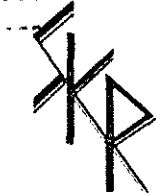


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MEMBERS  
SEC PRACTICE SECTION  
and  
PRIVATE COMPANIES PRACTICE SECTION  
OF THE AMERICAN INSTITUTE OF C.P.A.'s  
and the  
MICHIGAN ASSOCIATION OF C.P.A.'s

March 8, 1988

Community Mental Health Board  
of Lenawee County  
Adrian, Michigan

This year's letter discusses low level of fund balance, reasons why Community Mental Health is not under Single Audit Act; compliance of contracted agencies and statement on internal control.

#### Fund Balance

Fund balance in the General Fund at September 30, 1987 is \$26,806, which is low. If Community Mental Health continues to incur losses in the future, it could find itself in deficit position. Aside from the financial problems created by a deficit, the State requires a plan of action to eliminate any such deficit.

There are two ways to remedy the current situation. One is curtail services to offset deficiency in local matching funds. The other is increasing funding for services provided, and since the shortfall in funding in the past has been local revenues, this is the area where funding will probably have to be increased.

#### Single Audit

Community Mental Health was not required to have a single audit for 1986-87. Federal funding to Community Mental Health is through Medicaid. Medicaid is on a fee for service program and not a grant. It is not covered under the Single Audit Act.

#### Contracted Agencies

Again, we reviewed compliance by contracted agencies to contract provisions. The agencies tested were Call Someone Concerned, Goodwill-Larc, H.O.P.E. Recreation Center, Family Counseling Services of Lenawee County, and New Horizons.

All agencies were found to be in compliance with the applicable contract provisions.

Internal Control

As part of our examination, we made a study and evaluation of the Community Mental Health's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on Community Mental Health's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Community Mental Health is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Community Mental Health taken as a whole. However, our study and evaluation disclosed no material weaknesses of internal control other than the inherent weakness of a high concentration of accounting functions on one individual.

This report is intended solely for the use of the Board and should not be used for any other purpose.

We appreciate the assistance and cooperation provided by Community Mental Health's staff in helping us during the audit. We look forward to working with you in the future.

Sincerely,

  
Schippers, Kintner & Robertson, P. C.

COMMUNITY MENTAL HEALTH SERVICES  
OF LENAWEE COUNTY

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 1987

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEЕ COUNTY

ACCOUNTANTS ' REPORT

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MICHIGAN ASSOCIATION OF C.P.A.'s

March 8, 1987

Community Mental Health Board of  
Lenawee County  
Adrian, Michigan

We have examined the financial statements of the Community Mental Health Services of Lenawee County as of September 30, 1987 and 1986, as listed in the table of contents. Our examinations were 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.

As disclosed in Note 1, A. to the financial statements, the Community Mental Health Services of Lenawee County records its expenses as goods and services are ordered instead of as received. This procedure is in agreement with the Department of Mental Health guidelines and prior year treatment but is a departure from generally accepted accounting principles.

In our opinion, except for the effect of the item referred to in the preceding paragraph, the financial statements referred to above present fairly the financial position of the Community Mental Health Services of Lenawee County as of September 30, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the financial statements taken as a whole. The individual fund schedules, listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Community Mental Health Services of Lenawee County. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Certified Public Accountants

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

COMPARATIVE COMBINED BALANCE SHEETS

September 30, 1987 and 1986

ASSETS	1987			
	General Fund	Hendershot Fund	Fixed Assets Account Group	Long-Term Debt Account Group
Cash on hand and deposited:				
Cash on hand	\$ 715	\$	\$	\$
Certificate of deposit	1,585,000	127,110		
Cash on deposit	41,326	500		
Receivables:				
Accounts receivable (net of allowance 1987 - \$164,641, 1986 - \$100,000)	435,299			
Other agencies:				
United Fund of Tecumseh	750			
Maurice Spear Campus	430			
Contract agencies	25,310			
Accrued interest receivable	1,714	3,285		
Due from other governmental units:				
State of Michigan - Department of Mental Health	18,236			
Lenawee Intermediate School District	90			
Lenawee County Health Department	309			
Sheriff Department				
Due from other funds	1,001			
Investments:				
Land		3,600		
Securities		10		
Prepaid expenses				
Rent	13,620			
Insurance	3,196			
Membership and dues				
Conferences	741			
Fixed assets			173,102	
Amount to be provided for accumulated leave time				58,793
	<u>\$ 2,127,737</u>	<u>\$ 134,505</u>	<u>\$ 173,102</u>	<u>\$ 58,793</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

COMPARATIVE COMBINED BALANCE SHEETS

September 30, 1987 and 1986

1987		1986			1986
Totals (Memorandum Only)	General Fund	Hendershot Fund	Fixed Assets Account Group	Long-Term Debt Account Group	Totals (Memorandum Only)
\$ 715	\$ 625	\$	\$	\$	\$ 625
1,712,110		124,631			124,631
41,826	195,995	500			196,495
435,299	70,400				70,400
750	873				873
430	410				410
25,310	9,188				9,188
4,999		3,067			3,067
18,236	21,313				21,313
90	9,900				9,900
309	240				240
1,001	2,450				2,450
	2,159				2,159
3,600		3,600			3,600
10		10			10
13,620	13,111				13,111
3,196	2,069				2,069
	2,096				2,096
741	1,009				1,009
173,102			146,008		146,008
58,793				51,771	51,771
<u>\$ 2,494,137</u>	<u>\$ 331,838</u>	<u>\$ 131,808</u>	<u>\$ 146,008</u>	<u>\$ 51,771</u>	<u>\$ 661,425</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

COMPARATIVE COMBINED BALANCE SHEETS

September 30, 1987 and 1986

LIABILITIES AND FUND EQUITY	1987			
	General Fund	Hendershot Fund	Fixed Assets Account Group	Long-Term Debt Account Group
Liabilities:				
Accounts payable	\$ 113,701	\$	\$	\$
Accrued expenses:				
Salaries and wages	14,629			
Retirement				
Due to State of Michigan - Department of Mental Health	1,651,852			
Due to Teenage Suicide Pre- vention Committee	339			
Due to other fund		1,001		
Deferred revenue	320,410			
Accrued leave time				58,793
Total liabilities	<u>2,100,931</u>	<u>1,001</u>	<u>-</u>	<u>58,793</u>
Fund equity:				
Investment in fixed assets			173,102	
Fund balance:				
Reserved		133,504		
Unreserved	26,806			
Total fund equity	<u>26,806</u>	<u>133,504</u>	<u>173,102</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 2,127,737</u>	<u>\$ 134,505</u>	<u>\$ 173,102</u>	<u>\$ 58,793</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.



COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

COMPARATIVE COMBINED BALANCE SHEETS

September 30, 1987 and 1986

SCHIPPERS, KINTNER & ROBERTSON, P.C.

1987		1986			1986
Totals (Memorandum Only)	General Fund	Hendershot Fund	Fixed Assets Account Group	Long-Term Debt Account Group	Totals (Memorandum Only)
\$ 113,701	\$ 70,592	\$	\$	\$	\$ 70,592
14,629	49,330				49,330
	35,225				35,225
1,651,852	128,614				128,614
339	339				339
1,001		2,159			2,159
320,410	18,361				18,361
58,793				51,771	51,771
<u>2,160,725</u>	<u>302,461</u>	<u>2,159</u>	<u>-</u>	<u>51,771</u>	<u>356,391</u>
173,102			146,008		146,008
133,504		129,649			129,649
26,806	29,377				29,377
<u>333,412</u>	<u>29,377</u>	<u>129,649</u>	<u>146,008</u>	<u>-</u>	<u>305,034</u>
<u>\$ 2,494,137</u>	<u>\$ 331,838</u>	<u>\$ 131,808</u>	<u>\$ 146,008</u>	<u>\$ 51,771</u>	<u>\$ 661,425</u>

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY  
 COMPARATIVE COMBINED STATEMENT OF CHANGES IN FUND BALANCE  
 For the years ended Septemberr 30, 1987 and 1986

	<u>General Fund</u>	<u>Hendershot Fund</u>
Fund balance - October 1, 1985	\$ 112,954	\$ 124,153
Excess of revenues and other sources over (under) expenditures for year (see note 14)	(83,577)	5,496
	<hr/>	<hr/>
Fund balance - September 30, 1986	29,377	129,649
Excess of revenues and other sources over (under) expenditures for year	(2,571)	3,855
	<hr/>	<hr/>
Fund balance - September 30, 1987	<u>\$ 26,806</u>	<u>\$ 133,504</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEЕ COUNTY  
 COMPARATIVE COMBINED STATEMENTS OF REVENUES AND EXPENDITURES

For the years ended September 30, 1987 and 1986

	1987		
	General Fund	Hendershot Fund	Totals (Memorandum Only)
Revenues:			
Grants and appropriations	\$ 4,220,683	\$	\$ 4,220,683
Earned revenue and reimbursements	715,990		715,990
Interest income	45,201	7,488	52,689
Total revenues	4,981,874	7,488	4,989,362
Expenditures:			
Compensation and fringe benefits	1,519,145		1,519,145
State institutions, contract agencies, and other	2,927,038		2,927,038
General expenditures	547,391	13	547,404
Total expenditures	4,993,574	13	4,993,587
Excess of revenues over (under) expenditures before other financing sources (uses)	(11,700)	7,475	(4,225)
Other financing sources (uses):			
Transfer from (to) other fund	3,620	(3,620)	
Community Mental Health Fund - net	5,509		5,509
Total financing sources (uses)	9,129	(3,620)	5,509
Excess of revenues and other financing sources over (under) expenditures	\$ (2,571)	\$ 3,855	\$ 1,284

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY  
 COMPARATIVE COMBINED STATEMENTS OF REVENUES AND EXPENDITURES  
 For the years ended September 30, 1987 and 1986

1986

<u>General Fund</u>	<u>Hendershot Fund</u>	<u>Totals (Memorandum Only)</u>
\$ 1,995,071	\$	\$ 1,995,071
453,956		453,956
<u>13,450</u>	<u>8,790</u>	<u>22,240</u>
<u>2,462,477</u>	<u>8,790</u>	<u>2,471,267</u>
1,237,663		1,237,663
857,121		857,121
<u>447,361</u>	<u>8</u>	<u>447,369</u>
<u>2,542,145</u>	<u>8</u>	<u>2,542,153</u>
<u>(79,668)</u>	<u>8,782</u>	<u>(70,886)</u>
3,286	(3,286)	
<u>(7,195)</u>	<u>          </u>	<u>(7,195)</u>
<u>(3,909)</u>	<u>(3,286)</u>	<u>(7,195)</u>
<u>\$ (83,577)</u>	<u>\$ 5,496</u>	<u>\$ (78,081)</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEЕ COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

1. Summary of Significant Accounting Policies

The accounting policies of Community Mental Health Services of Lenawee County conform to generally accepted accounting principles, except as noted below, as applicable to governmental units. The accounting records are maintained on the modified accrual basis of accounting.

A. Departure from Generally Accepted Accounting Principles

Community Mental Health records its expenses as goods and services are ordered instead of when received. This procedure is not in conformity with generally accepted accounting principles. The procedure is in agreement with the Department of Mental Health guidelines and prior years' treatment. If this procedure had not been used, the effect on the financial statements would have been:

	<u>1987</u>	<u>1986</u>
Increase (decrease) in expenditures	\$ (5,907)	\$ 270
Increase (decrease) in fund balance at year end	11,365	5,458

B. Fund Accounting

The accounts of Community Mental Health are organized on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts.

The General Fund is the general operating fund of Community Mental Health.

The Hendershot Fund is a trust fund where Community Mental Health acts in a trustee capacity in handling designated assets.

Fixed assets are accounted for in the Fixed Assets Account Group, rather than in the General Fund. All fixed assets are valued at cost. Donated assets are valued at their estimated fair value on the date donated. No depreciation has been taken on fixed assets.

Long-term liabilities (accumulated leave time) are accounted for in the Long-Term Debt Account Group.

The two account groups are not 'funds'. They are concerned only with the measurement of financial position. They are not involved with the measurement of operations.

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

1. Summary of Significant Accounting Policies (continued)

C. Investments

Investments are stated at cost, which approximates market.

D. Inventory

Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the items are purchased. Therefore, no inventory is shown on the books.

E. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in Community Mental Health's financial position and operations. However, comparative data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

F. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

G. Community Mental Health Services of Lenawee County - Reporting Entity

NCGA Statement 3 established criteria for defining the reporting entity to clarify the organizations which should be included in the GPFS of that governmental agency. The criteria established by NCGA for determining what is included in the reporting entity's financial statements included oversight responsibility, scope of service and financial relationships.

Community Mental Health Services has its own Board which is appointed by the Lenawee County Board of Commissioners. However, Community Mental Health is financially responsible for itself and receives the majority of its funding from the State. As such, Community Mental Health is a separate reporting entity.

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

1. Summary of Significant Accounting Policies (continued)

The State of Michigan contends that a county mental health agency is part of the county governmental entity. As such, Community Mental Health Services of Lenawee County would be part of Lenawee County.

2. Investments

Investments in the General Fund are as follows:

<u>Certificates of Deposit:</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>1987</u>	<u>1986</u>
Manufacturers Bank	October 30, 1987	7.00%	\$ 285,000	\$
Peoples Savings Bank	October 26, 1987	7.10%	1,200,000	
Thompson Savings Bank	October 13, 1987	6.50%	50,000	
Thompson Savings Bank	October 21, 1987	6.50%	50,000	
			<u>\$ 1,585,000</u>	<u>\$ NONE</u>

Investments in the Hendershot Fund are as follows:

Onsted State Bank	October 12, 1987	6.00%	\$ 27,110	
Peoples Savings Bank	October 13, 1987	6.375%	100,000	
Jipson-Carter State Bank	October 14, 1986	6.6%		100,000
United Savings Bank	October 24, 1986	5.5%		24,631
			<u>\$ 127,110</u>	<u>\$ 124,631</u>

Other: (Hendershot Fund)

Land:

2 lots located in Luna County, New Mexico	\$ 1,200	\$ 1,200
2 lots located in Tecumseh, Michigan	2,400	2,400
	<u>\$ 3,600</u>	<u>\$ 3,600</u>

Security:

One share of Lenawee Farm Bureau Oil Co-operative	\$ 10	\$ 10
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The two lots located in Tecumseh are not served with a sanitary sewer system, therefore, residential construction is not permitted;

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

3. Due from State of Michigan - Department of Mental Health

The breakdown is:

	<u>1987</u>	<u>1986</u>
Reimbursement from Coldwater AIS	\$ 9,298	\$
Reimbursements from the Community Mental Health Grant Fund	2,620	3,433
Reimbursement from State DD Council for Independent Living Program	6,105	9,216
Reimbursement from Prevention Grant	<u>213</u>	<u>8,664</u>
	<u>\$ 18,236</u>	<u>\$ 21,313</u>

4. Due to State of Michigan - Department of Mental Health

For fiscal year 1986-87, Community Mental Health of Lenawee County contracted with the State under a full management contract for the first time. Community Mental Health became fiscal agent for all funds covering the applicable programs of Lenawee County overseen by the State Department of Mental Health.

Community Mental Health had incurred a liability to the Department of Mental Health at September 30, 1987 and 1986 resulting from an excess of advances from the Department over the State's share of costs incurred from community services. The State's share of net matchable costs is determined by preparation of a cost settlement by Community Mental Health'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 were proposed and accepted by the Community Mental Health.

Community Mental Health has separately incurred a liability to the Department of Mental Health at September 30, 1987 and 1986 of amounts billed for the County's share of State Institution charges for County residents.

	<u>1987</u>	<u>1986</u>
Excess of advances received from the Department of Mental Health over expenditures	\$ 43,450	\$ 31,524
Unpaid State Institution and Residential charges for County Residents	1,604,035	90,601
Due to State for unexpended RICC Funds		767
Due to Community Mental Health Grant Fund for September billing	<u>4,367</u>	<u>5,722</u>
	<u>\$ 1,651,852</u>	<u>\$ 128,614</u>



COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

5. Lease Obligations

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

1987-88	\$	74,400
---------	----	--------

The lease on the main office facilities expires 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.

6. Accrued Leave Time

All regular full-time employees and all regular part-time employees are eligible for paid leave. Paid leave may be used for vacation, sickness, or personal days. An employee accrues leave time according to the number of years of services rendered and the number of hours worked per week. The accrued leave is payable to an employee at the time of termination. The accrued leave as of September 30, 1987 and 1986 was \$58,793 and \$51,771, respectively, and is shown on the balance sheet in the Long-Term Debt Account Group.

7. 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 potential loss which could result from this event is not determinable.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

7. Contingent Liabilities (continued)

The Community Mental Health Services of Lenawee County may have a contingent liability with respect to findings noted during the March 1985 self-audit of agency's billings under Title XIX during the month of February 1984. As a result of that review, the agency has determined that approximately \$1,600 may be payable to the State for the Federal portion of funds. In addition, the agency has determined as a result of this self-audit, that a receivable from the State would also exist for approximately \$1,450.

8. 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 expenditures for the years ended September 30, 1987 and 1986 was \$44,231 and \$45,901, respectively. The County makes contributions each year equal to the normal cost and prior service costs as amortized over 30 years. Community Mental Health is then billed by the County for its share of the annual contribution requirement.

The present value of accumulated plan benefits and value of plan assets at December 31, 1986 and 1985 follows:

	<u>December 31, 1986</u>	<u>December 31, 1985</u>
Present value of Accumulated Plan Benefits		
Vested benefits	\$ 5,011,694	\$ 2,299,080
Nonvested benefits	<u>673,399</u>	<u>537,501</u>
	5,685,093	2,836,581
Value of plan assets	<u>5,061,434</u>	<u>4,209,993</u>
Excess (deficiency) of plan assets over present value of accumulated plan benefits	<u>\$ (623,659)</u>	<u>\$ 1,373,412</u>

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEЕ COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

9. Full Management Interest Revenue

Community Mental Health receives advances from the Department of Mental Health for the payment of State Institution and Residential charges of County residents. Prior to payment of the above charges, the Community Mental Health is permitted to invest the proceeds received.

10. Trust - Hendershot Fund

The Hendershot Fund was established on December 15, 1975, when \$61,340.31 was received from the Glenn C. Hendershot Estate. The Lenawee County Mental Health Services Board was named as residual legatee in the Last Will and Testament of Glenn C. Hendershot. Subsequent distribution 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.

11. Changes in Fixed Assets

	Balance October 1, 1986	Additions	Deletions	Balance September 30, 1987
Office equipment	\$ 37,001	\$ 22,036	\$	\$ 59,037
Furniture and fixtures	48,531	6,351		54,882
Audio visual equipment	42,947	3,859		46,806
Program equipment	15,562	1,772	6,849	10,485
Appliances	1,966	280	354	1,892
	<u>\$ 146,007</u>	<u>\$ 34,298</u>	<u>\$ 7,203</u>	<u>\$ 173,102</u>

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

12. Budget

P.A. 621 of 1978, Section 18 (1), as amended, provides that a governmental unit shall not incur expenditures in excess of the amount appropriated.

The approved budget of Community Mental Health was adopted at the functional level (total expenditure figure). Total actual expenditures did not exceed budget for fiscal years 1985-86 or 1986-87.

13. Cash and Investments

At year end, the carrying value of Community Mental Health's deposits was \$41,826, and bank balance was \$41,826. All investments of Community Mental Health are certificates of deposits. The total carrying value, which approximates market, of investments was \$1,712,110. Of the bank balance and investments, \$468,936 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. All deposits and investments are with banks located in Michigan as required by statutes.

A listing of investments is provided in Note 2 to the financial statements.

14. Restatement of Prior Year

The State has provided estimated figures on unbilled services for the State institution charges and day treatment services for fiscal year 1985-86. The liability is estimated to be \$68,600. The financial statements presented for fiscal year 1985-86 have been restated to reflect this liability. The change to fund balance is as follows:

Fund balance, September 30, 1986, before restatement	\$ 97,977
Less: Unbilled State charges for 1985-86	<u>(68,600)</u>
Fund balance, September 30, 1986, after restatement	<u>\$ 29,377</u>

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

NOTES TO FINANCIAL STATEMENTS

September 30, 1987

15. Deferred Revenue

Deferred revenue on the balance sheet at September 30, 1987 consists of grant fund revenue deferred to 1987-88, and Medicaid billings on services for 1986-87 where the funds will be used on program costs or settlement with State in 1987-88.

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

GENERAL FUND

COMPARATIVE SCHEDULES OF REVENUES

For the years ended September 30, 1987 and 1986

	<u>1987</u>	<u>1986</u>
Grants and appropriations:		
State of Michigan;		
Department of Mental Health	\$ 3,869,721	\$ 1,699,496
R.I.C.C.	387	1,847
Prevention Grant	35,129	20,164
D D Council - LSS	1,451	8,449
D D Council - ILP	28,284	9,216
Michigan Rehabilitation Services - ILP	9,830	7,348
Lenawee County;		
Community Services	72,237	101,519
State Institutions	171,722	90,391
Federal Revenue Sharing		4,006
Lenawee County Sheriff Department		27,669
Community Fund of Tecumseh	3,000	3,500
Lenawee ARC	4,000	9,188
Call Someone Concerned	19,993	2,961
Lenawee Intermediate School District		3,004
Miscellaneous donations	4,929	6,313
	<u>\$ 4,220,683</u>	<u>\$ 1,995,071</u>
Earned revenues and reimbursements:		
Charge for services -		
self-pay and insurance	\$ 80,408	\$ 65,919
State of Michigan - Medicaid reim-		
bursements - net of discounts of		
\$247,874 in 1987 and \$200,960		
in 1986	590,404	381,259
Maurice Spear Campus	5,166	4,920
Department of Social Services		1,058
Headstart	500	800
AIS	39,512	
	<u>\$ 715,990</u>	<u>\$ 453,956</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

GENERAL FUND

COMPARATIVE SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

For the year ended September 30, 1987

	1987		Variance	1986
	Actual	Budget	Favorable (Unfavorable)	Actual
Compensation and fringes				
Salaries and wages	\$ 1,222,970	\$ 1,271,497	\$ 48,527	\$ 995,370
Fringes	288,850	317,923	29,073	233,618
Per diem expenditures	7,325	9,000	1,675	8,675
Total compensation and fringes	<u>1,519,145</u>	<u>1,598,420</u>	<u>79,275</u>	<u>1,237,663</u>
State Institutions, Contract Agencies and Other:				
State Institutions	1,986,290	2,020,316	34,026	172,441
Call Someone Concerned	70,001	70,000	(1)	71,822
Goodwill Industries - LARC	246,006	205,000	(41,006)	166,130
H.O.P.E. Recreation	6,377	6,377		10,865
Family Counseling/child placement	50,082	59,488	9,406	12,800
Lenawee ARC - Respite Care	1,110	2,000	890	20,000
Residential Services	566,457	744,112	177,655	402,296
CEI - Hearing Impaired	715	681	(34)	767
Adult placement		3,949	3,949	
MRS W40 Contract		6,000	6,000	
Total State Institutions, Contract Agencies & Other	<u>2,927,038</u>	<u>3,117,923</u>	<u>190,885</u>	<u>857,121</u>
General expenditures:				
Office supplies	12,014	11,759	(255)	8,055
Operating supplies	11,452	15,786	4,334	17,902
Professional services	168,593	299,274	130,681	118,015
Communications	22,868	18,532	(4,336)	17,589
Travel	24,074	23,939	(135)	15,805
Public information	686	3,000	2,314	239
Printing and publishing	3,020	1,500	(1,520)	1,180
Insurance	20,375	13,600	(6,775)	12,908
Building & ground maintenance	14,732	14,547	(185)	13,606
Equipment maintenance	2,219	2,288	69	1,081
Building rental	165,198	168,942	3,744	156,766
Equipment rental	12,996	15,510	2,514	14,602
Books, magazines & periodicals	2,867	2,524	(343)	1,523
Memberships and dues	3,291	2,825	(466)	2,795
Staff development	9,084	9,875	791	5,241
Equipment acquisitions	34,336	28,301	(6,035)	26,769
Client transportation	33,149	72,460	39,311	30,318
Recruitment	6,292	2,400	(3,892)	1,819
Bad debt write-offs	145		(145)	1,148
Total general expenditures	<u>547,391</u>	<u>707,062</u>	<u>159,671</u>	<u>447,361</u>
Total expenditures	<u>\$ 4,993,574</u>	<u>\$ 5,423,405</u>	<u>\$ 429,831</u>	<u>\$ 2,542,145</u>

SCHIPPERS, KINTNER & ROBERTSON, P.C.

COMMUNITY MENTAL HEALTH SERVICES OF LENAWEE COUNTY

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM

For the year ended September 30, 1987

	MENTAL ILLNESS						COMBINED MI/DD	DEVELOPMENTAL DISABILITIES			OTHER		Total	
	Administration	Community Care Giver	Prevention	Outpatient	Adult Day Treatment	Children Day's Treatment	Client Service Management	Adult Activity	Outpatient	Family Support	RICC	Independent Living Programs		Contract Agencies
Compensation and fringes:														
Salaries and wages	\$ 223,221	\$ 13,352	\$ 44,419	\$ 281,599	\$ 119,732	\$ 41,717	\$ 238,583	\$ 145,104	\$ 37,539	\$ 53,066	\$	\$ 24,638	\$	\$ 1,222,970
Fringes	56,070	3,332	10,352	59,499	27,237	8,287	55,300	41,022	8,531	14,133		5,087		288,850
Per diem expenditures	7,325													7,325
<b>Total compensation and fringes</b>	<b>286,616</b>	<b>16,684</b>	<b>54,771</b>	<b>341,098</b>	<b>146,969</b>	<b>50,004</b>	<b>293,883</b>	<b>186,126</b>	<b>46,070</b>	<b>67,199</b>	<b>-</b>	<b>29,725</b>	<b>-</b>	<b>1,519,145</b>
State Institutions, Contract Agencies, and Other:														
State Institutions	1,986,290													1,986,290
Call Someone Concerned													70,001	70,001
Goodwill Industries - LARC													246,006	246,006
H.O.P.E. Recreation/child placement													6,377	6,377
Family Counseling													50,082	50,082
Lenawee ARC - Respite Care													1,110	1,110
Residential services													566,457	566,457
CEI - Hearing impaired													715	715
<b>Total State Institutions, Contract Agencies and Other</b>	<b>1,986,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>940,748</b>	<b>2,927,038</b>
General expenditures:														
Office supplies	9,999		41	464	152	165	511	255	36	73	26	292		12,014
Operating supplies	560		506	3,192	1,827	1,502	1,151	1,818	283	107	70	436		11,452
Professional services	5,505		278	52,081	9,781	2,654		36,005	18,306	42,968		1,015		168,593
Communications	7,874	275	138	3,333	1,407	537	2,770	1,088	1,107	2,610	78	1,651		22,868
Travel	6,300		531	5,479	358	564	5,032	2,087	1,158	922	163	1,480		24,074
Printing and publishing	2,022		94									904		3,020
Insurance	4,062			4,063	1,477	1,108	4,063	2,585	369	739		1,909		20,375
Building and ground maintenance	2,570			1,792	1,570		806	7,154	588	252				14,732
Equipment maintenance	1,585			165	180		181	108						2,219
Building rental	23,881		2,912	16,222	14,702	4,950	8,130	72,132	14,846	7,423				165,198
Equipment rental	8,158			850	341	475	712	2,044		366	50			12,996
Books, magazines and periodicals	256		178	1,453	28	42	396	169	78	90		177		2,867
Membership and dues	3,126		30						35			100		3,291
Equipment acquisitions	22,674		480	3,803	1,063	66	1,323	1,713	3,173			41		34,336
Staff development	1,995		165	2,251	1,197	285	837	1,723	231			400		9,084
Client transportation				641	3,907	175	1,327	27,099						33,149
Recruitment	230		159	1,222	491		3,795	350	45					6,292
Bad debts	145													145
Public information	686													686
<b>Total general expenditures</b>	<b>101,628</b>	<b>275</b>	<b>5,512</b>	<b>97,011</b>	<b>38,481</b>	<b>12,523</b>	<b>31,034</b>	<b>156,330</b>	<b>40,255</b>	<b>55,550</b>	<b>387</b>	<b>8,405</b>	<b>-</b>	<b>547,391</b>
<b>Total expenditures</b>	<b>\$ 2,374,534</b>	<b>\$ 16,959</b>	<b>\$ 60,283</b>	<b>\$ 438,109</b>	<b>\$ 185,450</b>	<b>\$ 62,527</b>	<b>\$ 324,917</b>	<b>\$ 342,456</b>	<b>\$ 86,325</b>	<b>\$ 122,749</b>	<b>\$ 387</b>	<b>\$ 38,130</b>	<b>\$ 940,748</b>	<b>\$ 4,993,574</b>

See attached letter.