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	2015	
	County	GAM Allocation
Annual Required Contribution (ARC)	\$ 394,157	\$ 80,217
Interest on Net OPEB Obligation	71,683	14,589
Adjustment to ARC	<u>(103,214)</u>	<u>(21,006)</u>
Annual OPEB Cost	362,626	73,800
Contributions During the Year	<u>(163,367)</u>	<u>(33,248)</u>
Increase in Net OPEB Obligation	199,259	40,552
Net OPEB - Beginning of the Year	<u>1,791,686</u>	<u>364,637</u>
Net OPEB - End of the Year	<u><u>\$ 1,990,945</u></u>	<u><u>\$ 405,189</u></u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

	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	\$ 1,791,686	\$ 379,837

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

NOTE 9 COMMITMENTS AND CONTINGENCIES

Healthcare Risk Management

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

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2015, the Home adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. These pronouncements require the restatement of the December 31, 2014, net position as follows:

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

	<u>Net Position</u>
Net Position - December 31, 2014, as Previously Reported	\$ 545,908
Cumulative Effect of Application of GASB 68, Net Pension Asset	1,118,097
Cumulative Effect of Application of GASB 71, Deferred Outflow of Resources for District Contributions Made to the Plan During Fiscal Year Ending December 31, 2014	<u>256,433</u>
Net Position - December 31, 2014, as Restated	<u><u>\$ 1,920,438</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 SCHEDULE OF PROPORTIONARE SHARE OF
 WISCONSIN RETIREMENT SYSTEM PENSION PLAN ASSET
 LAST TEN FISCAL YEARS***

	2015
County's Proportion of the Net Pension Liability (Asset)	0.15590987%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,829,573)
County's Covered-Employee Payroll	\$ 20,067,237
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	-19.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%

The above information is for Polk County as a whole, including Polk County Home (Golden Age Manor), an enterprise fund of the County.

*Shown prospectively from year of implementation.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
SCHEDULE OF CONTRIBUTIONS TO
WISCONSIN RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS***

	2015
Contractually Required Contribution	\$ 1,429,056
Contributions in Relation to the Contractually Required Contributions	(1,429,056)
Contribution Deficiency (Excess)	\$ -
 County's Covered-Employee Payroll	 \$ 20,067,237
 Contributions as a Percentage of Covered Employee Payroll	 7.12%

The above information is for Polk County as a whole, including Polk County Home (Golden Age Manor), an enterprise fund of the County.

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions. There were no changes in the assumptions.

*Shown prospectively from year of implementation.

SUPPLEMENTARY INFORMATION

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015		Variance Positive (Negative)	2014
	Original Budget	Actual		Actual
OPERATING REVENUES:				
Resident Service Revenue:				
Bedhold Charges - Private	\$ 20,305	\$ 9,427	\$ (10,878)	\$ 11,800
Bedhold Charges - Medicaid	23,682	40,776	17,094	23,941
SNF - Medicare	1,091,027	448,295	(642,732)	373,170
SNF - Hospice	8,354	64,690	56,336	9,378
SNF - HMO	87,627	186,612	98,985	254,174
ICF - I & II - Medicaid	3,879,712	3,960,522	80,810	4,135,764
SNF - Private	1,544,129	1,255,877	(288,252)	1,315,360
Private Pay - Insurance	184,188	159,593	(24,595)	213,053
Private Room Charges	35,825	25,230	(10,595)	26,115
Physical Therapy - Medicare Part A	280,204	235,413	(44,791)	197,695
Physical Therapy - Medicare Part B	58,420	82,587	24,167	68,027
Physical Therapy - Private Pay/Insurance	59,491	80,013	20,522	113,486
Physical Therapy - Medical Assistance	7,591	10,555	2,964	23,037
Occupational Therapy - Medicare Part A	376,604	311,390	(65,214)	151,794
Occupational Therapy - Medicare Part B	93,469	135,288	41,819	101,130
Occupational Therapy - Private Pay/Insurance	76,941	68,998	(7,943)	118,874
Occupational Therapy - Medical Assistance	10,160	13,516	3,356	26,788
Speech Therapy - Medicare Part A	89,168	66,968	(22,200)	50,876
Speech Therapy - Medicare Part B	43,987	81,052	37,065	50,306
Speech Therapy - Private Insurance	18,053	18,440	387	23,627
Speech Therapy - Medical Assistance	4,441	4,275	(166)	8,082
Respiratory Therapy - Medicare Part A	4,871	-	(4,871)	12,194
Medical Surgical Supplies - Part A	12,206	21,286	9,080	10,885
Medical Surgical Supplies - Other	916	5,921	5,005	7,749
Pharmacy - Medicare Part A	130,684	117,358	(13,326)	79,101
Pharmacy - Private Pay/Insurance	6,048	9,091	3,043	29,711
Billable Medical Supplies - Private Pay	5,954	7,202	1,248	9,320
Laboratory - Medicare Part A	34,519	14,424	(20,095)	9,626
Laboratory - Medicare Part B	2,320	6,721	4,401	5,814
Laboratory - Private Insurance	2,681	2,597	(84)	4,846
Laboratory - Medical Assistance	130	538	408	471
X-Ray - Medicare Part A	4,027	1,917	(2,110)	3,440
X-Ray - Private Insurance	-	-	-	(253)
Psychotherapy Part A	433	-	(433)	130
Immunizations - Medicare Part A and B	2,203	-	(2,203)	-
Contractual Adjustments	(1,118,043)	(648,515)	469,528	(478,648)
Provision for Bad Debt	982	(112,043)	(113,025)	(15,260)
Total Resident Service Revenue	<u>7,083,309</u>	<u>6,686,014</u>	<u>(397,295)</u>	<u>6,975,603</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, 2015 AND 2014**

	2015		Variance Positive (Negative)	2014
	Original Budget	Actual		Actual
OPERATING REVENUES (CONTINUED):				
Other Operating Revenues:				
Transportation:				
Medicaid	\$ 5,780	\$ 8,177	\$ 2,397	\$ 6,470
Private	2,065	2,661	596	2,662
Dietary:				
Meals Sold	4,591	8,580	3,989	4,532
Craft Sales	2,039	729	(1,310)	351
Miscellaneous Services:				
Level I Screening	2,380	3,330	950	1,680
Telephone	7		(7)	-
Other	3,950	5,993	2,043	8,260
Revenue for Nurses Aide Training	764	229	(535)	229
Total Other Operating Revenues	21,576	29,699	8,123	24,184
Total Operating Revenues	7,104,885	6,715,713	(389,172)	6,999,787
OPERATING EXPENSES:				
Daily Resident Services:				
Registered Nurses:				
Salaries and Wages	666,652	852,243	(185,591)	796,518
Fringe Benefits	210,526	282,990	(72,464)	277,434
Pool Help	-	474	(474)	1,544
Licensed Practical Nurses:				
Salaries and Wages	578,557	532,630	45,927	522,116
Fringe Benefits	181,489	129,980	51,509	150,727
Nurses Aides:				
Salaries and Wages	1,843,286	1,733,772	109,514	1,770,367
Fringe Benefits	630,217	606,730	23,487	641,693
Pool Help	8,591	9,094	(503)	-
Purchased Services	1,000	1,723	(723)	300
Supplies and Expenses	164,025	171,846	(7,821)	159,093
Over The Counter Drugs	5,285	4,296	989	5,761
Total Daily Resident Services	4,289,628	4,325,778	(36,150)	4,325,553

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015		Variance Positive (Negative)	2014
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
Special Services:				
Laboratory:				
Purchased Services	\$ 20,381	\$ 7,488	\$ 12,893	\$ 4,502
Radiology:				
Purchased Services	2,421	1,553	868	2,554
Pharmacy:				
Supplies and Expenses	81,722	100,518	(18,796)	83,051
Purchased Services	7,126	7,449	(323)	10,740
Physical Therapy:				
Purchased Services	128,100	114,240	13,860	109,299
Occupational Services:				
Purchased Services	172,757	152,184	20,573	152,758
Medical Director Fees:				
Purchased Services	7,200	7,200	-	7,424
Social Services:				
Salaries and Wages	78,204	85,984	(7,780)	80,784
Fringe Benefits	29,496	29,122	374	32,004
Recreation Activities:				
Salaries and Wages	143,725	128,500	15,225	121,578
Fringe Benefits	43,473	34,448	9,025	43,338
Supplies and Expenses	3,079	-	3,079	-
Speech Therapy:				
Purchased Services	56,552	67,231	(10,679)	48,664
Infusion Therapy:				
Purchased Services	1,650	(1,653)	3,303	76
Total Special Services	775,886	734,264	41,622	696,772
General Services:				
Dietary:				
Salaries and Wages	362,463	356,043	6,420	348,306
Fringe Benefits	149,870	136,745	13,125	154,935
Supplies and Expenses	34,357	30,932	3,425	34,693
Food	269,890	271,334	(1,444)	274,891
Maintenance:				
Salaries and Wages	80,750	86,130	(5,380)	81,203
Fringe Benefits	29,514	55,088	(25,574)	39,419
Purchased Services	20,633	26,125	(5,492)	27,424
Supplies and Expenses	61,146	39,473	21,673	45,851
Housekeeping:				
Salaries and Wages	175,693	154,670	21,023	154,949
Fringe Benefits	65,299	51,560	13,739	64,359
Purchased Services	2,413	2,836	(423)	2,383
Supplies and Expenses	32,097	30,848	1,249	36,016

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015		Variance Positive (Negative)	2014
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
General Services (Continued):				
Laundry and Linen:				
Salaries and Wages	\$ 103,235	\$ 109,435	\$ (6,200)	\$ 116,523
Fringe Benefits	42,113	33,722	8,391	41,732
Supplies and Expenses	7,698	8,416	(718)	10,177
Transportation:				
Salaries and Wages	26,737	26,858	(121)	26,744
Fringe Benefits	14,988	16,464	(1,476)	16,421
Supplies and Expenses	1,448	1,569	(121)	2,343
Total General Services	<u>1,480,344</u>	<u>1,438,248</u>	<u>42,096</u>	<u>1,478,369</u>
Other Cost Centers:				
Evergreen Assisted Living:				
Supplies and Expenses	-	-	-	229
Total Other Cost Centers	<u>-</u>	<u>-</u>	<u>-</u>	<u>229</u>
Administrative Services:				
Fiscal/Accounting:				
Salaries and Wages	175,423	164,893	10,530	172,493
Fringe Benefits	90,618	96,639	(6,021)	100,364
Purchased Services	69,505	30,813	38,692	27,195
Supplies and Expenses	46,112	62,512	(16,400)	32,778
Medical Records:				
Salaries and Wages	87,277	82,882	4,395	80,390
Fringe Benefits	48,134	51,218	(3,084)	50,462
Supplies and Expenses	1,950	601	1,349	298
General Administration:				
Salaries and Wages	83,949	97,281	(13,332)	82,284
Fringe Benefits	38,555	1,183	37,372	43,461
Legal Fees	5,239	510	4,729	628
Accounting Fees	14,430	14,150	280	10,335
Telephone	9,177	10,657	(1,480)	12,530
Postage	3,844	2,320	1,524	3,035
Subscriptions and Dues	11,223	7,414	3,809	12,825
Bed Assessment Fee	232,560	232,560	-	232,560
Licenses	1,637	784	853	713
Advertising Employment	7,319	12,826	(5,507)	11,105
Advertising Promotion	3,699	4,250	(551)	4,400
Administrative Travel	4,915	2,416	2,499	2,522
Supplies and Expenses	17,640	3,400	14,240	1,789
Continuing Education and Meetings	6,329	12,056	(5,727)	3,089
Other Administrative Expenses	2,809	2,374	435	-

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015		Variance Positive (Negative)	2014
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED)				
Administrative Services (Continued):				
Fuel - Wisconsin Gas Company	\$ 41,596	\$ 39,725	\$ 1,871	\$ 50,566
Fuel for Generator	1,217	2,061	(844)	1,474
Electricity	27,206	38,377	(11,171)	29,683
Police and Fire Protection Fees	2,246	2,132	114	5,492
Water and Sewer	18,254	21,923	(3,669)	15,530
Equipment Operating Lease	3,012	1,650	1,362	1,392
Insurance:				
Property Insurance	4,692	6,832	(2,140)	5,538
General Liability Insurance	33,324	32,884	440	34,940
Worker's Compensation Insurance	103,202	77,060	26,142	118,105
Total Administrative Services	<u>1,197,093</u>	<u>1,116,383</u>	<u>80,710</u>	<u>1,147,976</u>
Depreciation:				
Land Improvements	1,899	1,464	435	1,462
Buildings	80,073	95,808	(15,735)	87,453
Fixed Equipment	37,502	36,948	554	37,245
Major Moveable Equipment	46,696	40,764	5,932	45,343
Vehicles		5,400	(5,400)	5,401
Total Depreciation	<u>166,170</u>	<u>180,384</u>	<u>(14,214)</u>	<u>176,904</u>
Total Operating Expenses	<u>7,909,121</u>	<u>7,795,057</u>	<u>114,064</u>	<u>7,825,803</u>
OPERATING LOSS	(804,236)	(1,079,344)	(275,108)	(826,016)
NONOPERATING GAINS (LOSSES):				
Supplemental Payment Revenue	1,055,691	1,095,842	40,151	1,004,706
Interest Income - General	437	394	(43)	9
Interest Expense - General	(31,749)	(28,527)	3,222	(30,330)
Contributions - General	1,650	(559)	(2,209)	(6,287)
Gain (Loss) on Disposal of Fixed Assets	200	-	(200)	11,000
Total Nonoperation Gains	<u>1,026,229</u>	<u>1,067,150</u>	<u>40,921</u>	<u>979,098</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS, CAPITAL GRANTS, AND CONTRIBUTIONS				
	221,993	(12,194)	(234,187)	153,082
Transfers to County General Fund	<u>(200,000)</u>	<u>(21,677)</u>	<u>(178,323)</u>	<u>(21,677)</u>
CHANGE IN NET POSITION	<u>\$ 21,993</u>	<u>\$ (33,871)</u>	<u>\$ (412,510)</u>	<u>\$ 131,405</u>



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 net position as of December 31, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated .

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 opinion 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 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 2015-1 and 2015-2 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

Minneapolis, Minnesota
June 21, 2016

**POLK COUNTY HOME (GOLDEN AGE MANOR)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015**

FINDING: 2015-1

**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, 2015**

FINDING: 2015-2

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.