

BULTYNCK & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS
SEC PRACTICE SECTION
AND
PRIVATE COMPANIES PRACTICE SECTION
OF THE AMERICAN INSTITUTE OF C P A 'S
AND
MICHIGAN ASSOCIATION OF C P A 'S

Community Mental Health Services
of Lenawee County
Adrian, Michigan

We have examined the financial statements of the Community Mental Health Services of Lenawee County, for the year ended September 30, 1980, and have issued our report thereon dated December 10, 1980.

As a part of our examination, we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

It should be noted that this letter, by its nature, may appear to be critical in that it contains only our comments and recommendations on deficiencies observed in the course of our examination. It does not include our observations of the many strong features of the Agency's system of internal control also observed. We would like to extend our appreciation for the excellent cooperation received from the employees of the Agency during our examination.

Our study and evaluation of the Agency's system of internal accounting control for the year ended September 30, 1980, which was made for the purpose set forth in the first paragraph, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed the following weaknesses prompting our following suggestions.

General Comments

Chart of Accounts

The accountant should prepare a schedule of account titles and numbers presently in use in the accounting system of the Agency. The schedule would be updated for additions and deletions solely under her control.

General Fixed Assets

General fixed asset group of accounts are not included in the general ledger of the Agency. Office furniture and fixtures and other operating equipment costs should be summarized and recorded in the general ledger in compliance with generally accepted accounting procedures as described in the AICPA Audit Guide for State and Local Governmental Units, the "Uniform Accounting Procedures for Local Units of Government in Michigan" as prescribed by the Department of Treasury and adopted by the Department of Mental Health and NCGA Statement 1.

There seems to be some question as to whether Lenawee County or the Agency is responsible for maintaining such fixed asset records. Regardless as to who is responsible for maintaining such records, it is the responsibility of the Agency to assure proper recordkeeping and safeguarding of the fixed assets.

Competitive Bids

The Agency has adopted a policy of requiring invitations for competitive bids to be obtained for purchases of fixed assets with a cost in excess of \$500.00 per item.

In our opinion, a documented process of price shopping should be implemented whenever fixed assets are purchased with an item cost in excess of approximately \$200.00. Additionally, fixed assets purchased in quantities, whose aggregate cost exceeds \$500.00, should also be price shopped.

Further-more, the minutes of the Board meetings should summarize the bids received as they relate to bid amounts and the reasoning behind the bid selections.

Purchases and Disbursements

Segregation

Our examination disclosed that the Agency's accountant is responsible

for performing the following tasks: (1) searching for best bid and ordering; (2) executing purchase orders (on behalf of some others; (3) receiving and signing for goods; (4) distributing goods to appropriate departments and; (5) matching goods received with purchase order, invoice, and submitting for payment. We are aware of and appreciate that the Agency's limited number of employees inhibit the Agency's ability to segregate the various duties to the extent it would like to. However, to safeguard the community's interest, the Agency should at a minimum segregate the purchasing and receiving duties.

Purchase Orders

Though an orderly process of purchase order usage exists in the Agency, a formalized Fiscal Management Policy and/or Procedure does not exist. May we suggest that the business office write such a policy.

Pre-signed Vouchers

Some repetitious and emergency expenditures are processed with the use of vouchers which have been pre-signed by the Board Chairperson. Such expenditures are included on a voucher list prepared for Board review and approval, but are not returned to the Board Chairperson for his review of supporting documents and approval of prior payment. The Board Chairperson should review such support for pre-signed vouchers and acknowledge his approval. This would provide a review of expenditures processed by management outside of the usual system of internal control.

Invoice Review and Authorization

It appears as though almost all invoices and monthly vendor statements are reviewed by the Administrative Assistant prior to payment. The Administrative Assistant should initial such supporting documents to indicate his approval for payment.

Cash Receipts

Mail Receipts

Mail receipts are not listed prior to delivery to the reimbursement officer and to the receptionist for posting to the "daily sheet". A list should be prepared to enable reconciliations of checks received in the mail with posting of cash receipts and bank deposits to assure that all checks received are recorded and deposited intact.

Record Keeping and Accounting Policies

Insurance Policies

When examining the expenditures for insurance coverage, we noted that

the Agency did not have copies of current policies acquired directly by the county. We suggest that the Agency request these copies whenever new policies go into effect and review coverage for adequacy.

Journals

Presently, upon the receipt of invoices, the accountant records the expenditure and the related liability in a purchases journal. Later the same month, upon the authorization of the Board, the invoice is paid at which time the disbursement is recorded and the liability is relieved. Considering that most all invoices are simultaneously paid at the end of the month, we feel that use of both a purchase journal and an expenditures journal duplicates the recording process of expenditures. The Agency should consider eliminating the use of the purchase journal.

Payroll Distributions

The county provides the Agency with a computer print-out indicating compensation and fringes for each employee for each pay period. Presently, the accountant must manually allocate compensation and fringes to the appropriate program.

The Agency has previously asked the county to identify each employee's program and summarize total compensation and fringes by program to eliminate the need to manually do so.

We suggest that the Board continue to request such a summary from the county.

Comments Resulting from Review of Compliance of Required Contract Provisions with Contract Agencies Providing Client Services

The provisions of contracts between the Board and Contract Agencies which management and ourselves considered applicable to the Department of Mental Health requirements were as follows:

1. Required record retention.
2. Guarantee of services to Board clients. *as contracted,*
3. Adherence to appropriate accounting standards.
4. Accuracy of expenditures and revenue reported to the Board.
5. Existence of an audit report for the fiscal year ended September 30, 1980 performed by qualified auditors.
6. Identification of Board clients.

Because the fiscal year ends of the Contract Agencies are either September 30, 1980 or later, we were unable to assure ourselves that audit reports for such years existed. May we suggest that the Board acquire audit reports for such years prior to September 30, 1981.

We performed this review at Call Someone Concerned, H.O.P.E. Recreation Center and Goodwill Industries of SE Michigan - LARC.

The only comments regarding deficiencies observed are expressed in the following paragraph, all of which are related to lack of adherence to appropriate accounting standards. These comments have been discussed with appropriate personnel of the Contract Agencies and we have been assured that these deficiencies will be resolved prior to issuance of their respective audit reports for fiscal years ended September 30, 1980. The Board should establish a policy to assure itself that such deficiencies have indeed been resolved.

Call Someone Concerned

The basis of accounting used by the Contract Agency, Call Someone Concerned, is that of a hybrid accrual method, whereby all expenditures known and unpaid prior to the year end date are paid for on the year end date. Any expenditure incurred before, but not paid prior to the year end, is not recorded.

The appropriate basis of accounting, the modified accrual method, requires that such expenditures incurred before, but not paid prior to the year end, should be recorded and recognized as a liability using some form of an accounts payable system.

The accountants' report for the fiscal year ended September 30, 1979 was not in compliance with generally accepted accounting principles. A balance sheet and a statement of changes in fund balance, required by generally accepted accounting principles, were not included in the report. The format of the statement of revenue and expenditures was not presented in the appropriate format. We have discussed these matters with the Administrative Assistant of the Contract Agency and have suggested this resolution for the accountants' report for the fiscal year ended September 30, 1980.

At the date of this report, the Contract Agency had not maintained a general fixed asset group of accounts.

H.O.P.E. Recreation Center

The accountants' report for the fiscal year ended September 30, 1979, indicated that a hybrid method of accounting was used. The modified accrual method should be adopted.

At the date of this report, a double entry system was not in use to record the cash receipts journal. Deposits to the bank were posted to the general ledger using a single entry recording into the general journal. Revenue was posted by use of a single entry revenue summary.

During the fiscal year ending September 30, 1980, the general ledger has not been closed, no financial reports have been provided the Board, and the accuracy of several account balances and the overall balancing of the general ledger is questionable.

The fixed assets of the Contract Agency are maintained in the general fund, yet

should be maintained in a separate fixed asset group of accounts.

We view this engagement as a long-term relationship and accordingly we plan to make a concerted effort to remain continuously informed about your financial affairs so as to be in a position to give constructive counsel throughout the year.

We welcome the opportunity to be of service to the Community Mental Health Services of Lenawee County and wish to thank the personnel for the many courtesies and cooperation extended to us during the examination. If you should have any questions regarding our comments and suggestions, please feel free to contact us.

Very truly yours,

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January 26, 1981

Community Mental Health Board
of Lenawee County
1301 North Main Street
Adrian, MI 49221

Gentlemen:

Pursuant to our discussion of the regular board meeting on January 22, 1980, this letter is to provide a written explanation as to the purpose of the comparative combined balance sheets as of September 30, 1980 and 1979 of the Agency.

The comparative combined balance sheets have been presented to provide the reader an overall view of the financial position of the Agency. It must be understood that the Hendershot Fund and the General Fund are two separate entities. Additionally, the use of the cash of the Hendershot Fund is restricted as written in the last will and testament of Glenn C. Hendershot.

Feel free to contact us if there are any further questions.

Very truly yours,

BULTYNCK & CO., P.C.



Dennis McLean

DMC/tjr

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEЕ COUNTY

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Community Mental Health Board
of Lenawee County
Adrian, Michigan

We have examined the financial statements of the General Fund and the Hendershot Fund of the Community Mental Health Services of Lenawee County for the year ended September 30, 1980, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements for September 30, 1979, included for comparative purposes, were examined by other auditors whose report dated February 25, 1980 express a qualified opinion.

The Community Mental Health Services of Lenawee County has not maintained a record of its general fixed assets group of accounts and accordingly a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial report.

In our opinion, except for the omission of the information mentioned in the preceding paragraph, the financial statements listed in the aforementioned table of contents present fairly the financial position of the Community Mental Health Services of Lenawee County at September 30, 1980, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the accounting method changes and error corrections as described in Note 4 of the General Fund, with which we concur.

The accompanying supplemental information and the column on the accompanying combined balance sheet captioned "Total-Memorandum Only" are not necessary for fair presentation of the financial statements, but are presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements listed in the foregoing table of contents, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bultynck & Co. P.C.

December 10, 1980

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

Comparative Combined Balance Sheets

September 30, 1980 and 1979

<u>Assets</u>	1980			1979		
	General Fund	Hendershot Fund	Total (Memorandum Only)	General Fund	Hendershot Fund	Total (Memorandum Only)
Cash on hand and deposited	\$ 137,678.21	119,285.96	256,964.17	103,392.84	110,240.99	213,633.83
Receivables	31,408.25	1,314.03	32,722.28	22,734.61	128.03	22,862.64
Due from other governmental units	45,380.26	-	45,380.26	18,979.99	-	18,979.99
Due from other fund	7,568.00	-	7,568.00	-	2,412.00	2,412.00
Investments	-	3,610.00	3,610.00	-	3,610.00	3,610.00
Prepaid expenses	16,516.68	-	16,516.68	11,890.63	-	11,890.63
	<u>\$ 238,551.40</u>	<u>124,209.99</u>	<u>362,761.39</u>	<u>156,998.07</u>	<u>116,391.02</u>	<u>273,389.09</u>
 <u>Liabilities and Fund Balance</u> 						
Accounts payable	\$ 16,843.02	-	16,843.02	14,613.16	-	14,613.16
Accrued salaries and wages	19,371.68	-	19,371.68	10,683.92	-	10,683.92
Accrued expenses	14,823.00	-	14,823.00	-	-	-
Due to other governmental units	74,153.46	-	74,153.46	26,053.46	-	26,053.46
Due to other fund	-	7,568.00	7,568.00	2,412.00	-	2,412.00
Deferred revenue	13,877.17	-	13,877.17	10,759.75	-	10,759.75
Fund balance	99,483.07	116,641.99	216,125.06	92,475.78	116,391.02	208,866.80
	<u>\$ 238,551.40</u>	<u>124,209.99</u>	<u>362,761.39</u>	<u>156,998.07</u>	<u>116,391.02</u>	<u>273,389.09</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

General Fund

Comparative Balance Sheets

September 30, 1980 and 1979

<u>Assets</u>	<u>1980</u>	<u>1979</u>	<u>Liabilities and Fund Balance</u>	<u>1980</u>	<u>1979</u>
Cash on hand and deposited:			Liabilities:		
Cash on hand	\$ 484.86	607.00	Accounts payable	\$ 16,843.02	14,613.16
Cash on deposit with the Lenawee County Treasurer	<u>137,193.35</u>	<u>102,785.84</u>	Accrued salaries and wages	19,371.68	10,683.92
Total cash on hand and deposited	<u>137,678.21</u>	<u>103,392.84</u>	Accrued expenses:		
Receivables:			Retirement	12,397.43	-
Accounts receivable (net of \$7,000 allowance at September 30, 1980 and \$4,732.03 at September 30, 1979)	28,698.25	18,928.13	Workmen's compensation	<u>2,425.57</u>	-
Other agencies:			Total accrued expenses	<u>14,823.00</u>	-
United Fund of Tecumseh	750.00	625.00	Due to other governmental units:		
Headstart	500.00	-	State of Michigan - Department of Mental Health (note 2)	68,410.00	21,163.00
Maurice Spears Campus	1,460.00	3,115.28	Lenawee County (note 2)	<u>5,743.46</u>	<u>4,890.46</u>
Employees	-	66.20	Total due to other governmental units	<u>74,153.46</u>	<u>26,053.46</u>
Total receivables	<u>31,408.25</u>	<u>22,734.61</u>	Due to Hendershot Fund	-	2,412.00
Due from governmental units:			Deferred revenue (note 3)	<u>13,877.17</u>	<u>10,759.75</u>
State of Michigan - Department of Mental Health	45,000.00	18,791.00			
Department of Human Services	<u>380.26</u>	<u>188.99</u>	Total liabilities	139,068.33	64,522.29
Total due from other governmental units	<u>45,380.26</u>	<u>18,979.99</u>			
Due from Hendershot Fund	7,568.00	-	Fund balance (note 4)	<u>99,483.07</u>	<u>92,475.78</u>
Prepaid expenses:					
Rent	11,555.61	6,766.05			
Insurance	<u>4,961.07</u>	<u>5,124.58</u>			
Total prepaid expenses	<u>16,516.68</u>	<u>11,890.63</u>			
	<u>\$ 238,551.40</u>	<u>156,998.07</u>		<u>\$ 238,551.40</u>	<u>156,998.07</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

General Fund

Comparative Statements of Revenue and Expenditures

For the Years Ended September 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
Revenues:		
Grants and appropriations (see Schedule I)	\$ 1,091,152.83	711,254.75
Earned revenue and reimbursements (see Schedule I)	<u>74,352.48</u>	<u>87,408.88</u>
Total revenue	<u>1,165,505.31</u>	<u>798,663.63</u>
Expenditures:		
Compensation and fringe benefits (see Schedule II)	706,411.55	478,857.23
Contract agencies (see Schedule II)	186,839.00	153,379.00
General expenditures (see Schedule II)	<u>271,332.54</u>	<u>172,799.07</u>
Total expenditures	<u>1,164,583.09</u>	<u>805,035.30</u>
Excess of revenue over (under) expenditures	922.22	(6,371.67)
Other financing sources (uses):		
Transfer from Hendershot Fund	<u>9,168.00</u>	<u>2,181.00</u>
Excess of revenue and other financing sources over (under) expenditures	\$ <u>10,090.22</u>	<u>(4,190.67)</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEЕ COUNTY

General Fund

Comparative Statements of Changes in Fund Balance

For the Years Ended September 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
Fund balance, beginning	\$ 92,475.78	139,265.12
Prior period adjustments (note 4)	<u>(3,082.93)</u>	<u>(42,598.67)</u>
Fund balance, beginning (restated)	89,392.85	96,666.45
Excess of revenues and other sources over (under) expenditures	<u>10,090.22</u>	<u>(4,190.67)</u>
Fund balance, ending	\$ <u>99,483.07</u>	<u>92,475.78</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

General Fund

Notes to Financial Statements

September 30, 1980

1) Summary of Significant Accounting Policies

Accounting

The records of the general fund of the Community Mental Health Services of Lenawee County are maintained using the modified accrual basis of accounting.

Inventory

The Agency has adopted the policy of recording the cost of materials and supplies as expenditures when purchased. Therefore, no physical inventory of such materials and supplies has been recorded.

2) Due to Other Governmental Units

Department of Mental Health

The Agency has incurred a liability to the Department of Mental Health at September 30, 1980 and 1979 resulting from an excess of advances from the Department over the State's share of costs incurred. The State's share of net matchable costs is determined by preparation of a cost settlement by the Agency's management, and is subject to audit and possible adjustment by the Department of Mental Health. The Department has performed audits for periods beginning after July 1, 1975 through September 30, 1979. Adjustments have been proposed and accepted by the Agency.

The liability to the Department of Mental Health as at September 30, 1980 and 1979 consists of the following:

	<u>1980</u>	<u>1979</u>
Uncollected adjustment resulting from an audit performed by the Auditor General for the period July 13, 1972 through September 26, 1974.	\$ 21,163.00	21,163.00
Adjustment resulting from an audit performed by the Department of Mental Health for the period July 1, 1975 through September 30, 1979.	12,973.00	-

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

General Fund

Notes to Financial Statements, Continued

2) Due to Other Governmental Units, Continued

	<u>1980</u>	<u>1979</u>
Excess of advances received from the Department of Mental Health over total net matchable costs.	\$ <u>34,274.00</u>	<u>-</u>
	\$ <u>68,410.00</u>	<u>21,163.00</u>
 <u>Lenawee County</u>		
Amount mistakenly credited on January 4, 1978 to the Agency instead of the county operated state institutional account.	\$ 838.46	838.46
Excess of advances from the county over total net matchable costs.	<u>4,905.00</u>	<u>4,052.00</u>
	\$ <u>5,743.46</u>	<u>4,890.46</u>

3) Deferred Revenue

During the year ended September 30, 1980, the Agency received grant revenue of \$20,000.00 from the Department of Mental Health for designing a prevention project for children of adults who are mentally ill. The fiscal period of the grant began June 1, 1980 and extends to April 1, 1981, therefore, management has recorded the excess of revenue received over expenditures incurred through September 30, 1980 as deferred revenue.

4) Prior Period Adjustments

Prior period adjustments to the beginning fund balance for years ended September 30, 1980 and 1979 are as follows:

	<u>1980</u>
Correction of an error resulting from expenditures incurred during the year ended September 30, 1979, which were appropriately included in the Department of Mental Health cost report, but weren't included in the financial statements for such year.	\$ (869.68)
Correction of an error resulting from audit exceptions assessed the Agency by the Department of Mental Health resulting from their examination for the period July 1, 1975 through September 30, 1979.	(12,973.00)

(Not budgeted in prior year)

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

General Fund

Notes to Financial Statements, Continued

4) Prior Period Adjustments, Continued

1980

Accounting change regarding the recognition of revenue received from Lenawee County. Previously, one quarter of the calendar year appropriation by the county was recognized as deferred revenue. Management and the county has changed this policy whereby the calendar year appropriation by the county is to be entirely recognized as revenue during the Agency's fiscal year ending September 30. Therefore, the amount previously recognized as deferred revenue at September 30, 1979 is to be considered as revenue attributable to the prior year.

\$ 10,759.75

\$ (3,082.93)

1979

Correction of an error resulting from the Agency previously retaining and recognizing as revenue the entire amount advanced to the Agency by Lenawee County for fiscal years ended September 30, 1973 through September 30, 1977.

\$ (44,761.00)

Correction of an error resulting from the overstatement of accounts payable and the related expenditures during the year ended September 30, 1978.

2,162.33

\$ (42,598.67)

5) Lease Obligations

The office facilities and the adult activity center are leased subject to a operating lease whereby the lessor is responsible for paying costs of utilities, maintenance, insurance, and property taxes. Minimum lease commitments are as follows:

1981	\$	129,442.14
1982		133,309.20
1983		135,066.96
1984		135,066.96
1985		135,066.96
Remaining years		<u>337,667.40</u>
	\$	<u>1,005,619.62</u>

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

General Fund

Notes to Financial Statements, Continued

5) Lease Obligations, Continued

The lease expires on March 30, 1988 and is cancellable only in the event the purpose for which the lease was entered into ceases to exist, or if funds are not made available for the location or if space is provided in a government owned building.

If the lease is cancelled prior to March 30, 1988, the Agency will be responsible to pay the lessor, in the form of rent, an amount not to exceed \$222,800.00. ←

*\$21,850 per yr.
amt. is pro-
rated.*

6) Contingent Liabilities

The Community Mental Health Services of Lenawee County may have a contingent liability to other Michigan counties for patient service fees provided by Community Mental Health Boards in other counties. The amount of resulting loss from this event is unknown.

(we can charge others too!)

7) County Retirement Plan

All employees of the Community Mental Health Services of Lenawee County are eligible to participate in the County Retirement Plan. The total pension expenditure for the years ended September 30, 1980 and 1979 were \$14,178.00 and \$5,342.00 respectively. The county makes contributions each year equal to the normal cost and prior service costs as amortized over 30 years. The Agency is then billed by the county for its share of the annual contribution requirement.

As of January 1, 1980, the accumulated plan benefits of the county plan exceeded the net assets of the plan by \$404,649.00. The Agency's share of this deficiency is approximately \$32,000.00.

MAC -

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

Hendershot Fund

Comparative Balance Sheets

September 30, 1980 and 1979

<u>Assets</u>	<u>1980</u>	<u>1979</u>
Cash deposited:		
Cash on deposit with Lenawee County Treasurer	\$ 19,285.96	10,240.99
Certificate of deposit	<u>100,000.00</u>	<u>100,000.00</u>
Total cash deposited	<u>119,285.96</u>	<u>110,240.99</u>
Investments (note 3):		
Land	3,600.00	3,600.00
Securities	<u>10.00</u>	<u>10.00</u>
Total investments	<u>3,610.00</u>	<u>3,610.00</u>
Accrued interest receivable	1,314.03	128.03
Due from general fund	<u>-</u>	<u>2,412.00</u>
	\$ <u>124,209.99</u>	<u>116,391.02</u>
 <u>Liabilities and Fund Balance</u>		
Due to general fund	\$ 7,568.00	-
Fund balance	<u>116,641.99</u>	<u>116,391.02</u>
	\$ <u>124,209.99</u>	<u>116,391.02</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEЕ COUNTY

Hendershot Fund

Comparative Statements of Revenue and Expenditures

For the Years Ended September 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
Revenue:		
Interest income	\$ 11,831.12	9,073.12
Expenditures:		
Grant - Call Someone Concerned	2,400.00	-
Property taxes	12.15	10.38
Total expenditures	<u>2,412.15</u>	<u>10.38</u>
Excess of revenue over expenditures	9,418.97	9,062.74
Other financing uses:		
Transfer to general fund	<u>(9,168.00)</u>	<u>(2,181.00)</u>
Excess of revenue over expenditures and other financing uses	\$ <u>250.97</u>	<u>6,881.74</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

Hendershot Fund

Comparative Statements of Changes in Fund Balance
For the Years Ended September 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
Fund balance, beginning	\$ 116,391.02	109,509.28
Excess of revenue over expenditures and other financing uses	<u>250.97</u>	<u>6,881.74</u>
Fund balance, ending	\$ <u>116,641.99</u>	<u>116,391.02</u>

See accountants' notes to financial statements.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

Hendershot Fund

Notes to Financial Statements

September 30, 1980

1) Summary of Significant Accounting Policies

Accounting

The records of the Hendershot Fund of the Community Mental Health Services of Lenawee County are maintained using the modified accrual basis of accounting.

Investments

Investments in land and a security were derived from the estate tax return and probate accounting of the legator as filed in November 1975.

2) Trust Responsibility

The Hendershot Fund was established on December 15, 1975, when \$61,340.31 was received from the Glenn C. Hendershot Estate (Probate Court of Lenawee file number 20810). The Lenawee County Mental Health Services Board was named as residual legatee in the last will and testament of Glenn C. Hendershot. Subsequent distributions included securities, real estate, and cash valued at \$24,565.56, (valued per the estate tax return of Glenn C. Hendershot, deceased.) The bequest was provided "to assist in research in the causes and treatment of mental illness."

All revenue pertaining to the bequest has been retained in the Hendershot Fund, until designated for a specific project or projects in compliance with the last will and testament of Glenn C. Hendershot and the policy established by the Board of Directors at the December 16, 1976 Board meeting.

3) Investments

Investments in land and a security at September 30, 1980 and 1979 were as follows:

<u>Land</u>	
2 lots located in Luna County, New Mexico	\$ 1,200.00
2 lots located in Tecumseh, Michigan	<u>2,400.00</u>
	\$ <u>3,600.00</u>
<u>Security</u>	
1 share of Lenawee Farm Bureau Oil Co-Operative, \$10.00 par value	\$ <u>10.00</u>

The two lots located in Tecumseh Township are not serviced with a sanitary sewer system, therefore, residential construction is not permitted.

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

Supplemental Schedules

September 30, 1980 and 1979

COMMUNITY MENTAL HEALTH SERVICES
OF LENAWEE COUNTY

Schedule I

General Fund

Comparative Schedules of Revenue

For the Years Ended September 30, 1980 and 1979

	<u>1980</u>	<u>1979</u>
Grants and appropriations:		
State of Michigan - Department of Mental Health	\$ 1,023,935.00	672,000.00
Lenawee County	58,095.00	36,754.75
Prevention grant - Department of Mental Health	6,122.83	-
United Fund of Tecumseh	<u>3,000.00</u>	<u>2,500.00</u>
	\$ <u>1,091,152.83</u>	<u>711,254.75</u>
Earned revenues and reimbursements:		
Charge for services	\$ 48,110.48	53,929.88
State of Michigan - Medicaid reimbursements	8,222.00	11,105.00
Maurice Spears Campus	17,520.00	16,374.00
Headstart	500.00	-
Lenawee County Intermediate School District	<u>-</u>	<u>6,000.00</u>
	\$ <u>74,352.48</u>	<u>87,408.88</u>

See accountants' notes to financial statements.

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Compensation and Fringes:

Salaries and wages	\$
Fringes	
Per diem expenditures	
Total compensation and fringe expenditures	

Contract Agencies:

Call Someone Concerned	
Goodwill Industries - LARC	
H.O.P.E. Recreation	
Vocational Rehabilitation	
Total Contract Agencies expenditures	

General expenditures:

Office supplies	
Operating supplies	
Professional services	
Communications	
Travel	
Printing and publishing	
Insurance	
Building and grounds maintenance	
Equipment maintenance	
Building rent	
Equipment rental	
Books, magazines and periodicals	
Memberships and dues	
Education and training	
Equipment acquisitions	
Client transportation	
Recruitment	
Food	
Bad debt write-offs	
Total general expenditures	
Total expenditures	\$

See accountants' notes to financial statements.

	Combined Mental Retardation	Adult Mental Retardation	Contract Agencies	Combined 1980 Actual
Compensation and fringes:				
Salaries and wages	\$,060.51	2,696.37	-	611,819.13
Fringes	,342.72	338.28	-	89,605.17
Per diem expenditures	-	-	-	4,987.25
Total compensation and fringe expenditures	<u>,403.23</u>	<u>3,034.65</u>	<u>-</u>	<u>706,411.55</u>
Contract Agencies:				
Call Someone Concerned	-	-	53,130.00	53,130.00
Goodwill Industries - LARC	-	-	117,811.00	117,811.00
H.O.P.E. Recreation	-	-	5,885.00	5,885.00
Vocational Rehabilitation	-	-	10,013.00	10,013.00
Total Contract Agencies expenditures	<u>-</u>	<u>-</u>	<u>186,839.00</u>	<u>186,839.00</u>
General expenditures:				
Office supplies	25.20	60.98	-	4,910.94
Operating supplies	,273.10	12.77	-	13,168.93
Professional services	-	-	-	61,600.65
Communications	335.50	346.02	-	13,474.30
Travel	80.78	349.07	-	10,596.81
Printing and publishing	-	18.20	-	350.49
Insurance	32.74	50.85	-	13,898.37
Building and grounds maintenance	,088.17	31.40	-	8,392.32
Equipment maintenance	25.00	-	-	594.05
Building rent	,472.35	697.41	-	94,049.80
Equipment rental	118.79	2.31	-	5,856.83
Books, magazines and periodicals	-	123.15	-	1,523.16
Memberships and dues	-	-	-	1,337.50
Equipment acquisitions	,103.95	-	-	16,511.87
Client transportation	,500.00	-	-	10,547.50
Recruitment	240.83	-	-	5,259.60
Food	-	-	-	2,285.70
Respite care	-	3,492.72	-	3,492.72
Bad debt write-off	-	-	-	3,481.00
Total general expen- ditures	<u>,296.41</u>	<u>5,184.88</u>	<u>-</u>	<u>271,332.54</u>
Total expenditures	\$ <u>,699.64</u>	<u>8,219.53</u>	<u>186,839.00</u>	<u>1,164,583.09</u>

See accountants' notes to financial