

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1999
WITH
INDEPENDENT AUDITOR'S REPORT

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

INDEPENDENT AUDITOR'S REPORT

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December 28, 1999

UNQUALIFIED OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Lenawee Community Mental Health Authority
Adrian, Michigan

We have audited the accompanying general purpose financial statements of the Lenawee Community Mental Health Authority, as of and for the years ended September 30, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Lenawee Community Mental Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lenawee Community Mental Health Authority as of September 30, 1999 and 1998, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 1999 on our consideration of the Lenawee Community Mental Health Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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December 28, 1999

Lenawee Community Mental Health Authority
Adrian, Michigan

Our audits were conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Lenawee Community Mental Health Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

Robertson, Eaton & Owen, P.C.

Certified Public Accountants

December 28, 1999

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

INDEPENDENT AUDITOR'S REPORT

Lenawee Community Mental Health Authority
Adrian, Michigan

We have audited the general purpose financial statements of the Lenawee Community Mental Health Authority, as of and for the year ended September 30, 1999, and have issued our report thereon dated December 28, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Lenawee Community Mental Health Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Lenawee Community Mental Health Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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December 28, 1999

Lenawee Community Mental Health Authority
Adrian, Michigan

This report is intended solely for the information and use of management of the Lenawee Community Mental Health Authority, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

Robertson, Eaton + Owen, P.C.

Certified Public Accountants

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

COMPARATIVE COMBINED BALANCE SHEETS

SEPTEMBER 30, 1999 AND 1998

ASSETS	1999			
	General Fund	Hendershot Fund	Fixed Assets Account Group	Long-Term Debt Account Group
Cash on hand and deposited:				
Cash on hand	\$ 75	\$	\$	\$
Cash management account		168,581		
Cash on deposit	1,301,009			
Cash - risk reserve	587,024			
Receivables:				
Accounts receivable (net of allowance \$15,000 for 1999 and \$15,000 for 1998)	443,489			
Other agencies:				
Contract agencies	361,362			
Accrued interest receivable	8,535			
Due from other governmental units:				
State of Michigan - Department of Community Health	64,887			
Due from General Fund				
Investments:				
Land		2,400		
Securities		10		
Prepaid expenses:				
Rent	30,264			
Insurance	30,414			
Conferences	1,892			
Residential and other contracts	170,376			
Deposit - real estate				
Real estate			140,577	
Fixed assets			896,273	
Amount to be provided for accumulated leave time				88,530
Total assets	<u>\$ 2,999,327</u>	<u>\$ 170,991</u>	<u>\$ 1,036,850</u>	<u>\$ 88,530</u>

<u>1999</u>	<u>1998</u>				<u>1998</u>
<u>Totals</u> <u>(Memorandum Only)</u>	<u>General</u> <u>Fund</u>	<u>Hendershot</u> <u>Fund</u>	<u>Fixed Assets</u> <u>Account Group</u>	<u>Long-Term Debt</u> <u>Account Group</u>	<u>Totals</u> <u>(Memorandum Only)</u>
\$ 75	\$ 665	\$	\$	\$	\$ 665
168,581					
1,301,009	246,304				246,304
587,024					
443,489	1,529,879				1,529,879
361,362	146,200				146,200
8,535	2,845				2,845
64,887	229,105				229,105
		158,901			158,901
2,400		2,400			2,400
10		10			10
30,264	43,221				43,221
30,414	11,942				11,942
1,892	2,095				2,095
170,376	136,861				136,861
	1,000				1,000
140,577					
896,273			875,828		875,828
88,530				133,614	133,614
<u>\$ 4,295,698</u>	<u>\$ 2,350,117</u>	<u>\$ 161,311</u>	<u>\$ 875,828</u>	<u>\$ 133,614</u>	<u>\$ 3,520,870</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

COMPARATIVE COMBINED BALANCE SHEETS

SEPTEMBER 30, 1999 AND 1998

<u>LIABILITIES AND FUND EQUITY</u>	1999			
	<u>General Fund</u>	<u>Hendershot Fund</u>	<u>Fixed Assets Account Group</u>	<u>Long-Term Debt Account Group</u>
Liabilities:				
Accounts payable	\$ 692,257	\$	\$	\$
Accrued expenses:				
Salaries and wages	32,609			
Due to State of Michigan - Depart- ment of Community Health	172,783			
Due to Hendershot Fund				
Due to contract agencies	132,828			
Deferred revenue	602,205			
Accrued leave time				<u>88,530</u>
Total liabilities	<u>1,632,682</u>	<u>-</u>	<u>-</u>	<u>88,530</u>
Fund equity:				
Investment in fixed assets			1,036,850	
Fund balance:				
Reserved	587,024	170,991		
Unreserved	<u>779,621</u>			
Total fund equity	<u>1,366,645</u>	<u>170,991</u>	<u>1,036,850</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 2,999,327</u>	<u>\$ 170,991</u>	<u>\$ 1,036,850</u>	<u>\$ 88,530</u>

<u>1999</u>	<u>1998</u>				<u>1998</u>
<u>Totals</u> <u>(Memorandum Only)</u>	<u>General</u> <u>Fund</u>	<u>Hendershot</u> <u>Fund</u>	<u>Fixed Assets</u> <u>Account Group</u>	<u>Long-Term Debt</u> <u>Account Group</u>	<u>Totals</u> <u>(Memorandum Only)</u>
\$ 692,257	\$ 207,433	\$	\$	\$	\$ 207,433
32,609	159,716				159,716
172,783	863,573				863,573
	158,901				158,901
132,828	25,524				25,524
602,205	304,915				304,915
<u>88,530</u>	<u> </u>	<u> </u>	<u> </u>	<u>133,614</u>	<u>133,614</u>
<u>1,721,212</u>	<u>1,720,062</u>	<u>-</u>	<u>-</u>	<u>133,614</u>	<u>1,853,676</u>
1,036,850			875,828		875,828
758,015		161,311			161,311
<u>779,621</u>	<u>630,055</u>	<u> </u>	<u> </u>	<u> </u>	<u>630,055</u>
<u>2,574,486</u>	<u>630,055</u>	<u>161,311</u>	<u>875,828</u>	<u>-</u>	<u>1,667,194</u>
<u>\$ 4,295,698</u>	<u>\$ 2,350,117</u>	<u>\$ 161,311</u>	<u>\$ 875,828</u>	<u>\$ 133,614</u>	<u>\$ 3,520,870</u>



LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY
 COMPARATIVE COMBINED STATEMENTS OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

	<u>General Fund</u>	<u>Hendershot Fund</u>
Fund balance - October 1, 1997	\$ 541,183	\$ 153,314
Adjustment of prior year AIS settlements	(65,543)	
Excess of revenues and other sources over expenditures for year	<u>154,415</u>	<u>7,997</u>
Fund balance - September 30, 1998	630,055	161,311
Excess of revenues and other sources over expenditures for year	<u>149,566</u>	<u>9,680</u>
Fund balance - September 30, 1999	<u>\$ 779,621</u>	<u>\$ 170,991</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY
 COMPARATIVE COMBINED STATEMENTS OF REVENUES AND EXPENDITURES
 FOR THE YEARS ENDED SEPTEMBER 30, 1999 AND 1998

	1999		
	<u>General Fund</u>	<u>Hendershot Fund</u>	<u>Totals (Memorandum Only)</u>
Revenues:			
Grants and appropriations	\$ 2,886,222	\$	\$ 2,886,222
Earned revenues and reimbursements	11,710,870		11,710,870
Interest income	<u>91,993</u>	<u>9,680</u>	<u>101,673</u>
Total revenues	<u>14,689,085</u>	<u>9,680</u>	<u>14,698,765</u>
Expenditures:			
Compensation and fringe benefits	2,868,065		2,868,065
State institutions, contract agencies, and other	9,576,544		9,576,544
General expenditures	<u>2,094,910</u>	<u> </u>	<u>2,094,910</u>
Total expenditures	<u>14,539,519</u>	<u>-</u>	<u>14,539,519</u>
Excess of revenues over expenditures	<u>\$ 149,566</u>	<u>\$ 9,680</u>	<u>\$ 159,246</u>

1998

<u>General Fund</u>	<u>Hendershot Fund</u>	<u>Totals (Memorandum Only)</u>
\$ 3,360,103	\$	\$ 3,360,103
9,163,056		9,163,056
<u>39,149</u>	<u>7,997</u>	<u>47,146</u>
<u>12,562,308</u>	<u>7,997</u>	<u>12,570,305</u>
4,169,217		4,169,217
6,498,785		6,498,785
<u>1,739,891</u>	<u> </u>	<u>1,739,891</u>
<u>12,407,893</u>	<u>-</u>	<u>12,407,893</u>
<u>\$ 154,415</u>	<u>\$ 7,997</u>	<u>\$ 162,412</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>Budget</u>	<u>1999</u> <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	<u>1998</u> <u>Actual</u>
Revenues:				
Grants and appropriations:				
State of Michigan:				
Department of Community Health	\$ 2,024,855	\$ 1,856,585	\$ (168,270)	\$ 2,720,309
DCH carry forward	304,915	304,915		
RICC		700	700	300
Title XX Replacement	1,209	1,209		1,209
Prevention Grant	35,720	35,720		31,227
Federal Government:				
Block Grants	107,641	107,641		107,641
Lenawee County:				
County appropriation	391,682	391,682		391,682
Contact Agencies Match	29,334	105,083	75,749	29,335
Miscellaneous donations	2,000	1,750	(250)	1,867
Intergovernmental transfers	69,560	69,560		65,903
Housing assistance	5,000	4,900	(100)	4,604
Miscellaneous		6,477	6,477	
	<u>2,971,916</u>	<u>2,886,222</u>	<u>(85,694)</u>	<u>3,354,077</u>
Earned revenues and reimbursements:				
Charge for services - self-pay and insurance - net of discount	36,485	56,059	19,574	205,608
State of Michigan - Medicaid reimbursements	11,131,979	10,925,443	(206,536)	8,025,050
SSI revenue	496,032	496,032		496,032
FIA Contracts				153,608
OBRA	157,382	155,253	(2,129)	59,821
Other earned revenue	44,555	59,319	14,764	222,785
MRS	700	602	(98)	152
Lifeways	18,162	18,162		
	<u>11,885,295</u>	<u>11,710,870</u>	<u>(174,425)</u>	<u>9,163,056</u>
Transfer from Hendershot Fund	-	-	-	-
Interest income	92,465	91,993	(472)	45,175
Total revenues	<u>14,949,676</u>	<u>14,689,085</u>	<u>(260,591)</u>	<u>12,562,308</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>Budget</u>	<u>1999</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>1998</u> <u>Actual</u>
Expenditures:				
Compensation and fringes:				
Salaries and wages	\$ 2,235,000	\$ 2,234,851	\$ 149	\$ 3,335,729
Fringes	643,000	623,639	19,361	827,213
Per diem expenditures	<u>10,000</u>	<u>9,575</u>	<u>425</u>	<u>6,275</u>
Total compensation and fringes	<u>2,888,000</u>	<u>2,868,065</u>	<u>19,935</u>	<u>4,169,217</u>
State Institutions, Contract Agencies, and Other:				
State Institutions	261,556	184,775	76,781	246,767
Goodwill Industries - LARC	296,502	295,407	1,095	291,000
H.O.P.E. Recreation	6,536	6,536		6,536
Hispanic Contract	55,042	55,041	1	55,041
HUD 811	10,000	10,000		
Local Inpatient	400,000	444,213	(44,213)	59,348
Residential Services	6,275,000	6,380,092	(105,092)	5,577,268
Answering Service	2,000	1,984	16	2,868
Drop In Center	33,926	33,926		33,925
Wraparound Funds	154,467	154,467		194,767
Outpatient services				31,265
Clinical services	2,270,460	1,933,377	337,083	
Lifeways - QI	30,359	30,359		
Lifeways - RR	<u>46,368</u>	<u>46,367</u>	<u>1</u>	
Total State Institutions, Contract Agencies, and Other	<u>9,842,216</u>	<u>9,576,544</u>	<u>265,672</u>	<u>6,498,785</u>
Total expenditures	<u>12,730,216</u>	<u>12,444,609</u>	<u>285,607</u>	<u>10,668,002</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>Budget</u>	<u>1999 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1998 Actual</u>
Total expenditures carried forward	\$ 12,730,216	\$ 12,444,609	\$ 285,607	\$ 10,668,002
General expenditures:				
Office supplies	17,000	14,105	2,895	14,338
Computer software	14,000	12,967	1,033	18,948
Operating supplies	20,000	17,809	2,191	38,274
Client services	9,000	6,958	2,042	7,672
Professional services	630,836	585,061	45,775	674,747
Communications	88,000	72,411	15,589	79,726
Travel	42,000	33,422	8,578	58,858
Printing and publishing	14,000	8,353	5,647	2,142
Insurance	19,000	14,862	4,138	40,069
Building and ground maintenance	1,800	1,261	539	6,641
Software/hardware maintenance	20,000	19,531	469	14,521
Equipment maintenance	53,000	41,781	11,219	22,805
Building rental	425,500	425,013	487	519,741
Equipment rental	200	181	19	697
Membership and dues	7,500	7,660	(160)	7,677
Equipment/hardware acquisitions	82,000	68,323	13,677	32,158
Staff development	40,000	34,073	5,927	59,886
Client transportation	92,000	88,436	3,564	82,219
Recruitment	9,000	8,139	861	2,013
Miscellaneous medical	20,000	19,951	49	20,570
Utilities	3,100	3,089	11	11,689
MRS Match	24,500	24,500		24,500
Risk reserve	<u>587,024</u>	<u>587,024</u>		
Total general expenditures	<u>2,219,460</u>	<u>2,094,910</u>	<u>124,550</u>	<u>1,739,891</u>
Total expenditures	<u>14,949,676</u>	<u>14,539,519</u>	<u>410,157</u>	<u>12,407,893</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 149,566</u>	<u>\$ 149,566</u>	<u>\$ 154,415</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lenawee Community Mental Health Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. FUND ACCOUNTING

The Lenawee Community Mental Health Authority is a governmental authority established in accordance with the Michigan Mental Health Code (Public Act 258, of Public Acts of 1974, as amended). The General Fund of Community Mental Health is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The General Fund includes the expenditures of Community Mental Health operated programs and the expenditures to the contract agencies.

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.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General fund is accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

C. INVESTMENTS

Investments are stated at cost, which approximates market.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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.

2. ENTITY

As of May 10, 1998, Lenawee County Community Mental Health Services Board became Lenawee Community Mental Health Authority. It is an Authority which is a distinct and separate governmental entity. It is responsible for its own operations, however, the Authority's Board members will continue to be appointed by the Lenawee County Board of Commissioners.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

3. INVESTMENTS

Investments in the Hendershot Fund are as follows:

	<u>1999</u>	<u>1998</u>
United Bank & Trust Cash Management Account - 4.64%	<u>\$ 168,581</u>	<u>\$ -</u>
Other: (Hendershot Fund)		
Land:		
Two lots located in Tecumseh, Michigan	<u>\$ 2,400</u>	<u>\$ 2,400</u>
Security:		
One share of Lenawee Farm Bureau Oil Cooperative	<u>\$ 10</u>	<u>\$ 10</u>

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

4. DUE FROM STATE OF MICHIGAN - DEPARTMENT OF COMMUNITY HEALTH

The breakdown is:

	<u>1999</u>	<u>1998</u>
MI Child	\$ 296	\$
RICC	50	
Title XX Replacement		1,209
Reimbursement under OBRA	38,144	11,701
Reimbursement on Block Grant	9,251	20,174
Housing Assistance		900
Managed Care Screening		23,000
Prevention Grant	17,146	20,837
DCH Cost Settlement for fiscal year 1997-98	<u> </u>	<u>151,284</u>
	<u>\$ 64,887</u>	<u>\$ 229,105</u>

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

5. DUE TO STATE OF MICHIGAN - DEPARTMENT OF COMMUNITY HEALTH

Lenawee Community Mental Health Authority contracted with the State under a full management contract. Community Mental Health is the fiscal agent for all funds covering the applicable programs of Lenawee County overseen by the State Department of Community Health.

Community Mental Health had incurred liabilities to the Department of Community Health at September 30, 1999 and 1998 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 Community Health.

Community Mental Health has separately incurred a liability to the Department of Community Health at September 30, 1999 and 1998 of amounts billed for the State Institution charges for County residents.

	<u>1999</u>	<u>1998</u>
AIS cost settlement for the nine months ended June 30, 1998	\$	\$ 191,496
AIS cost settlement for the fiscal year 1996-97		323,501
AIS cost settlement for the fiscal year 1995-96		225,113
Unpaid State Institution and Residential charges for County residents	77,174	16,809
Audit settlement on AIS for the fiscal years 1992-93; 1993-94; and 1994-95		106,654
DCH cost settlement for fiscal year 1998-1999	<u>95,609</u>	<u> </u>
	<u>\$ 172,783</u>	<u>\$ 863,573</u>

6. LEASE COMMITMENTS

Community Mental Health currently leases its main facility from Lenawee County on a year-to-year basis.

Eleven residential facilities are leased from independent third parties on three to ten year terms. Lease payments currently total \$19,995 per month.

Annual future lease commitments are as follows:

<u>Fiscal Year</u>	<u>Commitment</u>
1999-2000	\$ 569,248
2000-2001	217,233
2001-2002	156,741
2002-2003	148,866
2003-2004	115,911
Over 5 Years	68,642

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

7. 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, 1999 and 1998 was \$88,530 and \$133,614, respectively, and is shown on the balance sheet in the Long-Term Debt Account Group.

8. PENSION PLAN

All employees of the Lenawee Community Mental Health Authority are eligible to participate in defined benefit pension plan of Lenawee County - the Lenawee County Board of Commissioners Employees' Retirement Income Plan. Full disclosure of this plan is provided in Note 12 of the County of Lenawee's financial statements for the year ended December 31, 1998. At December 31, 1998, the total actuarial accrued liability was \$34,298,939 and actuarial value of assets was \$28,861,936.

Community Mental Health has made its required pension contributions to the County. The contribution for 1998-99 was \$117,046 and \$187,935 for 1997-98.

9. 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.

10. CASH AND INVESTMENTS

At year end, the carrying value of Community Mental Health's deposits was \$2,056,689 and bank balance was \$2,584,503. Of the bank balance and investments, \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. All deposits are with banks located in Michigan as required by statutes.

A listing of investments is provided in Note 3 to the financial statements.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

11. CHANGES IN FIXED ASSETS

	<u>Balance October 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 1999</u>
Real estate	\$ -	\$ 140,577	\$ -	\$ 140,577
Office equipment	447,990	81,712	29,338	500,364
Furniture and fixtures	226,483	453	9,751	217,185
Audio visual equipment	75,406	13,665	4,796	84,275
Program equipment	113,518		31,550	81,968
Appliances	<u>12,431</u>	<u>450</u>	<u>400</u>	<u>12,481</u>
	<u>875,828</u>	<u>96,280</u>	<u>75,835</u>	<u>896,273</u>
Total	<u>\$ 875,828</u>	<u>\$ 236,857</u>	<u>\$ 75,835</u>	<u>\$ 1,036,850</u>

Real estate represents the purchase of Green Highway house.

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 budget is adopted on a basis consistent with generally accepted accounting principles.

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 year 1998-99.

13. FUNDING

State funding of mental health services has changed to a capitation basis. Capitated payments are based on the Medicaid eligible population. The State General Fund revenues will be distributed through a funding formula developed by the State based on County population.

14. CLINICAL AND ADMINISTRATIVE SERVICES

As of January 1, 1999, the Board of Lenawee Community Mental Health Authority started to contract out many of the clinical and administrative services it previously provided as direct services.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>ADMINISTRATION</u>				
	<u>Executive Board</u>	<u>Fiscal</u>	<u>MIS</u>	<u>Quality Improvement*</u>	<u>Recipient Rights*</u>
Compensation and fringes:					
Salaries and wages	\$ 247,043	\$ 276,303	\$ 74,361	\$ 5,256	\$ 12,069
Fringes	71,940	86,023	15,204	2,463	3,903
Per diem expenditures	<u>9,575</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total compensation and fringes	<u>328,558</u>	<u>362,326</u>	<u>89,565</u>	<u>7,719</u>	<u>15,972</u>
General expenditures:					
Office supplies	2,799	2,733	1,254	39	29
Software			12,967		
Operating supplies	5,936	155	139	532	1
Professional services	15,419	1,500	4,626		
Communications	16,646	5,743	7,957	125	125
Travel	7,653	1,555	115	4	159
Printing and publishing	7,909				
Insurance	1,595	1,762	279	150	109
Software/hardware maintenance		13,439	6,092		
Equipment maintenance	10,370	4,875	1,638	185	
Building rental	31,615	38,617	9,928	1,378	1,378
Membership and dues	7,660				
Equipment/hardware acquisitions	(15,866)	323	78,345		
Staff development	9,984	4,497	4,744		363
Recruitment	1,198	1,760			
Risk reserve	<u>20,105</u>	<u>20,468</u>	<u>10,141</u>	<u> </u>	<u> </u>
Total general expenditures	<u>123,023</u>	<u>97,427</u>	<u>138,225</u>	<u>2,413</u>	<u>2,164</u>
Subtotal - direct expenditures	451,581	459,753	227,790	10,132	18,136
Administrative expense allocation	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 451,581</u>	<u>\$ 459,753</u>	<u>\$ 227,790</u>	<u>\$ 10,132</u>	<u>\$ 18,136</u>

*Includes three months of direct service activity.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>DEVELOPMENTAL DISABILITIES</u>			
	<u>Adult Activity*</u>	<u>Outpatient</u>	<u>Family Support</u>	<u>Client Services Management</u>
Compensation and fringes:				
Salaries and wages	\$ 89,997	\$ 259,263	\$ 17,091	\$ 264,982
Fringes	<u>32,663</u>	<u>74,340</u>	<u>5,677</u>	<u>77,117</u>
Total compensation and fringes	<u>122,660</u>	<u>333,603</u>	<u>22,768</u>	<u>342,099</u>
General expenditures:				
Office supplies	365	1,688	44	1,259
Operating supplies	2,551	512	2	29
Professional services			37,256	
Communications	1,503	4,406	120	4,433
Travel		4,586	441	4,451
Insurance	1,389	956	168	1,900
Equipment maintenance	662	3,320	68	6,143
Building rental	67,798	25,426	1,378	36,750
Staff development		2,053	75	1,779
Equipment		679		1,188
Miscellaneous medical		19,951		
Risk reserve		<u>19,533</u>		<u>18,636</u>
Total general expenditures	<u>74,268</u>	<u>83,110</u>	<u>39,552</u>	<u>76,568</u>
Subtotal - direct expenditures	196,928	416,713	62,320	418,667
Administrative expense allocation	<u>17,855</u>	<u>37,783</u>	<u>5,650</u>	<u>37,960</u>
Total expenditures	<u>\$ 214,783</u>	<u>\$ 454,496</u>	<u>\$ 67,970</u>	<u>\$ 456,627</u>

*Includes three months of direct service activity.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>MENTAL ILLNESS - ADULT</u>	
	<u>Client Services Management</u>	<u>Access</u>
Compensation and fringes:		
Salaries and wages	\$ 186,059	\$ 266,331
Fringes	<u>43,064</u>	<u>70,003</u>
Total compensation and fringes	<u>229,123</u>	<u>336,334</u>
General expenditures:		
Office supplies	660	847
Operating supplies	36	36
Client services	1,922	
Professional services		
Communications	3,054	11,684
Travel	3,558	1,460
Insurance	1,019	1,314
Building and ground maintenance		
Equipment maintenance	3,236	2,918
Building rental	17,724	24,926
Equipment rental		
Equipment acquisitions	1,018	
Client transportation		
Recruitment	1,597	2,006
Utilities		
Staff development	2,884	318
Risk reserve	<u>12,524</u>	<u>16,720</u>
Total general expenditures	<u>49,232</u>	<u>62,229</u>
Subtotal - direct expenditures	278,355	398,563
Administrative expense allocation	<u>25,238</u>	<u>36,137</u>
Total expenditures	<u>\$ 303,593</u>	<u>\$ 434,700</u>

<u>Medication Clinic</u>	<u>Clubhouse*</u>	<u>Assertive Community Treatment*</u>	<u>Transitional Employment*</u>
\$ 139,435	\$ 43,958	\$ 55,255	\$ 1,240
<u>27,707</u>	<u>13,524</u>	<u>13,513</u>	<u>224</u>
<u>167,142</u>	<u>57,482</u>	<u>68,768</u>	<u>1,464</u>
754	102	159	25
1,588	4,183	153	1
		5,036	
451,060		8,804	
3,224	991	3,129	
382	269	2,980	
826	388	345	(83)
	149	1,112	
2,530	1,435	247	
24,272	11,713	5,052	6,900
	181		
1,207	450		
		39	119
384		50	
	3,089		
108	660		
<u>30,449</u>	<u> </u>	<u> </u>	<u> </u>
<u>516,784</u>	<u>23,610</u>	<u>27,106</u>	<u>6,962</u>
683,926	81,092	95,874	8,426
<u>62,011</u>	<u>7,352</u>	<u>8,693</u>	<u>764</u>
<u>\$ 745,937</u>	<u>\$ 88,444</u>	<u>\$ 104,567</u>	<u>\$ 9,190</u>

*Includes three months of direct service activity.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>MENTAL ILLNESS - CHILD</u>	
	<u>Children's Respite/ Mentors</u>	<u>Home Based*</u>
Compensation and fringes:		
Salaries and wages	\$ 19,819	\$ 39,045
Fringes	<u>9,743</u>	<u>9,376</u>
Total compensation and fringes	<u>29,562</u>	<u>48,421</u>
General expenditures:		
Office supplies	78	179
Operating supplies	48	232
Professional services	65,521	
Communications	1,193	2,048
Travel		1,409
Insurance	181	516
Equipment maintenance		133
Building rental	4,116	5,812
Recruitment	50	
Risk reserve		
Staff development	262	951
Equipment acquisitions	<u>300</u>	<u> </u>
Total general expenditures	<u>71,749</u>	<u>11,280</u>
Subtotal - direct expenditures	101,311	59,701
Administrative expense allocation	<u>9,186</u>	<u>5,413</u>
Total expenditures	<u>\$ 110,497</u>	<u>\$ 65,114</u>

*Includes three months of direct service activity.

<u>Wraparound</u>	<u>Client Services Management</u>	<u>Outpatient*</u>
\$ 14,887	\$ 138,874	\$ 27,473
<u>6,353</u>	<u>39,844</u>	<u>7,271</u>
<u>21,240</u>	<u>178,718</u>	<u>34,744</u>
75	798	70
3	1,071	50
812	4,323	269
804	2,677	250
285	914	288
379	3,400	46
1,378	22,653	3,268
	1,094	
	10,157	
(15)	1,666	1,371
<u> </u>	<u>679</u>	<u> </u>
<u>3,721</u>	<u>49,432</u>	<u>5,612</u>
24,961	228,150	40,356
<u>2,263</u>	<u>20,686</u>	<u>3,659</u>
<u>\$ 27,224</u>	<u>\$ 248,836</u>	<u>\$ 44,015</u>

*Includes three months of direct service activity.

LENAWEE COMMUNITY MENTAL HEALTH AUTHORITY

GENERAL FUND

SCHEDULE OF EXPENDITURES BY PROGRAM

FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>OTHER</u>			
	<u>Prevention</u>	Nursing Home Active <u>Treatment*</u>	<u>RICC</u>	<u>Contract Agencies</u>
Compensation and fringes:				
Salaries and fringes	\$	\$ 56,110	\$	\$
Fringes	<u> </u>	<u>13,687</u>	<u> </u>	<u> </u>
Total compensation and fringes	<u>-</u>	<u>69,797</u>	<u>-</u>	<u>-</u>
State Institutions, Contract Agencies, and Other:				
State Institutions				184,775
Goodwill Industries – LARC				295,407
H.O.P.E. Recreation				6,536
Local Inpatient				444,213
Residential Services				6,380,092
Answering Service				1,984
Drop In Center				33,926
Wraparound Service				154,467
Hispanic Contract				55,041
HUD 811				10,000
Clinical Services				1,933,377
Lifeways - QI				30,359
Lifeways - RR				<u>46,367</u>
Total State Institutions, Contract Agencies and Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,576,544</u>
General expenditures:				
Office supplies		148		
Operating supplies	545	6		
Professional services	425		450	
Communications		626		
Travel		669		
Insurance		561		
Equipment maintenance		196		
Building rental		5,476		77,455
Client transportation				88,278
MRS Match				24,500
Staff development	1,947	176	250	
Printing and publishing	444			
Risk reserve				<u>428,291</u>
Total general expenditures	<u>3,361</u>	<u>7,858</u>	<u>700</u>	<u>618,524</u>
Subtotal - direct expenditures	3,361	77,655	700	10,195,068
Administrative expense allocation	<u>305</u>	<u>7,041</u>		<u>879,396</u>
Total expenditures	<u>\$ 3,666</u>	<u>\$ 84,696</u>	<u>\$ 700</u>	<u>\$ 11,074,464</u>

*Includes three months of direct service activity.