

POLK COUNTY HOME (GOLDEN AGE MANOR)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2011 AND 2010

**POLK COUNTY HOME (GOLDEN AGE MANOR)
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Polk County Home (Golden Age Manor), an enterprise fund of Polk County, Wisconsin, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Home's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

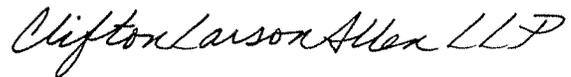
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polk County Home (Golden Age Manor), an enterprise fund of Polk County, Wisconsin, as of December 31, 2011 and 2010 and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

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

Board of Directors
Polk County Home (Golden Age Manor)

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2012 on our consideration of Polk County Home (Golden Age Manor)'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Polk County Home (Golden Age Manor). The supplementary information on pages 25 to 29 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information 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 audit of the financial statements 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 to the financial statements as a whole.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 25, 2012

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010. Please read it in conjunction with Polk County Home (Golden Age Manor)'s financial statements.

FINANCIAL HIGHLIGHTS

- The Home's net assets decreased by \$306,774 in fiscal 2010 to \$628,211 and decreased by \$509,184 in 2011 to \$119,027.
- In 2011, \$52,551 was transferred to the County general fund.
- For the year ended December 31, 2011 there was a deficit of revenue over expenses of \$456,633.
- The Home experienced a loss from operations of \$1,068,224 in fiscal 2010 and a loss from operations of \$1,315,239 was experienced in 2011.
- Operating revenues decreased by 0.9% from \$6,736,046 in fiscal 2010 to \$6,677,169 in 2011. Expenses increased 2.4% over the same period, from \$7,804,270 to \$7,992,408.

USING THIS ANNUAL REPORT

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

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

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

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

THE STATEMENT OF CASH FLOWS

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

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010**

THE HOME'S NET ASSETS

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

Table 1: Assets, Liabilities, and Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:			
Current Assets	\$ 1,088,712	\$ 1,391,602	\$ 1,299,443
Noncurrent Cash and Investments	30,884	26,622	55,564
Capital Assets, Net	<u>1,637,932</u>	<u>1,695,265</u>	<u>1,628,637</u>
Total Assets	<u>\$ 2,757,528</u>	<u>\$ 3,113,489</u>	<u>\$ 2,983,644</u>
Liabilities:			
Total Current Liabilities	\$ 1,394,570	\$ 833,651	\$ 758,633
Resident Funds Payable	21,550	17,206	47,201
Deferred Revenue	-	402,205	-
Other Post Employment Benefit Obligation	218,669	155,770	78,877
Long Term Debt	<u>1,003,712</u>	<u>1,076,446</u>	<u>1,163,948</u>
Total Liabilities	<u>2,638,501</u>	<u>2,485,278</u>	<u>2,048,659</u>
Net Assets:			
Invested in Capital Assets Net of Related Debt	1,565,187	1,613,206	1,537,728
Restricted by Donors	9,334	9,416	8,363
Unrestricted	<u>(1,455,494)</u>	<u>(994,411)</u>	<u>(611,106)</u>
Total Net Assets	<u>119,027</u>	<u>628,211</u>	<u>934,985</u>
Total Liabilities and Net Assets	<u>\$ 2,757,528</u>	<u>\$ 3,113,489</u>	<u>\$ 2,983,644</u>

A significant component of the Home's assets are its accounts receivable from residents and third-party payors. This balance decreased from \$596,012 in fiscal 2010 to \$559,624 in 2011. Net resident revenues decreased by 0.9%, due to a small decrease in volumes. Of the outstanding balance, approximately \$410,000 is current and \$149,000 is current to 60 days.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010**

OPERATING RESULTS AND CHANGES IN THE HOME'S NET ASSETS

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

Table 2: Operating Results and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Patient Service Revenue	\$ 6,653,013	\$ 6,713,618	\$ 6,665,519
Other Operating Revenue	24,156	22,428	90,328
Total Revenue	<u>6,677,169</u>	<u>6,736,046</u>	<u>6,755,847</u>
Operating Expenses			
Daily Resident Services	4,540,723	4,407,631	3,999,425
Special Services	768,676	797,709	726,457
General Service	1,450,839	1,407,648	1,374,499
Other Cost Centers	1,423	917	688
Administrative Services	1,073,518	1,050,013	1,011,239
Depreciation	157,229	140,352	123,548
Total Expenses	<u>7,992,408</u>	<u>7,804,270</u>	<u>7,235,856</u>
Operating Loss	(1,315,239)	(1,068,224)	(480,009)
Non-Operating Revenues (Expenses)	<u>858,606</u>	<u>737,902</u>	<u>634,125</u>
Excess (Deficit) of Revenues over Expenses Before Transfers	(456,633)	(330,322)	154,116
Transfers (to) from County General Fund	(52,551)	(100,000)	(600,000)
Capital Grants and Contributions	<u>-</u>	<u>123,548</u>	<u>121,782</u>
Increase (Decrease) in Net Assets	(509,184)	(306,774)	(324,102)
Net Assets, Beginning of Year	<u>628,211</u>	<u>934,985</u>	<u>1,259,087</u>
Net Assets, End of Year	<u>\$ 119,027</u>	<u>\$ 628,211</u>	<u>\$ 934,985</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 2010 was 93.5% and fiscal 2011 was 91.2%. Medicare utilization decreased from 7.6% in 2010 to 6.7% in 2011. Medicare revenues went from \$1,272,667 in 2010 to \$1,223,617 in 2011.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010**

As noted previously, Golden Age Manor's expenses increased \$188,138 or 2.4% from fiscal 2010 to 2011. 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 2011 were \$4,489,145 as compared to \$4,406,854 in 2010. Health insurance and State pension is a significant cost factor to the Home.

Non-operating gains consist of interest income, contributions and Supplemental Payment Program (SP). During fiscal 2011 the Home recognized non-operating Supplemental Payment Program funds of \$902,005.

THE HOME'S CASH FLOWS

Changes in the Home's cash flows are generally consistent with changes in net assets as discussed above. Cash used by operating activities was \$1,575,519 in fiscal 2011.

CAPITAL ASSET AND NON-OPERATING ADMINISTRATION

As of December 31, 2011, the Home had \$1,637,932 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. During fiscal years ended December 31, 2011 and 2010 the Home purchased new equipment of \$99,896 and \$206,980, respectively.

LONG-TERM DEBT

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

Table 3: Long-Term Debt

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Notes Payable	\$ 60,172	\$ 65,534	\$ 70,662
Capital Lease Obligation	12,573	16,525	20,247
Advances from County	<u>940,820</u>	<u>1,003,753</u>	<u>1,081,942</u>
Total Long-Term Debt	<u>\$ 1,013,565</u>	<u>\$ 1,085,812</u>	<u>\$ 1,172,851</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2011 AND 2010**

ECONOMIC FACTORS

Golden Age Manor Board and management considered many factors when setting the fiscal year 2011 budget. Of primary importance in setting the 2011 budget is the status of the economy, which takes into account market forces and environmental factors such as:

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

CONTACTING GOLDEN AGE MANOR'S FINANCIAL MANAGEMENT

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

**POLK COUNTY HOME (GOLDEN AGE MANOR)
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ -	\$ 711,112
Resident Receivables, Less Allowance for Uncollectible Accounts of Approximately \$75,000 in 2011 and \$75,000 in 2010	559,624	596,012
Estimated Third-Party Payor Settlements	454,200	-
Inventories	46,093	45,881
Prepaid Expenses	28,795	38,597
Total Current Assets	1,088,712	1,391,602
 NONCURRENT CASH AND INVESTMENTS		
Restricted Under Resident Trust Agreement	21,550	17,206
Restricted by Donors	9,334	9,416
Total Noncurrent Cash and Investments	30,884	26,622
 CAPITAL ASSETS, NET		
	1,637,932	1,695,265
 Total Assets		
	\$ 2,757,528	\$ 3,113,489

See accompanying Notes to Financial Statements.

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 106,208	\$ 237,402
Due to General County - Overdraft	684,663	-
Accrued Salaries, Wages and Benefits	313,782	332,445
Accrued Interest Payable	41,018	41,068
Accrued Compensated Absences	239,046	213,370
Current Portion of Long-Term Debt	9,853	9,366
Total Current Liabilities	<u>1,394,570</u>	<u>833,651</u>
RESIDENT FUNDS PAYABLE	21,550	17,206
OTHER POST EMPLOYMENT BENEFIT OBLIGATION	218,669	155,770
DEFERRED REVENUE	-	402,205
LONG-TERM DEBT, Net of Current Portion		
Advances from County	940,820	1,003,753
Long-Term Debt	62,892	72,693
Total Long-Term Debt	<u>1,003,712</u>	<u>1,076,446</u>
Total Liabilities	2,638,501	2,485,278
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in Capital Assets Net of Related Debt	1,565,187	1,613,206
Restricted by Donors	9,334	9,416
Unrestricted	(1,455,494)	(994,411)
Total Net Assets	<u>119,027</u>	<u>628,211</u>
Total Liabilities and Net Assets	<u>\$ 2,757,528</u>	<u>\$ 3,113,489</u>

POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$2,548 in 2011 and (\$5,556) in 2010)	\$ 6,653,013	\$ 6,713,618
Other Operating Revenues	24,156	22,428
Total Operating Revenues	6,677,169	6,736,046
EXPENSES		
Daily Resident Services	4,540,723	4,407,631
Special Services	768,676	797,709
General Service	1,450,839	1,407,648
Other Cost Centers	1,423	917
Administrative Services	1,073,518	1,050,013
Depreciation	157,229	140,352
Total Expenses	7,992,408	7,804,270
OPERATING LOSS	(1,315,239)	(1,068,224)
NON-OPERATING GAINS (LOSSES)		
Supplemental Payment Program Revenue	902,005	782,927
Interest Income	115	112
Interest Expense	(43,514)	(46,189)
Restricted and Unrestricted Contributions and Expenditures	-	1,052
Net Non-Operating Gains	858,606	737,902
DEFICIT OF REVENUES OVER EXPENSES BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	(456,633)	(330,322)
Transfers to County General Fund	(52,551)	(100,000)
Capital Grants and Contributions	-	123,548
CHANGE IN NET ASSETS	(509,184)	(306,774)
NETS ASSETS BEGINNING OF YEAR	628,211	934,985
NETS ASSETS END OF YEAR	\$ 119,027	\$ 628,211

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third Party Payors	\$ 6,287,196	\$ 7,125,648
Cash Paid to Employees	(3,714,830)	(3,557,846)
Cash Paid to Suppliers	(4,172,041)	(3,915,040)
Other Receipts and Payments, Net	24,156	22,428
Net Cash Used by Operating Activities	(1,575,519)	(324,810)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash Received From Supplement Payment Program	447,805	782,927
Transfer From County	-	123,548
Change in Cash Overdraft Funded by County	684,663	-
Transfers to County General Fund	(52,551)	(100,000)
Net Residents' Trust Funds Received (Disbursed)	4,344	(29,995)
Net Cash Provided by Non-Capital Financing Activities	1,084,261	776,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Paid for Acquisition of Capital Assets	(99,896)	(206,980)
Principal Paid on Advance from County	(62,933)	(78,189)
Interest on Advances from County	(39,784)	(41,958)
Principal Paid on Long-Term Notes	(9,314)	(8,850)
Interest Paid on Long-Term Notes	(3,780)	(39,881)
Net Cash Used by Capital and Related Financial Activities	(215,707)	(375,858)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	115	112
Interest on Restricted and Unrestricted Donation Funds	-	1,052
Net Cash Provided by Investing Activities	115	1,164
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(706,850)	76,976
Cash and Cash Equivalents - Beginning of Year	737,734	660,758
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 30,884	\$ 737,734

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (1,315,239)	\$ (1,068,224)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations		
Depreciation	157,229	140,352
Decrease (Increase) in:		
Patient Receivables	36,388	9,825
Inventories	(212)	3,986
Prepaid Expenses	9,802	(52)
Increase (Decrease) in:		
Accounts Payable	(131,194)	72,169
Accrued Salaries, Wages and Benefits	(18,663)	60,187
Accrued Compensated Absences	25,676	(22,151)
Other Post Employment Benefit Obligation	62,899	76,893
Deferred Revenue	(402,205)	402,205
Net Cash Used by Operating Activities	\$ (1,575,519)	\$ (324,810)
 RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ -	\$ 711,112
Restricted Under Resident Trust Agreement	21,550	17,206
Restricted by Donors	9,334	9,416
 Cash and Cash Equivalents	\$ 30,884	\$ 737,734

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Basis of Accounting

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

Use of Estimates

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

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010, 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 Assets, Net

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

Restricted by Donors net assets consist of contributions for resident and employee recreation at December 31, 2011 and 2010.

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess (Deficit) of Revenues Over Expenditures

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

Net Resident Revenues

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

Third-Party Reimbursement Agreements

Medicaid

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

Medicare

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

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

Deferred Revenue

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

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2011	2010
Total Resident Service Revenue	\$ 7,553,701	\$ 8,220,545
Contractual Adjustments		
Medicare	1,011,787	1,110,945
Provision for Bad Debts	2,548	(5,556)
Other	(113,647)	401,538
Total Contractual Adjustments	900,688	1,506,927
Net Patient Service Revenue	\$ 6,653,013	\$ 6,713,618

During the years ended December 31, 2011 and 2010, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	2011	2010
Total Occupancy	91.2%	93.5%
Medicaid	76.5%	75.6%
Medicare	6.7%	7.6%

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, 2011 and 2010 consisted of the following:

	2011	2010
Receivable from Patients and Their Insurance Carriers	\$ 174,663	\$ 290,953
Receivable from Medicare	179,928	201,151
Receivable from Medicaid	280,033	178,908
Total Patient Receivables	634,624	671,012
Less Allowance for Doubtful Accounts	(75,000)	(75,000)
Patient Receivables, Net	\$ 559,624	\$ 596,012

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Deposits	<u>\$ 30,884</u>	<u>\$ 737,734</u>

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

	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ -	\$ 711,112
Noncurrent Cash and Investments		
Restricted Under Resident Trust Agreement	21,550	17,206
Restricted by Donors		
Recreation Fund	5,441	5,953
Employee Trust Fund	3,893	3,463
	<u>\$ 30,884</u>	<u>\$ 737,734</u>

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 4 CAPITAL ASSETS

Summaries of capital assets for the years ended December 31, 2011 and 2010 are as follows:

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	661,220	39,869	(10,752)	690,337
Transportation Equipment	49,784	-	(2)	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>
Capital Assets	January 1, 2010	Additions	(Retirements)	December 31, 2010
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	2,997,135	163,874	-	3,161,009
Fixed Equipment	817,058	14,135	-	831,193
Movable Equipment	819,434	28,971	(3,064)	845,341
Transportation Equipment	49,782	-	-	49,782
Totals	<u>4,793,400</u>	<u>206,980</u>	<u>(3,064)</u>	<u>4,997,316</u>
Accumulated Depreciation				
Land Improvements	93,254	2,045	-	95,299
Buildings	1,858,670	66,036	-	1,924,706
Fixed Equipment	534,073	36,969	-	571,042
Movable Equipment	628,982	35,302	(3,064)	661,220
Transportation Equipment	49,784	-	-	49,784
Totals	<u>3,164,763</u>	<u>\$ 140,352</u>	<u>\$ (3,064)</u>	<u>3,302,051</u>
	<u>\$ 1,628,637</u>			<u>\$ 1,695,265</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 5 LONG-TERM DEBT AND ADVANCES FROM COUNTY

Long-term debt and advances from county consist of the following as of December 31, 2011 and 2010:

Advances from County

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2011</u>
\$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>
	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2010</u>
\$400,000 advance of 6/1/79 from Polk County, due in annual principal payments of \$11,500 through 3/1/15. Interest was retired in 1989.	\$ 66,500	\$ -	\$ (11,500)	\$ 55,000
\$238,439, 9/27/95 state trust fund loan, reclassified as advance in 1997, due in annual installments of principal of \$11,922 plus interest at 5.0% through 3/1/15.	71,532	-	(11,922)	59,610
\$180,000 advance of 4/10/98 from Polk County, due in annual installments of principal of \$9,000 plus interest at 6.75% through 9/1/15.	54,000	-	(9,000)	45,000
\$889,910 note payable to Polk County dated 12/15/2007 due annual installments of principal and semi-annual installments of interest at 3.97% through December 2017.	889,910	-	(45,767)	844,143
Total Advances from County	<u>\$ 1,081,942</u>	<u>\$ -</u>	<u>\$ (78,189)</u>	<u>\$ 1,003,753</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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

Long-Term Debt

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2011</u>	<u>Amounts Due Within One Year</u>
\$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	<u>16,525</u>	<u>-</u>	<u>(3,952)</u>	<u>12,573</u>	<u>4,196</u>
Total Long-Term Debt	<u>\$ 82,059</u>	<u>\$ -</u>	<u>\$ (9,314)</u>	<u>\$ 72,745</u>	<u>\$ 9,853</u>

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

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

<u>Years Ending December 31</u>	<u>Long-Term Debt</u>		<u>Capital Lease Obligation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,657	\$ 2,605	\$ 4,196	\$ 640
2013	5,912	2,351	4,455	381
2014	6,178	2,085	3,922	109
2015	<u>42,425</u>	<u>1,807</u>	<u>-</u>	<u>-</u>
	<u>\$ 60,172</u>	<u>\$ 8,848</u>	<u>\$ 12,573</u>	<u>\$ 1,130</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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

Equipment Under Capital Lease Obligation

The Home acquired equipment under a capital lease obligation fiscal year ended December 31, 2009. The cost of the equipment acquired is \$20,846, and accumulated amortization was \$8,338 and \$4,169 for the years ended December 31, 2011 and 2010, respectively. The amortization expense recognized during the years ending 2011 and 2010 was \$4,169 each year.

NOTE 6 ACCUMULATED VACATION AND SICK LEAVE LIABILITY

Employees earn one day of sick leave per month with a maximum accumulation of 120 days. This is prorated for part-time employees. Employees who reach the age of fifty-five have the option to take in cash pay one-half of accrued sick leave up to forty-five days or the option to use an amount equivalent to 67% of their accrued sick leave toward the purchase of continued health insurance. Vested sick leave earned and not taken was approximately \$92,315 and \$69,188 at December 31, 2011 and 2010, 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, 2011 and 2010 was \$146,731 and \$144,182, respectively.

NOTE 7 EMPLOYEE RETIREMENT PLAN

All eligible Polk County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 at least a year are eligible to participate in the WRS. Covered employees in the general category are required by statute to contribute 5.0% of their salary (3.9% for executives and elected officials, 5.8% for protective occupations with social security, and 4.8% for protective occupations without social security) to the plan. Employers may make these contributions to the plan on behalf of the employees.

Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The paid payroll for all employees of the County covered by the WRS for the year ended December 31, 2011 was \$16,853,452. The County's total paid payroll was \$20,925,499. The paid payroll for the employees of the Home covered by the WRS for the year ended December 31, 2011 was \$4,255,406. The Home's total paid payroll was \$4,294,687. The County's total required contribution for the year ended December 31, 2011 was \$2,547,956, which consisted of \$1,300,399, or 7.7% of payroll from the employer and \$1,247,557, or 7.4% of payroll from employees. The Home is charged its share of the County's total required contributions to the WRS. The Home's share of the County's required contributions to the WRS for the year ended December 31, 2011 was \$482,264. Total County contributions for the years ending December 31, 2010 and 2009 were \$2,386,659 and \$2,180,094, respectively, equal to the required contributions for each year. The Home's share of contributions for the years ending December 31, 2010 and 2009 were \$422,655 and \$405,519, respectively.

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 7 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employees' three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the State Statutes.

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

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION

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

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

Annual OPEB Cost and Net OPEB Obligation

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

**POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the County's annual OPEB cost at 2010 and 2009, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

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

	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>

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

NOTE 9 COMMITMENTS AND CONTINGENCIES

Healthcare Risk Management

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

POLK COUNTY HOME (GOLDEN AGE MANOR)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management

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

Malpractice Claims

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

SUPPLEMENTARY INFORMATION

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**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011		Variance Positive (Negative)	2010
	Original Budget	Actual		Actual
OPERATING REVENUES:				
Resident Service Revenue:				
Bedhold Charges - Private	\$ 19,872	\$ 20,785	\$ 913	\$ 31,111
Bedhold Charges - Medicaid	27,346	18,053	(9,293)	27,996
SNF - Medicare	1,566,919	1,028,530	(538,389)	1,272,667
ISN - Medicaid	-	12,250	12,250	49,913
SNF - Medicaid	49,562	45,503	(4,059)	76,324
SNF - HMO	98,332	72,326	(26,006)	131,778
ICF - I & II - Medicaid	3,754,748	3,760,159	5,411	3,754,221
SNF - Private	1,221,157	1,171,212	(49,945)	1,085,255
Private Pay - Insurance	204,767	126,470	(78,297)	248,150
Private Room Charges	46,648	42,210	(4,438)	42,780
Physical Therapy - Medicare Part A	282,378	267,269	(15,109)	308,169
Physical Therapy - Medicare Part B	58,197	45,635	(12,562)	70,689
Physical Therapy - Private Pay/Insurance	55,688	48,321	(7,367)	76,578
Physical Therapy - Medical Assistance	5,753	3,336	(2,417)	12,312
Occupational Therapy - Medicare Part A	343,126	368,849	25,723	386,768
Occupational Therapy - Medicare Part B	86,551	104,613	18,062	98,985
Occupational Therapy - PrivatePay/Insurance	70,755	60,649	(10,106)	99,319
Occupational Therapy - Medical Assistance	1,812	5,904	4,092	17,086
Speech Therapy - Medicare Part A	87,825	74,768	(13,057)	131,308
Speech Therapy - Medicare Part B	40,504	48,959	8,455	52,448
Speech Therapy - Private Insurance	27,169	5,408	(21,761)	33,533
Speech Therapy - Medical Assistance	3,249	4,804	1,555	8,518
Respiratory Therapy - Medicare Part A	8,975	7,457	(1,518)	7,155
Medical Surgical Supplies - Part A	11,142	16,538	5,396	5,075
Medical Surgical Supplies - Other	15,892	153	(15,739)	5,483
Pharmacy - Medicare Part A	117,712	113,563	(4,149)	148,247
Pharmacy - Private Pay/Insurance	24,589	(1,419)	(26,008)	8,262
Billable Medical Supplies - Private Pay	-	5,780	5,780	-
Laboratory - Medicare Part A	20,397	61,645	41,248	18,744
Laboratory - Medicare Part B	1,840	2,786	946	1,639
Laboratory - Private Insurance	1,288	2,299	1,011	3,131
Laboratory - Medical Assistance	53	159	106	70
X-Ray - Medicare Part A	7,565	4,949	(2,616)	3,999
Immunizations - Medicare Part A and B	4,131	3,778	(353)	2,832
Medicare Part A Ancillary Adjustments	(1,208,288)	(898,140)	310,148	(1,512,483)
Provision for Bad Debt	-	(2,548)	(2,548)	5,556
Total Resident Service Revenue	7,057,654	6,653,013	(404,641)	6,713,618

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011		Variance Positive (Negative)	2010
	Original Budget	Actual		Actual
OPERATING REVENUES (CONTINUED):				
Other Operating Revenues:				
Transportation:				
Medicaid	\$ 5,803	\$ 5,456	\$ (347)	\$ 6,103
Private	3,651	2,499	(1,152)	2,231
Dietary:				
Meals Sold	3,682	4,834	1,152	3,835
Craft Sales	3,686	2,023	(1,663)	2,843
Miscellaneous Services:				
Level I Screening	2,450	2,070	(380)	2,790
Telephone	-	7	7	14
Other	-	5,960	5,960	2,488
Insurance Refunds - Legal Fees	34,116	619	(33,497)	978
Revenue for Nurses Aide Training	841	688	(153)	1,146
Total Other Operating Revenues	<u>54,229</u>	<u>24,156</u>	<u>(30,073)</u>	<u>22,428</u>
Total Operating Revenues	7,111,883	6,677,169	(434,714)	6,736,046
OPERATING EXPENSES:				
Daily Resident Services:				
Registered Nurses:				
Salaries and Wages	694,362	675,092	19,270	639,959
Fringe Benefits	231,435	229,853	1,582	227,255
Pool Help	92,149	84,693	7,456	107,021
Licensed Practical Nurses:				
Salaries and Wages	559,110	539,419	19,691	538,905
Fringe Benefits	181,636	187,680	(6,044)	211,261
Pool Help	73,695	65,012	8,683	80,387
Nurses Aides:				
Salaries and Wages	1,705,722	1,856,017	(150,295)	1,760,002
Fringe Benefits	618,263	708,294	(90,031)	656,798
Pool Help	1,000	15,279	(14,279)	7,766
Purchased Services	2,638	5,564	(2,926)	20,481
Supplies and Expenses	138,079	169,729	(31,650)	153,107
Over The Counter Drugs	4,237	4,091	146	4,689
Total Daily Resident Services	<u>4,302,326</u>	<u>4,540,723</u>	<u>(238,397)</u>	<u>4,407,631</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011		Variance Positive (Negative)	2010
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
Special Services:				
Laboratory:				
Purchased Services	\$ 12,651	\$ 23,908	\$ (11,257)	\$ 20,325
Radiology:				
Purchased Services	5,930	2,458	3,472	4,084
Pharmacy:				
Supplies and Expenses	97,568	70,322	27,246	87,368
Purchased Services	1,320	1,722	(402)	1,320
Physical Therapy:				
Purchased Services	97,657	126,300	(28,643)	143,009
Occupational Services:				
Purchased Services	148,002	187,485	(39,483)	177,148
Medical Director Fees:				
Purchased Services	7,200	7,800	(600)	7,200
Social Services:				
Salaries and Wages	79,058	81,095	(2,037)	80,870
Fringe Benefits	29,139	31,582	(2,443)	30,526
Recreation Activities:				
Salaries and Wages	138,424	127,974	10,450	132,249
Fringe Benefits	66,999	44,883	22,116	43,963
Supplies and Expenses	4,512	-	4,512	-
Speech Therapy:				
Purchased Services	26,265	59,813	(33,548)	69,040
Infusion Therapy:				
Purchased Services	326	3,334	(3,008)	607
Total Special Services	715,051	768,676	(53,625)	797,709
General Services:				
Dietary:				
Salaries and Wages	358,446	344,023	14,423	344,614
Fringe Benefits	157,111	154,213	2,898	152,550
Supplies and Expenses	31,915	37,823	(5,908)	34,132
Food	222,483	244,715	(22,232)	223,836
Maintenance:				
Salaries and Wages	81,667	79,674	1,993	87,092
Fringe Benefits	29,822	20,915	8,907	25,799
Purchased Services	34,360	48,810	(14,450)	34,145
Supplies and Expenses	25,341	41,229	(15,888)	35,697
Housekeeping:				
Salaries and Wages	167,206	175,610	(8,404)	169,047
Fringe Benefits	73,870	75,842	(1,972)	68,118
Purchased Services	2,456	2,546	(90)	2,706
Supplies and Expenses	33,472	32,980	492	33,114

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011		Variance Positive (Negative)	2010
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED):				
General Services (Continued):				
Laundry and Linen:				
Salaries and Wages	\$ 112,233	\$ 96,608	\$ 15,625	\$ 103,709
Fringe Benefits	46,366	38,535	7,831	39,139
Supplies and Expenses	10,764	12,611	(1,847)	12,074
Transportation:				
Salaries and Wages	26,669	26,987	(318)	25,185
Fringe Benefits	14,854	16,301	(1,447)	14,790
Supplies and Expenses	1,437	1,417	20	1,901
Total General Services	1,430,472	1,450,839	(20,367)	1,407,648
Other Cost Centers:				
Evergreen Assisted Living:				
Lease	-	506	(506)	-
Supplies and Expenses	510	917	(407)	917
Total Other Cost Centers	510	1,423	(913)	917
Administrative Services:				
Fiscal/Accounting:				
Salaries and Wages	176,076	172,565	3,511	168,917
Fringe Benefits	78,523	93,150	(14,627)	77,115
Purchased Services	29,356	18,170	11,186	29,349
Supplies and Expenses	19,747	17,777	1,970	14,922
Medical Records:				
Salaries and Wages	86,789	86,257	532	85,877
Fringe Benefits	30,576	49,260	(18,684)	33,543
Supplies and Expenses	1,772	912	860	3,532
General Administration:				
Salaries and Wages	105,549	62,840	42,709	75,254
Fringe Benefits	34,597	27,737	6,860	35,214
Committee Fees and Expenses	3,747	4,143	(396)	4,300
Legal Fees	5,609	2,237	3,372	15,075
Accounting Fees	-	13,000	(13,000)	-
Telephone	13,212	10,947	2,265	10,836
Postage	3,530	4,329	(799)	2,441
Subscriptions and Dues	8,419	8,067	352	8,389
Bed Assessment Fee	218,880	232,560	(13,680)	218,880
Licenses	1,552	834	718	1,869
Advertising Employment	3,695	4,656	(961)	2,031
Advertising Promotion	3,290	3,779	(489)	4,322
Administrative Travel	4,601	2,974	1,627	3,905
Supplies and Expenses	21,159	27,326	(6,167)	14,241
Continuing Education and Meetings	4,346	2,587	1,759	4,512
Other Administrative Expenses	7,002	7,550	(548)	400

**POLK COUNTY HOME (GOLDEN AGE MANOR)
 DETAILED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS – BUDGET AND ACTUAL (CONTINUED)
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011		Variance Positive (Negative)	2010
	Original Budget	Actual		Actual
OPERATING EXPENSES (CONTINUED)				
Administrative Services (Continued):				
Fuel - Wisconsin Gas Company	\$ 74,749	\$ 43,427	\$ 31,322	\$ 44,965
Fuel for Generator	2,339	1,075	1,264	897
Electricity	25,578	27,000	(1,422)	25,443
Police and Fire Protection Fees	1,798	1,707	91	1,680
Water and Sewer	22,487	18,096	4,391	17,966
Equipment Operating Lease	-	3,658	(3,658)	4,151
Insurance:				
Property Insurance	3,434	4,692	(1,258)	4,692
General Liability Insurance	82,471	37,913	44,558	60,774
Worker's Compensation Insurance	89,000	82,293	6,707	74,521
Total Administrative Services	<u>1,163,883</u>	<u>1,073,518</u>	<u>90,365</u>	<u>1,050,013</u>
Depreciation:				
Land Improvements	4,347	1,871	2,476	2,045
Buildings	66,107	77,724	(11,617)	66,036
Fixed Equipment	46,900	37,765	9,135	36,969
Major Moveable Equipment	36,654	39,869	(3,215)	35,302
	<u>154,008</u>	<u>157,229</u>	<u>(3,221)</u>	<u>140,352</u>
Total Operating Expenses	<u>7,766,250</u>	<u>7,992,408</u>	<u>(226,158)</u>	<u>7,804,270</u>
OPERATING LOSS	(654,367)	(1,315,239)	(660,872)	(1,068,224)
NONOPERATING REVENUES (EXPENSES):				
Supplemental Payment Revenue	875,177	902,005	26,828	782,927
Interest Income - General	88	115	27	1,164
Interest Expense - General	(45,087)	(43,514)	1,573	(46,189)
Gain (Loss) on Disposal of Fixed Assets	288	-	(288)	-
	<u>830,466</u>	<u>858,606</u>	<u>28,140</u>	<u>737,902</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	176,099	(456,633)	(632,732)	(330,322)
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-	123,548
TRANSFER (TO) FROM COUNTY GENERAL FUND	-	(52,551)	(52,551)	(100,000)
CHANGE IN NET ASSETS	<u>\$ 176,099</u>	<u>\$ (509,184)</u>	<u>\$ (685,283)</u>	<u>\$ (306,774)</u>

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

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

We have audited the financial statements of Polk County Home (Golden Age Manor), as of and for the year ended December 31, 2011, and have issued our report thereon dated May 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-1 and 2011-2 to be material weaknesses.

Board of Directors
Polk County Home (Golden Age Manor)

Compliance and Other Matters

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

We noted certain matters that we reported to management of Polk County Home (Golden Age Manor) in a separate letter dated May 25, 2012.

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

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



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 25, 2012

**POLK COUNTY HOME (GOLDEN AGE MANOR)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2011**

FINDING: 2011-1

**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, 2011**

FINDING: 2011-2

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.