

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**

Independent Auditor's Report and Financial Statements

December 31, 2012 and 2011



**Logan Manor Community Health Services**  
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**December 31, 2012 and 2011**

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## **Independent Auditor's Report on Financial Statements and Supplementary Information**

Board of Trustees  
Logan Manor Community Health Services  
Logan, Kansas

We have audited the accompanying financial statements of Logan Manor Community Health Services, a fund of the City of Logan, Kansas, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's 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 Kansas Municipal Audit Guide. 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 auditor's 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.

As discussed in Note 1, the financial statements of Logan Manor Community Health Services are intended to present the financial position and the changes in financial position of only the Manor. It does not purport to, and does not present fairly the financial position and the changes in financial position of the City of Logan, Kansas, in conformity with accounting principles generally accepted in the United States of America.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Logan Manor Community Health Services as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Logan Manor Community Health Services has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Net Resident Service Revenue and Other Revenue and Divisional Revenues and Expenses listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial 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.

*BKD, LLP*

Wichita, Kansas  
April 24, 2013

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Balance Sheets**  
**December 31, 2012 and 2011**

|   | <u>2012</u>                | <u>2011</u>                |
|---|----------------------------|----------------------------|
| <b>Assets</b>   |                            |                            |
| <b>Current Assets</b>   |                            |                            |
| Cash and cash equivalents   | \$ 169,105                 | \$ 85,014                  |
| Short-term certificates of deposit  | 277,437                    | 200,636                    |
| Resident accounts receivable, net of allowance;<br>2012 - \$55,000, 2011 - \$55,000 | 138,189                    | 196,439                    |
| Supplies  | 19,317                     | 14,678                     |
| Prepaid expenses and other  | <u>28,924</u>              | <u>50,054</u>              |
| Total current assets  | <u>632,972</u>             | <u>546,821</u>             |
| <b>Assets Limited to Use by External Donors</b>                                     | <u>99,118</u>              | <u>99,118</u>              |
| <b>Capital Assets, Net</b>  | <u>1,180,060</u>           | <u>1,184,621</u>           |
| Total assets  | <u><u>\$ 1,912,150</u></u> | <u><u>\$ 1,830,560</u></u> |
| <br><b>Liabilities and Net Position</b>   |                            |                            |
| <b>Current Liabilities</b>  |                            |                            |
| Accounts payable  | \$ 57,886                  | \$ 90,703                  |
| Accrued expenses  | <u>147,510</u>             | <u>140,812</u>             |
| Total current liabilities   | <u>205,396</u>             | <u>231,515</u>             |
| <b>Net Position</b>   |                            |                            |
| Net investment in capital assets  | 1,180,060                  | 1,184,621                  |
| Unrestricted  | 427,576                    | 315,306                    |
| Restricted - nonexpendable  | <u>99,118</u>              | <u>99,118</u>              |
| Total net position  | <u>1,706,754</u>           | <u>1,599,045</u>           |
| Total liabilities and net position  | <u><u>\$ 1,912,150</u></u> | <u><u>\$ 1,830,560</u></u> |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2012 and 2011**

|  | <b>2012</b>                | <b>2011</b>                |
|--|----------------------------|----------------------------|
| <b>Operating Revenues</b>  |                            |                            |
| Net resident service revenue, net of provision for uncollectible accounts; 2012 - \$0, 2011 - \$36,000 | \$ 2,387,843               | \$ 2,309,100               |
| Other  | 60,705                     | 43,206                     |
| Total operating revenues   | <u>2,448,548</u>           | <u>2,352,306</u>           |
| <b>Operating Expenses</b>  |                            |                            |
| Salaries and wages   | 1,454,942                  | 1,401,732                  |
| Employee benefits  | 304,563                    | 262,979                    |
| Contract labor   | 98,845                     | 118,415                    |
| Medical supplies and drugs   | 74,419                     | 92,343                     |
| Food   | 104,574                    | 108,076                    |
| Utilities and telephone  | 72,022                     | 83,276                     |
| Repairs and maintenance  | 61,535                     | 76,001                     |
| Insurance  | 77,269                     | 66,136                     |
| Mileage  | 5,110                      | 6,249                      |
| Dues and subscriptions   | 17,602                     | 23,506                     |
| Advertising  | 13,978                     | 10,514                     |
| Office supplies  | 11,125                     | 10,841                     |
| Supplies and other   | 31,270                     | 28,911                     |
| Depreciation   | 98,580                     | 104,500                    |
| Total operating expenses   | <u>2,425,834</u>           | <u>2,393,479</u>           |
| <b>Operating Income (Loss)</b>   | <u>22,714</u>              | <u>(41,173)</u>            |
| <b>Nonoperating Revenues</b>   |                            |                            |
| Intergovernmental revenue  | -                          | 10,000                     |
| Interest income  | 3,107                      | 1,849                      |
| Noncapital gifts   | 81,888                     | 208,150                    |
| Total nonoperating revenues  | <u>84,995</u>              | <u>219,999</u>             |
| <b>Increase in Net Position</b>  | 107,709                    | 178,826                    |
| <b>Net Position, Beginning of Year</b>   | <u>1,599,045</u>           | <u>1,420,219</u>           |
| <b>Net Position, End of Year</b>   | <u><u>\$ 1,706,754</u></u> | <u><u>\$ 1,599,045</u></u> |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Statements of Cash Flows**  
**Years Ended December 31, 2012 and 2011**

|   | <u>2012</u>              | <u>2011</u>              |
|---|--------------------------|--------------------------|
| <b>Operating Activities</b>                               |                          |                          |
| Receipts from and on behalf of residents                  | \$ 2,446,093             | \$ 2,212,752             |
| Payments to suppliers and contractors                     | (584,075)                | (636,864)                |
| Payments to or on behalf of employees                     | (1,752,807)              | (1,663,790)              |
| Other receipts, net                                       | <u>60,705</u>            | <u>43,206</u>            |
| Net cash provided by (used in) operating activities       | <u>169,916</u>           | <u>(44,696)</u>          |
| <b>Noncapital Financing Activities</b>                    |                          |                          |
| Intergovernmental revenue supporting operations           | -                        | 10,000                   |
| Gifts for specific operating activities                   | <u>81,888</u>            | <u>208,150</u>           |
| Net cash provided by noncapital financing activities      | <u>81,888</u>            | <u>218,150</u>           |
| <b>Capital and Related Financing Activities</b>           |                          |                          |
| Purchase of capital assets                                | <u>(94,019)</u>          | <u>(22,760)</u>          |
| Net cash used in capital and related financing activities | <u>(94,019)</u>          | <u>(22,760)</u>          |
| <b>Investing Activities</b>                               |                          |                          |
| Purchase of short-term certificates of deposit            | (276,801)                | (200,000)                |
| Maturities of short-term certificates of deposit          | 200,000                  | 101,758                  |
| Interest income   | <u>3,107</u>             | <u>1,849</u>             |
| Net cash used in investing activities                     | <u>(73,694)</u>          | <u>(96,393)</u>          |
| <b>Increase in Cash and Cash Equivalents</b>              | 84,091                   | 54,301                   |
| <b>Cash and Cash Equivalents, Beginning of Year</b>       | <u>184,132</u>           | <u>129,831</u>           |
| <b>Cash and Cash Equivalents, End of Year</b>             | <u><u>\$ 268,223</u></u> | <u><u>\$ 184,132</u></u> |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2012 and 2011**

|   | <u>2012</u>              | <u>2011</u>               |
|---|--------------------------|---------------------------|
| <b>Reconciliation of Cash to the Balance Sheets</b>   |                          |                           |
| Cash in current assets  | \$ 169,105               | \$ 85,014                 |
| Assets limited to use   | <u>99,118</u>            | <u>99,118</u>             |
| Total cash  | <u><u>\$ 268,223</u></u> | <u><u>\$ 184,132</u></u>  |
| <b>Reconciliation of Net Operating Revenues (Expenses) to<br/>Net Cash Provided by (Used in) Operating Activities</b> |                          |                           |
| Operating income (loss)   | \$ 22,714                | \$ (41,173)               |
| Depreciation  | 98,580                   | 104,500                   |
| Changes in operating assets and liabilities   |                          |                           |
| Resident accounts receivable, net   | 58,250                   | (96,348)                  |
| Accounts payable and accrued expenses   | (26,119)                 | (17,479)                  |
| Other assets and liabilities  | <u>16,491</u>            | <u>5,804</u>              |
| Net cash provided by (used in) operating activities   | <u><u>\$ 169,916</u></u> | <u><u>\$ (44,696)</u></u> |



**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations and Reporting Entity***

The City of Logan d/b/a Logan Manor Community Health Services (Manor) is an adult care facility located in Logan, Kansas. The Manor is a fund of City of Logan, Kansas (City), and the City Commissioners appoint members to the Board of Trustees of the Manor. The Manor primarily earns revenues by providing inpatient residential long-term care, assisted living services and home health services to its residents who are from the northwest Kansas area.

***Basis of Accounting and Presentation***

The financial statements of the Manor have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated nonexchange transactions that are not program specific such as intergovernmental revenue from property taxes and investment income are included in nonoperating revenues and expenses. The Manor first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The Manor prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents***

The Manor considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted primarily of a short-term certificate of deposit.

Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions. This legislation expired on December 31, 2012. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the \$250,000 limit on FDIC insurance per covered institution.

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
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**December 31, 2012 and 2011**

***Intergovernmental Revenue***

The Manor received approximately 0.4% of its financial support from intergovernmental revenue derived from property taxes in 2011. One hundred percent of these funds were used to support operations.

Property taxes are assessed by the City in November and are received beginning in January of the following year. Intergovernmental revenue is recognized in full in the year in which use is first permitted.

***Risk Management***

The Manor is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

***Resident Accounts Receivable***

The Manor reports resident accounts receivable for services rendered at net realizable amounts from third-party payers, residents and others. The Manor provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

***Supplies***

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Manor:

|                          |               |
|--------------------------|---------------|
| Buildings                | 39 - 50 years |
| Building improvements    | 10 - 35 years |
| Major moveable equipment | 3 - 15 years  |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

***Compensated Absences***

Manor policies permit most employees to accumulate vacation, holiday, personal and sick leave benefits that may be realized as paid time off or as a cash payment. Expense and the related liability are recognized as vacation and sick leave benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

***Net Position***

Net position of the Manor is classified in three components. Net investment in capital assets consist of capital assets net of accumulated depreciation. Restricted nonexpendable net position includes noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Manor, such as permanent endowments. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of investment in capital assets or restricted nonexpendable.

***Net Resident Service Revenue***

The Manor has agreements with third-party payers that provide for payments to the Manor at amounts different from its established rates. Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

***Income Taxes***

As an essential government function of the City, the Manor is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note 2: Net Resident Service Revenue**

The Manor has agreements with third-party payers that provide for payments to the Manor at amounts different from its established rates. These payment arrangements include:

*Medicare.* Skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates.

*Medicaid.* Services rendered to Medicaid program beneficiaries are reimbursed under a cost-based prospective reimbursement methodology. The Manor is reimbursed at a prospective rate, with annual cost reports submitted to the Medicaid program. Prior to 2011 rates were computed each calendar quarter using an average of the 2005, 2006 and 2007 cost reports and changes in the Medicaid resident case mix index. As part of a provider assessment program approved by the Centers for Medicare and Medicaid Services on February 2, 2011, rates were updated retroactively to July 1, 2010, using 2007, 2008 and 2009 cost report data. Additional net revenues relative to the provider assessment program for the period from July 1, 2010 through June 30, 2011 (the State's fiscal year), were approximately \$93,000 and are included in 2011 net resident service revenue. Effective July 1, 2011, rates were updated using 2008, 2009 and 2010 cost report data. Rates were not rebased or inflated as of July 1, 2012. The Medicaid cost reports are subject to audit by the State and adjustments to rates can be made retroactively.

Approximately 43% and 37% of net resident service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2012 and 2011, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

**Note 3: Deposits**

***Deposits***

Custodial credit risk is the risk in the event of a bank failure, a government's deposits may not be returned to it. The Manor's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

At December 31, 2012 and 2011, respectively, \$293,571 and \$134,217 of the Manor's bank balances of \$543,571 and \$384,217 were exposed to custodial credit risk as follows:

|  | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|
| Uninsured and collateral held by pledging financial institution's trust department or agent in other than the Manor's name | \$ 293,571  | \$ 134,217  |

**Summary of Carrying Values**

The carrying value of deposits shown above are included in the balance sheets as follows:

|  | <b>2012</b>       | <b>2011</b>       |
|--|-------------------|-------------------|
| Carrying value                                   |                   |                   |
| Deposits   | \$ 545,668        | \$ 384,776        |
| Petty cash                                       | (8)               | (8)               |
|  | <u>\$ 545,660</u> | <u>\$ 384,768</u> |
| Included in the following balance sheet captions |                   |                   |
| Cash   | \$ 169,105        | \$ 85,014         |
| Short-term certificates of deposit               | 277,437           | 200,636           |
| Assets limited to use by external donors         | <u>99,118</u>     | <u>99,118</u>     |
|  | <u>\$ 545,660</u> | <u>\$ 384,768</u> |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Note 4: Resident Accounts Receivable**

The Manor grants credit without collateral to its residents, many of whom are area residents and are insured under third-party payer agreements. Resident accounts receivable at December 31, 2012 and 2011, consisted of:

|   | <b>2012</b>              | <b>2011</b>              |
|---|--------------------------|--------------------------|
| Medicaid                                  | \$ 89,749                | \$ 90,277                |
| Medicare                                  | 24,135                   | 18,505                   |
| Residents                                 | 79,305                   | 142,657                  |
|   | <u>193,189</u>           | <u>251,439</u>           |
| Less allowance for uncollectible accounts | <u>55,000</u>            | <u>55,000</u>            |
|   | <u><u>\$ 138,189</u></u> | <u><u>\$ 196,439</u></u> |

**Note 5: Capital Assets**

Capital assets activity for the years ended December 31, 2012 and 2011, was:

|                               | <b>2012</b>                  |                          |                    |                            |
|-------------------------------|------------------------------|--------------------------|--------------------|----------------------------|
|                               | <b>Beginning<br/>Balance</b> | <b>Additions</b>         | <b>Disposals</b>   | <b>Ending<br/>Balance</b>  |
| Land and improvements         | \$ 73,522                    | \$ -                     | \$ -               | \$ 73,522                  |
| Buildings and equipment       | 2,499,501                    | 91,519                   | -                  | 2,591,020                  |
| Major moveable equipment      | 240,910                      | 2,500                    | -                  | 243,410                    |
|                               | <u>2,813,933</u>             | <u>94,019</u>            | <u>-</u>           | <u>2,907,952</u>           |
| Less accumulated depreciation |                              |                          |                    |                            |
| Land and improvements         | 36,850                       | 5,496                    | -                  | 42,346                     |
| Buildings and equipment       | 1,385,800                    | 83,970                   | -                  | 1,469,770                  |
| Major moveable equipment      | 206,662                      | 9,114                    | -                  | 215,776                    |
|                               | <u>1,629,312</u>             | <u>98,580</u>            | <u>-</u>           | <u>1,727,892</u>           |
| Capital Assets, Net           | <u><u>\$ 1,184,621</u></u>   | <u><u>\$ (4,561)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,180,060</u></u> |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

|                               | <b>2011</b>                  |                    |                  |                           |
|-------------------------------|------------------------------|--------------------|------------------|---------------------------|
|                               | <b>Beginning<br/>Balance</b> | <b>Additions</b>   | <b>Disposals</b> | <b>Ending<br/>Balance</b> |
| Land and improvements         | \$ 73,522                    | \$ -               | \$ -             | \$ 73,522                 |
| Buildings and equipment       | 2,480,836                    | 18,665             | -                | 2,499,501                 |
| Major moveable equipment      | 237,439                      | 3,471              | -                | 240,910                   |
|                               | <u>2,791,797</u>             | <u>22,136</u>      | <u>-</u>         | <u>2,813,933</u>          |
| Less accumulated depreciation |                              |                    |                  |                           |
| Land and improvements         | 34,635                       | 2,215              | -                | 36,850                    |
| Buildings and equipment       | 1,302,419                    | 83,381             | -                | 1,385,800                 |
| Major moveable equipment      | 187,758                      | 18,904             | -                | 206,662                   |
|                               | <u>1,524,812</u>             | <u>104,500</u>     | <u>-</u>         | <u>1,629,312</u>          |
| Capital Assets, Net           | <u>\$ 1,266,985</u>          | <u>\$ (82,364)</u> | <u>\$ -</u>      | <u>\$ 1,184,621</u>       |

**Note 6: Permanently Restricted Net Position**

At December 31, 2012 and 2011, restricted nonexpendable net position was available for the following purposes:

|                              | <b>2012</b>      | <b>2011</b>      |
|------------------------------|------------------|------------------|
| Assisted living improvements | <u>\$ 99,118</u> | <u>\$ 99,118</u> |

At December 31, 2012 and 2011, none of the Manor's cash and certificates of deposit have been designated by the Manor's Board of Trustees for capital acquisitions. Designated assets remain under the control of the Board of Trustees, which may at its discretion later use for other purposes.

**Note 7: Retirement Plans**

The Manor has a 401(a) money purchase pension plan covering substantially all employees. The Manor's contribution is 4% of the employee's salary. Contributions to the plan were \$37,553 and \$38,505 for 2012 and 2011, respectively.

## **Supplementary Information**



**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Net Resident Service Revenue and Other Revenue**  
**Years Ended December 31, 2012 and 2011**

|                                      | <u>2012</u>                | <u>2011</u>                |
|--------------------------------------|----------------------------|----------------------------|
| Nursing service skilled care         | \$ 2,140,330               | \$ 2,020,058               |
| Assisted living                      | 230,347                    | 305,098                    |
| Home health                          | 9,399                      | 11,021                     |
| Home and community based services    | <u>7,767</u>               | <u>8,923</u>               |
| Gross resident service revenue       | 2,387,843                  | 2,345,100                  |
| Provision for uncollectible accounts | <u>-</u>                   | <u>(36,000)</u>            |
| Net resident service revenue         | <u><u>\$ 2,387,843</u></u> | <u><u>\$ 2,309,100</u></u> |

**Other Revenue**

|                        | <u>2012</u>             | <u>2011</u>             |
|------------------------|-------------------------|-------------------------|
| Cafeteria sales        | \$ 15,913               | \$ 13,400               |
| Barber and beauty shop | 132                     | (100)                   |
| Miscellaneous income   | <u>44,660</u>           | <u>29,906</u>           |
|                        | <u><u>\$ 60,705</u></u> | <u><u>\$ 43,206</u></u> |

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Divisional Revenues and Expenses**  
**Years Ended December 31, 2012 and 2011**

|                                | 2012               |                    |                 |  | Total            |
|--------------------------------|--------------------|--------------------|-----------------|--|------------------|
|                                | Skilled<br>Nursing | Assisted<br>Living | Home<br>Health  | Home and<br>Community<br>Based<br>Services |                  |
| <b>Operating Revenues</b>      |                    |                    |                 |  |                  |
| Net resident service revenue   | \$ 2,140,330       | \$ 230,347         | \$ 9,399        | \$ 7,767                                   | \$2,387,843      |
| Other                          | 59,502             | 1,203              | -               | -  | 60,705           |
| Total operating revenues       | 2,199,832          | 231,550            | 9,399           | 7,767                                      | 2,448,548        |
| <b>Operating Expenses</b>      |                    |                    |                 |  |                  |
| Salaries and wages             | 1,311,383          | 140,654            | -               | 2,905                                      | 1,454,942        |
| Employee benefits              | 269,826            | 33,373             | -               | 1,364                                      | 304,563          |
| Contract labor                 | 98,265             | 330                | 250             | -  | 98,845           |
| Drugs and medical supplies     | 74,503             | (84)               | -               | -  | 74,419           |
| Food and kitchen supplies      | 100,538            | 4,036              | -               | -  | 104,574          |
| Utilities                      | 53,638             | 18,384             | -               | -  | 72,022           |
| Insurance                      | 72,607             | 4,662              | -               | -  | 77,269           |
| Repairs and maintenance        | 49,603             | 11,932             | -               | -  | 61,535           |
| Supplies and other expenses    | 78,715             | 245                | -               | 125  | 79,085           |
| Depreciation                   | 58,849             | 39,731             | -               | -  | 98,580           |
| Total operating expenses       | 2,167,927          | 253,263            | 250             | 4,394                                      | 2,425,834        |
| <b>Operating Income (Loss)</b> | <u>\$ 31,905</u>   | <u>\$ (21,713)</u> | <u>\$ 9,149</u> | <u>\$ 3,373</u>                            | <u>\$ 22,714</u> |

| 2011               |                    |                |  |              |
|--------------------|--------------------|----------------|--|--------------|
| Skilled<br>Nursing | Assisted<br>Living | Home<br>Health | Home and<br>Community<br>Based<br>Services | Total        |
| \$ 1,984,058       | \$ 305,098         | \$ 11,021      | \$ 8,923                                   | \$ 2,309,100 |
| 40,413             | 2,793              | -              | -  | 43,206       |
| 2,024,471          | 307,891            | 11,021         | 8,923                                      | 2,352,306    |
| 1,254,910          | 143,963            | -              | 2,859                                      | 1,401,732    |
| 228,999            | 32,407             | -              | 1,573                                      | 262,979      |
| 117,766            | 440                | 209            | -  | 118,415      |
| 92,423             | (80)               | -              | -  | 92,343       |
| 100,731            | 7,345              | -              | -  | 108,076      |
| 62,378             | 20,898             | -              | -  | 83,276       |
| 61,728             | 4,408              | -              | -  | 66,136       |
| 60,315             | 15,686             | -              | -  | 76,001       |
| 79,876             | 120                | -              | 25   | 80,021       |
| 68,056             | 36,444             | -              | -  | 104,500      |
| 2,127,182          | 261,631            | 209            | 4,457                                      | 2,393,479    |
| \$ (102,711)       | \$ 46,260          | \$ 10,812      | \$ 4,466                                   | \$ (41,173)  |