

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**



**POLK COUNTY HOME (GOLDEN AGE MANOR)  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION</b>	<b>7</b>
<b>STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>	<b>9</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>10</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>12</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>DETAILED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL</b>	<b>24</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>29</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>31</b>



## 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, 2013 and 2012, 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.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013 AND 2012**

**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, 2013 and 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

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 24 to 28 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 2013 and 2012 actual 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 2013 and 2012 information is fairly stated in all material respects in relation the financial statements as a whole. The original budget information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on the original budget information.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2014 on our consideration of Polk County Home (Golden Age Manor's) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Polk County Home (Golden Age Manor's) internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
June 19, 2014



**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012. Please read it in conjunction with Polk County Home (Golden Age Manor)'s financial statements.

**FINANCIAL HIGHLIGHTS**

- The Home's net position increased by \$184,463 in fiscal 2012 to \$179,942 and increased by \$234,561 in 2013 to \$414,503.
- For the year ended December 31, 2013 there was an excess of revenue over expenses before capital contributions of \$207,561.
- The Home experienced a loss from operations of \$880,301 in fiscal 2012 and a loss from operations of \$766,189 was experienced in 2013.
- Operating revenues increased by 0.9% from \$6,718,981 in fiscal 2012 to \$6,776,890 in 2013. Expenses decreased .9% over the same period, from \$7,599,282 to \$7,543,079.

**USING THIS ANNUAL REPORT**

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

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

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

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

**THE STATEMENT OF CASH FLOWS**

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

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013 AND 2012**

**THE HOME'S NET POSITION**

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>			
Current Assets	\$ 694,975	\$ 595,583	\$ 1,088,712
Noncurrent Cash and Investments	47,976	42,802	30,884
Capital Assets, Net	<u>1,478,392</u>	<u>1,487,658</u>	<u>1,637,932</u>
Total Assets	<u>\$ 2,221,343</u>	<u>\$ 2,126,043</u>	<u>\$ 2,757,528</u>
<b>Liabilities:</b>			
Due to County General Fund	\$ 170,629	\$ 206,459	\$ 808,211
Other Current Liabilities	519,558	545,862	709,907
Resident Funds Payable	31,401	34,623	21,550
Other Post Employment Benefit Obligation	298,956	261,740	218,669
Long Term Debt	<u>786,296</u>	<u>897,417</u>	<u>1,003,712</u>
Total Liabilities	<u>1,806,840</u>	<u>1,946,101</u>	<u>2,762,049</u>
<b>Net Position:</b>			
Invested in Capital Assets Net of Related Debt	1,425,758	1,424,707	1,565,187
Restricted by Donors	16,575	8,179	9,334
Unrestricted	<u>(1,027,830)</u>	<u>(1,252,944)</u>	<u>(1,579,042)</u>
Total Net Position	<u>414,503</u>	<u>179,942</u>	<u>(4,521)</u>
Total Liabilities and Net Position	<u>\$ 2,221,343</u>	<u>\$ 2,126,043</u>	<u>\$ 2,757,528</u>

A significant component of the Home's assets are its accounts receivable from residents and third-party payors. This balance increased from \$521,700 in fiscal 2012 to \$621,580 in 2013. Net resident revenues increased by 0.8%, due to a small increase in volumes.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013 AND 2012**

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

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Patient Service Revenue	\$ 6,754,396	\$ 6,699,236	\$ 6,653,013
Other Operating Revenue	22,494	19,745	24,156
Total Revenue	<u>6,776,890</u>	<u>6,718,981</u>	<u>6,677,169</u>
Operating Expenses			
Daily Resident Services	4,163,377	4,197,077	4,540,723
Special Services	708,478	711,215	768,676
General Service	1,415,709	1,417,062	1,450,839
Other Cost Centers	1,423	964	1,423
Administrative Services	1,072,422	1,106,642	1,073,518
Depreciation	159,993	166,322	157,229
Total Expenses	<u>7,521,402</u>	<u>7,599,282</u>	<u>7,992,408</u>
Operating Loss	(744,512)	(880,301)	(1,315,239)
Non-Operating Revenues (Expenses)	<u>973,750</u>	<u>1,064,764</u>	<u>858,606</u>
Excess (Deficit) of Revenues over Expenses Before Transfers	229,238	184,463	(456,633)
Transfers to County General Fund	(21,677)	-	(52,551)
Capital Grants and Contributions	<u>27,000</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	234,561	184,463	(509,184)
Net Position, Beginning of Year	<u>179,942</u>	<u>(4,521)</u>	<u>504,663</u>
Net Position, End of Year	<u>\$ 414,503</u>	<u>\$ 179,942</u>	<u>\$ (4,521)</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 2012 was 92.4% and fiscal 2013 was 94.0%. Medicare utilization increased from 5.9% in 2012 to 6.2% in 2013. Medicare revenues went from \$976,441 in 2012 to \$1,045,933 in 2013.

As noted previously, Polk County Home (Golden Age Manor's) operating expenses decreased \$56,203 or .7% from fiscal 2012 to 2013. 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 2013 were \$4,254,854 as compared to \$4,397,949 in 2012. Health insurance and State pension is a significant cost factor to the Home.

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**POLK COUNTY HOME (GOLDEN AGE MANOR)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013 AND 2012**

**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 2013 the Home recognized non-operating Supplemental Payment Program funds of \$1,000,956.

**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 \$694,355 in fiscal 2013.

**CAPITAL ASSET AND NON-OPERATING ADMINISTRATION**

As of December 31, 2013, the Home had \$1,478,392 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. During fiscal years ended December 31, 2013 and 2012 the Home purchased new equipment of \$3,393 and \$11,968, respectively. The facility also had a bus donated to them during 2013 with an estimated value of \$27,000.

**LONG-TERM DEBT**

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

**Table 3: Long-Term Debt**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Notes Payable	\$ 48,713	\$ 54,575	\$ 60,172
Capital Lease Obligation	3,921	8,376	12,573
Advances from County	<u>743,761</u>	<u>844,833</u>	<u>940,820</u>
 Total Long-Term Debt	 <u><u>\$ 796,395</u></u>	 <u><u>\$ 907,784</u></u>	 <u><u>\$ 1,013,565</u></u>

**ECONOMIC FACTORS**

Polk County Home (Golden Age Manor) Board and management considered many factors when setting the fiscal year 2013 budget. Of primary importance in setting the 2013 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, 2013 AND 2012**

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,020	\$ 1,020
Resident Receivables, Less Allowance for Uncollectible Accounts of Approximately \$125,000 in 2013 and \$75,000 in 2012	621,580	521,700
Inventories	43,519	43,730
Prepaid Expenses	28,856	29,133
Total Current Assets	694,975	595,583
 <b>NONCURRENT CASH AND INVESTMENTS</b>		
Restricted Under Resident Trust Agreement	31,401	34,623
Restricted by Donors	16,575	8,179
Total Noncurrent Cash and Investments	47,976	42,802
 <b>CAPITAL ASSETS, NET</b>		
	1,478,392	1,487,658
 Total Assets	 \$ 2,221,343	 \$ 2,126,043

See accompanying Notes to Financial Statements.

<b>LIABILITIES AND NET POSITION</b>	<u>2013</u>	<u>2012</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 52,661	\$ 114,661
Due to County General Fund	170,629	206,459
Accrued Salaries, Wages and Benefits	152,310	147,612
Accrued Interest Payable	39,226	39,278
Accrued Compensated Absences	265,262	233,944
Current Portion of Long-Term Debt	10,099	10,367
Total Current Liabilities	<u>690,187</u>	<u>752,321</u>
<b>RESIDENT FUNDS PAYABLE</b>	31,401	34,623
<b>OTHER POST EMPLOYMENT BENEFIT OBLIGATION</b>	298,956	261,740
<b>LONG-TERM DEBT, Net of Current Portion</b>		
Advances from County	743,761	844,833
Long-Term Debt	42,535	52,584
Total Long-Term Debt	<u>786,296</u>	<u>897,417</u>
 Total Liabilities	 1,806,840	 1,946,101
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET POSITION</b>		
Invested in Capital Assets Position Net of Related Debt	1,425,758	1,424,707
Restricted by Donors	16,575	8,179
Unrestricted	(1,027,830)	(1,252,944)
Total Net Position	<u>414,503</u>	<u>179,942</u>
 Total Liabilities and Net Position	 <u>\$ 2,221,343</u>	 <u>\$ 2,126,043</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>OPERATING REVENUES</b>		
Net Resident Service Revenue (Net of Provision for Bad Debt of \$49,985 in 2013 and (\$361) in 2012)	\$ 6,754,396	\$ 6,699,236
Other Operating Revenues	22,494	19,745
Total Operating Revenues	6,776,890	6,718,981
<b>EXPENSES</b>		
Daily Resident Services	4,163,377	4,197,077
Special Services	708,478	711,215
General Service	1,415,709	1,417,062
Other Cost Centers	1,423	964
Administrative Services	1,072,422	1,106,642
Depreciation	159,993	166,322
Total Expenses	7,521,402	7,599,282
<b>OPERATING LOSS</b>	(744,512)	(880,301)
<b>NON-OPERATING GAINS (LOSSES)</b>		
Supplemental Payment Program Revenue	1,000,956	1,098,210
Interest Income	743	1,083
Interest Expense	(36,345)	(38,924)
Gain on Disposal of Fixed Assets	-	600
Restricted and Unrestricted Contributions and Expenditures	8,396	3,795
Net Non-Operating Gains	973,750	1,064,764
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	229,238	184,463
Transfers to County General Fund	(21,677)	-
Capital Grants and Contributions	27,000	-
<b>CHANGE IN NET POSITION</b>	234,561	184,463
<b>NET POSITION BEGINNING OF YEAR</b>	179,942	(4,521)
<b>NET POSITION END OF YEAR</b>	\$ 414,503	\$ 179,942

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Residents and Third Party Payors	\$ 6,654,517	\$ 6,738,011
Cash Paid to Employees	(3,650,716)	(3,905,817)
Cash Paid to Suppliers	(3,698,973)	(3,644,866)
Other Receipts and Payments, Net	22,494	19,745
Net Cash Used by Operating Activities	(672,678)	(792,927)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash Received From Supplement Payment Program	1,000,956	1,551,559
Change in Cash Overdraft Funded by County	(35,830)	(601,752)
Transfers to County General Fund	(21,677)	-
Net Residents' Trust Funds Received (Disbursed)	5,174	13,073
Net Cash Provided by Non-Capital Financing Activities	948,623	962,880
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash Paid for Acquisition of Capital Assets	(123,727)	(10,498)
Principal Paid on Advance from County	(101,072)	(95,987)
Interest on Advances from County	(33,614)	(37,347)
Principal Paid on Long-Term Notes	(10,317)	(9,280)
Interest Paid on Long-Term Notes	(2,784)	(4,986)
Net Cash Used by Capital and Related Financial Activities	(271,514)	(158,098)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	743	1,083
Net Cash Provided by Investing Activities	743	1,083
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,174	12,938
Cash and Cash Equivalents - Beginning of Year	43,822	30,884
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 48,996	\$ 43,822

See accompanying Notes to Financial Statements.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (744,512)	\$ (880,301)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operations		
Depreciation	159,993	166,322
Decrease (Increase) in:		
Patient Receivables	(99,880)	38,775
Inventories	211	2,363
Prepaid Expenses	277	(338)
Increase (Decrease) in:		
Accounts Payable	(61,999)	8,453
Accrued Salaries, Wages and Benefits	4,698	(166,170)
Accrued Compensated Absences	31,318	(5,102)
Other Post Employment Benefit Obligation	37,216	43,071
Net Cash Used by Operating Activities	\$ (672,678)	\$ (792,927)
<b>RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	\$ 1,020	\$ 1,020
Restricted Under Resident Trust Agreement	31,401	34,623
Restricted by Donors	16,575	8,179
Cash and Cash Equivalents	\$ 48,996	\$ 43,822

**SUPPLEMENTAL CASH FLOW DISCLOSURES**

Assets were donated in the amount of \$27,000 and \$4,950 during the years ended December 31, 2013 and 2012

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**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, 2013 and 2012.

**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, 2013 AND 2012**

**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, 2013 and 2012, the allowance for uncollectible accounts was approximately \$125,000 and \$75,000, respectively.

**Inventories**

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

**Noncurrent Cash and Investments**

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

**Capital Assets**

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

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

**Net Position**

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

Restricted by Donors net position consist of contributions for resident and employee recreation at December 31, 2013 and 2012.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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.

**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.

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

	<u>2013</u>	<u>2012</u>
Total Resident Service Revenue	\$ 7,415,717	\$ 7,330,018
Contractual Adjustments		
Medicare	1,018,679	930,181
Provision for Bad Debts	49,985	361
Other	<u>(407,343)</u>	<u>(299,760)</u>
Total Contractual Adjustments	<u>661,321</u>	<u>630,782</u>
Net Patient Service Revenue	<u>\$ 6,754,396</u>	<u>\$ 6,699,236</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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

During the years ended December 31, 2013 and 2012, the occupancy percentages and the percentages of residents covered under the Medicare and Medicaid programs were as follows:

	<u>2013</u>	<u>2012</u>
Total Occupancy	94.0%	92.4%
Medicaid	76.6%	75.4%
Medicare	6.2%	5.9%

**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, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Receivable from Patients and Their Insurance Carriers	\$ 306,707	\$ 205,265
Receivable from Medicare	103,696	82,712
Receivable from Medicaid	336,177	308,723
Total Patient Receivables	<u>746,580</u>	<u>596,700</u>
Less Allowance for Doubtful Accounts	<u>(125,000)</u>	<u>(75,000)</u>
Patient Receivables, Net	<u>\$ 621,580</u>	<u>\$ 521,700</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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, 2013 and 2012 consist of the following:

	2013	2012
Deposits	<u>\$ 48,996</u>	<u>\$ 43,822</u>

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

	2013	2012
Noncurrent Cash and Investments		
Restricted Under Resident Trust Agreement	\$ 31,401	\$ 34,623
Restricted by Donors		
Recreation Fund	3,897	4,408
Employee Trust Fund	4,009	3,771
Solarium Fund	8,669	-
	<u>\$ 48,996</u>	<u>\$ 43,822</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**NOTE 4 CAPITAL ASSETS**

Summaries of capital assets for the years ended December 31, 2013 and 2012 are as follows:

<b>Capital Assets</b>	January 1, 2013	Additions	(Retirements)	December 31, 2013
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	3,179,487	120,334	-	3,299,821
Fixed Equipment	835,186	-	-	835,186
Movable Equipment	924,231	3,393	-	927,624
Transportation Equipment	49,782	27,000	-	76,782
Totals	<u>5,098,677</u>	<u>150,727</u>	<u>-</u>	<u>5,249,404</u>
<b>Accumulated Depreciation</b>				
Land Improvements	98,951	1,484	-	100,435
Buildings	2,082,503	79,748	-	2,162,251
Fixed Equipment	646,580	37,589	-	684,169
Movable Equipment	733,203	41,172	-	774,375
Transportation Equipment	49,782	-	-	49,782
Totals	<u>3,611,019</u>	<u>\$ 159,993</u>	<u>\$ -</u>	<u>3,771,012</u>
	<u>\$ 1,487,658</u>			<u>\$ 1,478,392</u>
<b>Capital Assets</b>	January 1, 2012	Additions	(Retirements)	December 31, 2012
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Land Improvements	103,386	-	-	103,386
Buildings	3,175,407	4,080	-	3,179,487
Fixed Equipment	835,186	-	-	835,186
Movable Equipment	916,092	11,968	(3,829)	924,231
Transportation Equipment	49,782	-	-	49,782
Totals	<u>5,086,458</u>	<u>16,048</u>	<u>(3,829)</u>	<u>5,098,677</u>
<b>Accumulated Depreciation</b>				
Land Improvements	97,170	1,781	-	98,951
Buildings	2,002,430	80,073	-	2,082,503
Fixed Equipment	608,808	37,772	-	646,580
Movable Equipment	690,337	46,696	(3,830)	733,203
Transportation Equipment	49,782	-	-	49,782
Totals	<u>3,448,527</u>	<u>\$ 166,322</u>	<u>\$ (3,830)</u>	<u>3,611,019</u>
	<u>\$ 1,637,931</u>			<u>\$ 1,487,658</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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

Long-term debt and advances from county consist of the following as of December 31, 2013 and 2012:

**Advances from County**

	Balance January 1, 2013	Additions	Payments	Balance December 31, 2013
\$400,000 advance of 6/1/79 from Polk County, due in annual principal payments of \$11,500 through 3/1/15. Interest was retired in 1989.	\$ 32,000	\$ -	\$ (11,500)	\$ 20,500
\$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.	35,766	-	(11,922)	23,844
\$180,000 advance of 4/10/98 from Polk County, due in annual installments of principal of \$9,000 plus interest at 6.75% through 9/1/15.	27,000	-	(9,000)	18,000
\$889,910 note payable to Polk County dated 12/15/2007 due annual installments of principal and semi-annual installments of interest at 3.97% through December 2017.	750,067	-	(68,650)	681,417
Total Advances from County	<u>\$ 844,833</u>	<u>\$ -</u>	<u>\$ (101,072)</u>	<u>\$ 743,761</u>
	Balance January 1, 2012	Additions	Payments	Balance December 31, 2012
\$400,000 advance of 6/1/79 from Polk County, due in annual principal payments of \$11,500 through 3/1/15. Interest was retired in 1989.	\$ 43,500	\$ -	\$ (11,500)	\$ 32,000
\$238,439, 9/27/95 state trust fund loan, reclassified as advance in 1997, due in annual installments of principal of \$11,922 plus interest at 5.0% through 3/1/15.	47,688	-	(11,922)	35,766
\$180,000 advance of 4/10/98 from Polk County, due in annual installments of principal of \$9,000 plus interest at 6.75% through 9/1/15.	36,000	-	(9,000)	27,000
\$889,910 note payable to Polk County dated 12/15/2007 due annual installments of principal and semi-annual installments of interest at 3.97% through December 2017.	813,632	-	(63,565)	750,067
Total Advances from County	<u>\$ 940,820</u>	<u>\$ -</u>	<u>\$ (95,987)</u>	<u>\$ 844,833</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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

**Long-Term Debt**

	Balance January 1, 2013	Additions	Payments	Balance December 31, 2013	Amounts Due Within One Year
\$90,000 note payable dated 12/31/2005 due in semi-annual payments of \$4,131 of principal and interest at 4.45% with a final balloon payment of \$39,000 due 10/1/15. Secured by the assets of the Home.	\$ 54,575	\$ -	\$ (5,862)	\$ 48,713	\$ 6,178
Capital Lease Obligation at an imputed rate of 6%, collateralized by leased equipment with a cost of \$20,648.	8,376	-	(4,455)	3,921	3,921
Total Long-Term Debt	<u>\$ 62,951</u>	<u>\$ -</u>	<u>\$ (10,317)</u>	<u>\$ 52,634</u>	<u>\$ 10,099</u>

  

	Balance January 1, 2012	Additions	Payments	Balance December 31, 2012	Amounts Due Within One Year
\$90,000 note payable dated 12/31/2005 due in semi-annual payments of \$4,131 of principal and interest at 4.45% with a final balloon payment of \$39,000 due 10/1/15. Secured by the assets of the Home.	\$ 60,172	\$ -	\$ (5,597)	\$ 54,575	\$ 5,912
Capital Lease Obligation at an imputed rate of 6%, collateralized by leased equipment with a cost of \$20,648.	12,573	-	(4,197)	8,376	4,455
Total Long-Term Debt	<u>\$ 72,745</u>	<u>\$ -</u>	<u>\$ (9,794)</u>	<u>\$ 62,951</u>	<u>\$ 10,367</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>
2014	6,178	2,085	3,921	109
2015	42,535	1,807	-	-
	<u>\$ 48,713</u>	<u>\$ 3,892</u>	<u>\$ 3,921</u>	<u>\$ 109</u>

**Equipment Under Capital Lease Obligation**

The Home acquired equipment under a capital lease obligation during the year ended December 31, 2009. The cost of the equipment acquired is \$20,846, and accumulated amortization was \$16,677 and \$12,507 as of December 31, 2013 and 2012, respectively. The amortization expense recognized during the years ended 2013 and 2012 was \$4,169 each year.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013 AND 2012**

**NOTE 6 ACCUMULATED VACATION AND SICK LEAVE LIABILITY**

Employees earn one day of sick leave per month with a maximum accumulation of 120 days. This is prorated for part-time employees. Employees who reach the age of fifty-five have the option to use an amount equivalent to 67% of their accrued sick leave toward the purchase of continued health insurance. Vested sick leave earned and not taken was approximately \$71,693 and \$77,445 at December 31, 2013 and 2012, 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, 2013 and 2012 was \$193,569 and \$156,499, respectively.

**NOTE 7 EMPLOYEE RETIREMENT PLAN**

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	6.65%
Protective without Social Security	6.65%	12.35%

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

The payroll for Nursing Home employees covered by the WRS for the year ended December 31, 2013 was \$3,917,323; the employer's total payroll was \$4,286,172. The total required contribution for the year ended December 31, 2013 was \$521,004, which consisted of \$260,499, or 6.6% of payroll from the employer and \$260,505 or 6.6% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$458,197 and \$422,655, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employees' three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five year of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION**

Certain employees of 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*.

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)**

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The plan provides health insurance and other benefits to participating retirees who have reached the age of 55 and have 20 years of services with the County. The health insurance benefit for retirees terminates at the age of 65. The County provides benefits for retirees as required by state statutes. Active employees who retire from the County when eligible to receive a retirement benefit from the Wisconsin Retirement System (WRS) (or similar plan) and do not participate in any other coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2012, there were 37 retirees receiving health benefits from the County's health plan, none of whom were retirees from 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 2013 and 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	<b>2012</b>	
	<b>County</b>	<b>GAM Allocation</b>
Annual Required Contribution (ARC):	\$ 458,197	\$ 87,057
Interest on Net OPEB Obligation	51,698	9,823
Adjustment to ARC	(70,512)	(13,397)
Annual OPEB Cost	439,383	83,483
Contributions during the year	(210,651)	(40,024)
Increase in Net OPEB Obligation	228,732	43,459
Net OPEB - Beginning of the Year	1,148,849	218,281
Net OPEB - End of the Year	<u>\$ 1,377,581</u>	<u>\$ 261,740</u>
	<b>2013</b>	
	<b>County</b>	<b>GAM Allocation</b>
Annual Required Contribution (ARC):	\$ 458,197	\$ 87,057
Interest on Net OPEB Obligation	54,025	10,265
Adjustment to ARC	(73,685)	(14,000)
Annual OPEB Cost	438,537	83,322
Contributions during the year	(242,664)	(46,106)
Increase in Net OPEB Obligation	195,873	37,216
Net OPEB - Beginning of the Year	1,377,581	261,740
Net OPEB - End of the Year	<u>\$ 1,573,454</u>	<u>\$ 298,956</u>

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**NOTE 8 OTHER POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)**

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

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**Healthcare Risk Management**

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

**Risk Management**

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

**Malpractice Claims**

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

## **SUPPLEMENTARY INFORMATION**

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**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013		Variance Positive (Negative)	2012
	Original Budget	Actual		Actual
<b>OPERATING REVENUES:</b>				
<b>Resident Service Revenue:</b>				
Bedhold Charges - Private	\$ 16,560	\$ 15,564	\$ (996)	\$ 9,018
Bedhold Charges - Medicaid	27,160	22,846	(4,314)	24,997
SNF - Medicare	1,085,182	545,720	(539,462)	512,870
SNF - Medicaid	-	-	-	(9,021)
SNF - Hospice	-	43,373	43,373	25,061
SNF - HMO	75,308	193,509	118,201	58,778
ICF - I & II - Medicaid	4,093,316	3,873,057	(220,259)	3,846,606
SNF - Private	1,462,201	1,402,572	(59,629)	1,442,178
Private Pay - Insurance	108,066	37,738	(70,328)	177,944
Private Room Charges	27,750	15,360	(12,390)	22,485
Physical Therapy - Medicare Part A	267,269	273,591	6,322	265,175
Physical Therapy - Medicare Part B	45,725	81,156	35,431	58,936
Physical Therapy - Private Pay/Insurance	48,231	25,937	(22,294)	53,574
Physical Therapy - Medical Assistance	3,272	10,643	7,371	7,125
Occupational Therapy - Medicare Part A	368,849	360,648	(8,201)	374,195
Occupational Therapy - Medicare Part B	104,613	111,510	6,897	76,808
Occupational Therapy - Private Pay/Insurance	60,649	20,885	(39,764)	70,854
Occupational Therapy - Medical Assistance	4,679	9,917	5,238	7,489
Speech Therapy - Medicare Part A	74,768	62,188	(12,580)	61,428
Speech Therapy - Medicare Part B	48,959	58,040	9,081	30,555
Speech Therapy - Private Insurance	5,408	9,282	3,874	15,217
Speech Therapy - Medical Assistance	4,804	11	(4,793)	-
Respiratory Therapy - Medicare Part A	7,457	20,885	13,428	-
Medical Surgical Supplies - Part A	16,538	18,278	1,740	15,006
Medical Surgical Supplies - Other	153	855	702	720
Pharmacy - Medicare Part A	113,563	145,877	32,314	130,243
Pharmacy - Private Pay/Insurance	1,419	3,756	2,337	10,397
Billable Medical Supplies - Private Pay	5,780	11,831	6,051	8,472
Laboratory - Medicare Part A	61,645	24,793	(36,852)	23,168
Laboratory - Medicare Part B	2,786	1,398	(1,388)	2,534
Laboratory - Private Insurance	2,299	1,329	(970)	2,612
Laboratory - Medical Assistance	159	134	(25)	161
X-Ray - Medicare Part A	4,949	4,270	(679)	3,133
Psychotherapy Part A	-	73	73	1,300
Cardiac Therapy Part A	-	1,084	1,084	-
Immunizations - Medicare Part A and B	3,778	7,607	3,829	-
Medicare Part A Ancillary Adjustments	(1,094,776)	(611,336)	483,440	(630,421)
Provision for Bad Debt	(2,548)	(49,985)	(47,437)	(361)
Total Resident Service Revenue	7,055,971	6,754,396	(301,575)	6,699,236

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013			2012
	Original Budget	Actual	Variance Positive (Negative)	Actual
<b>OPERATING REVENUES (CONTINUED):</b>				
<b>Other Operating Revenues:</b>				
Transportation:				
Medicaid	\$ 5,456	\$ 7,033	\$ 1,577	\$ 5,782
Private	2,499	2,048	(451)	1,466
Dietary:				
Meals Sold	4,834	4,170	(664)	5,105
Craft Sales	2,023	1,857	(166)	1,252
Miscellaneous Services:				
Level I Screening	2,070	3,510	1,440	2,280
Telephone	7	4	(3)	-
Other	5,960	2,955	(3,005)	3,402
Insurance Refunds - Legal Fees	619	-	(619)	-
Revenue for Nurses Aide Training	688	917	229	458
Total Other Operating Revenues	<u>24,156</u>	<u>22,494</u>	<u>(1,662)</u>	<u>19,745</u>
<b>Total Operating Revenues</b>	7,080,127	6,776,890	(303,237)	6,718,981
<b>OPERATING EXPENSES:</b>				
<b>Daily Resident Services:</b>				
Registered Nurses:				
Salaries and Wages	684,783	720,503	(35,720)	656,727
Fringe Benefits	191,900	214,092	(22,192)	194,414
Pool Help	16,642	4,761	11,881	11,887
Licensed Practical Nurses:				
Salaries and Wages	547,510	555,489	(7,979)	568,047
Fringe Benefits	160,503	156,975	3,528	166,286
Pool Help	65,012	1,753	63,259	37,671
Nurses Aides:				
Salaries and Wages	1,884,155	1,747,740	136,415	1,828,142
Fringe Benefits	599,065	593,496	5,569	567,627
Pool Help	10,468	221	10,247	2,728
Purchased Services	5,564	212	5,352	50
Supplies and Expenses	156,566	163,625	(7,059)	158,366
Over The Counter Drugs	4,091	4,510	(419)	5,132
Total Daily Resident Services	<u>4,326,259</u>	<u>4,163,377</u>	<u>162,882</u>	<u>4,197,077</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, 2013 AND 2012**

	2013		Variance Positive (Negative)	2012
	Original Budget	Actual		Actual
<b>OPERATING EXPENSES (CONTINUED):</b>				
<b>Special Services:</b>				
Laboratory:				
Purchased Services	\$ 24,583	\$ 19,386	\$ 5,197	\$ 16,911
Radiology:				
Purchased Services	2,458	2,321	137	720
Pharmacy:				
Supplies and Expenses	70,172	92,117	(21,945)	81,365
Purchased Services	1,722	6,588	(4,866)	7,126
Physical Therapy:				
Purchased Services	126,300	107,696	18,604	112,999
Occupational Services:				
Purchased Services	187,485	138,286	49,199	151,431
Medical Director Fees:				
Purchased Services	7,800	7,200	600	6,600
Social Services:				
Salaries and Wages	78,950	82,631	(3,681)	81,875
Fringe Benefits	27,092	30,086	(2,994)	27,955
Recreation Activities:				
Salaries and Wages	129,894	128,771	1,123	143,083
Fringe Benefits	37,987	41,885	(3,898)	40,134
Supplies and Expenses	2,145	-	2,145	-
Speech Therapy:				
Purchased Services	59,813	42,768	17,045	41,016
Infusion Therapy:				
Purchased Services	3,847	8,743	(4,896)	-
Total Special Services	760,248	708,478	51,770	711,215
<b>General Services:</b>				
Dietary:				
Salaries and Wages	349,183	339,999	9,184	345,722
Fringe Benefits	136,722	133,055	3,667	130,546
Supplies and Expenses	37,823	37,616	207	31,115
Food	244,715	252,582	(7,867)	260,088
Maintenance:				
Salaries and Wages	79,674	74,186	5,488	75,485
Fringe Benefits	33,275	36,018	(2,743)	40,740
Purchased Services	34,000	32,078	1,922	26,627
Supplies and Expenses	44,900	42,599	2,301	41,756
Housekeeping:				
Salaries and Wages	178,244	180,528	(2,284)	182,423
Fringe Benefits	59,483	63,233	(3,750)	59,455
Purchased Services	2,546	2,429	117	1,988
Supplies and Expenses	32,980	29,949	3,031	30,196

**POLK COUNTY HOME (GOLDEN AGE MANOR)**  
**DETAILED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013		Variance Positive (Negative)	2012
	Original Budget	Actual		Actual
<b>OPERATING EXPENSES (CONTINUED):</b>				
<b>General Services (Continued):</b>				
Laundry and Linen:				
Salaries and Wages	\$ 98,057	\$ 95,722	\$ 2,335	\$ 98,577
Fringe Benefits	36,840	40,409	(3,569)	38,128
Supplies and Expenses	12,611	8,793	3,818	11,250
Transportation:				
Salaries and Wages	27,392	26,995	397	27,033
Fringe Benefits	14,274	16,528	(2,254)	14,908
Supplies and Expenses	1,417	2,990	(1,573)	1,025
Total General Services	1,424,136	1,415,709	8,427	1,417,062
<b>Other Cost Centers:</b>				
Evergreen Assisted Living:				
Lease	-	506	(506)	506
Supplies and Expenses	506	917	(411)	458
Total Other Cost Centers	506	1,423	(917)	964
<b>Administrative Services:</b>				
Fiscal/Accounting:				
Salaries and Wages	193,815	160,552	33,263	160,852
Fringe Benefits	98,336	92,606	5,730	86,798
Purchased Services	31,170	23,796	7,374	24,485
Supplies and Expenses	25,653	28,080	(2,427)	22,834
Medical Records:				
Salaries and Wages	86,543	86,359	184	89,698
Fringe Benefits	44,088	44,233	(145)	46,441
Supplies and Expenses	912	1,004	(92)	1,407
General Administration:				
Salaries and Wages	79,020	79,962	(942)	87,999
Fringe Benefits	43,980	47,576	(3,596)	50,640
Committee Fees and Expenses	4,143	2,067	2,076	2,809
Legal Fees	2,237	-	2,237	-
Accounting Fees	-	13,550	(13,550)	14,430
Telephone	10,947	11,230	(283)	10,838
Postage	4,329	3,895	434	3,733
Subscriptions and Dues	8,067	11,873	(3,806)	11,223
Bed Assessment Fee	232,560	232,560	-	232,560
Licenses	834	784	50	1,637
Advertising Employment	2,590	6,841	(4,251)	7,319
Advertising Promotion	3,779	4,599	(820)	2,995
Administrative Travel	2,974	2,812	162	4,915
Supplies and Expenses	16,096	13,354	2,742	11,285
Continuing Education and Meetings	2,587	3,629	(1,042)	3,096
Other Administrative Expenses	7,550	21,677	(14,127)	182

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
 DETAILED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013		Variance Positive (Negative)	2012
	Original Budget	Actual		Actual
<b>OPERATING EXPENSES (CONTINUED)</b>				
<b>Administrative Services (Continued):</b>				
Fuel - Wisconsin Gas Company	\$ 43,427	\$ 39,848	\$ 3,579	\$ 36,397
Fuel for Generator	1,200	1,049	151	1,182
Electricity	27,000	24,802	2,198	27,206
Police and Fire Protection Fees	1,707	1,789	(82)	2,246
Water and Sewer	18,096	16,997	1,099	18,700
Equipment Operating Lease	8,494	(87)	8,581	1,226
Insurance:				
Property Insurance	5,100	5,531	(431)	4,692
General Liability Insurance	37,505	34,644	2,861	33,324
Worker's Compensation Insurance	85,133	76,487	8,646	103,493
Total Administrative Services	1,129,872	1,094,099	35,773	1,106,642
<b>Depreciation:</b>				
Land Improvements	4,938	1,484	3,454	1,781
Buildings	80,724	79,748	976	80,073
Fixed Equipment	42,432	37,589	4,843	37,772
Major Moveable Equipment	44,569	41,172	3,397	46,696
	172,663	159,993	12,670	166,322
<b>Total Operating Expenses</b>	7,813,684	7,543,079	270,605	7,599,282
<b>OPERATING LOSS</b>	(733,557)	(766,189)	(32,632)	(880,301)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Supplemental Payment Revenue	932,800	979,279	46,479	1,098,210
Interest Income - General	115	743	628	1,083
Interest Expense - General	(34,822)	(36,345)	(1,523)	(38,924)
Contributions - General	-	8,396	8,396	3,795
Gain (Loss) on Disposal of Fixed Assets	(270)	-	270	600
	897,823	952,073	54,250	1,064,764
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE TRANSFERS</b>	164,266	185,884	21,618	184,463
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	-	27,000	27,000	-
<b>CHANGE IN NET POSITION</b>	\$ 164,266	\$ 212,884	\$ 48,618	\$ 184,463

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

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

We have audited the financial statements of Polk County Home (Golden Age Manor) as of and for the year ended December 31, 2013, and have issued our report thereon dated June 19, 2014. 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 (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Polk County Home (Golden Age Manor's) internal control. Accordingly, we do not express an opinion on the effectiveness of Polk County Home (Golden Age Manor's) internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2013-1 and 2013-2 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*.

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

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

**Purpose of this Report**

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

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
June 19, 2014

**POLK COUNTY HOME (GOLDEN AGE MANOR)  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2013**

**FINDING: 2013-1**

**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, 2013**

**FINDING: 2013-2**

**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.