

HIGH PLAINS MENTAL HEALTH CENTER

Hays, Kansas

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2009

HIGH PLAINS MENTAL HEALTH CENTER
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2009

TABLE OF CONTENTS

	<u>Page Number</u>
<u>Introductory Section</u>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
<u>Financial Section</u>	
Statement 1	
Statement of Net Assets	9
Statement 2	
Statement of Activities	10
Statement 3	
Balance Sheet and Reconciliation	
Governmental Funds	11
Statement 4	
Statement of Revenues, Expenditures, and Changes in	
Fund Balance and Reconciliation - Governmental Funds	13
Notes to Financial Statements	15
<u>Required Supplementary Information</u>	
Statement 5	
Balance Sheets and Statements of Revenues, Expenditures	
and Changes in Fund Balance – Budget and Actual (where applicable)	
5-1 General Fund.....	25
Special Revenue Funds	
5-2 State Child Adolescent Fund	27
5-3 Mental Health Reform Fund	29
5-4 Supported Employment Program Development Fund.....	31
5-5 Department of Aging Grant Fund	33
5-6 Mental Health Reform Children Fund	34
5-7 Mental Health Reform Hospital Closure Fund	36
5-8 Family Centered System Grant Fund	38
5-9 Smart Start Services Fund	40
5-10 Children's Crisis Services Grant Fund	42
5-11 Area Agency on Aging Fund.....	44
5-12 Functional Family Therapy JJA Grant Fund	45
Report on Internal Control Over Financial and on Compliance and	
Other Matters Based on an Audit of Financial Statements	
Performed In Accordance with Government Auditing Standards	46
Schedule of Revenues and Expenditures Budget and Actual	48

HIGH PLAINS MENTAL HEALTH CENTER
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2009

TABLE OF CONTENTS

	<u>Page Number</u>
Schedule of Expenditures of Federal Awards and State Aid	50
Schedule of Findings and Questioned Costs	51
Summary Schedule of Prior Audit Findings	52



Phone (785)628-3046 ■ Fax (785)628-3089 ■ www.abbb.com

Commerce Bank Building ■ 718 Main ■ Suite 224

P.O. Box 1186 ■ Hays, Kansas 67601

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
High Plains Mental Health Center
Hays, Kansas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **High Plains Mental Health Center**, as of and for the year ended December 31, 2009, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **High Plains Mental Health Center's** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Governmental 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. The financial statements of **High Plains Mental Health Center Endowment Association** were not audited in accordance with Government Auditing Standards. 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 audit provides a reasonable basis for our opinions.

Accounting principles generally accepted in the United States of America require that accounting and reporting of past employment benefits other than pensions be included in the **High Plains Mental Health Center** financial statements which would increase the liability and the expenditures in the above funds. The amount by which this departure would affect the liabilities, fund balances and expenditures is not reasonably determined. In our opinion, except for the departure noted above, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the primary government of the **High Plains Mental Health Center**, as of December 31, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

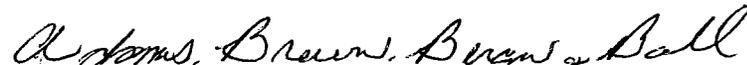
High Plains Mental Health Center
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010, on our consideration of **High Plains Mental Health Center's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 25 through 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **High Plains Mental Health Center** basic financial statements. The introductory section and combining individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of federal awards and state revenues and grants is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and the state of Kansas Department of Social and Rehabilitation Services Recipient Monitoring Policy and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.


ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

March 25, 2010

HIGH PLAINS MENTAL HEALTH CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the **High Plains Mental Health Center** financial performance provides an overview of the Center's financial activities for the year ended December 31, 2009. Please read in conjunction with the Center's financial statements, which begins after this letter.

FINANCIAL HIGHLIGHTS

The assets of High Plains Mental Health Center exceeded its liabilities at December 31, 2009 by \$5,612,091. Of this \$3,765,786 is unrestricted and available to meet the Center's ongoing obligations. Total net assets increased by 1% as a result of this year's operations.

High Plains Mental Center's funding is a mixture of federal, state, local, self-pay and insurance sources. The largest portion (59%) is from Fee for Service, which includes all third party and out of pocket payments. The second largest revenue source is from the state; those funds include Mental Health Reform and State Aid (30%). The majority of that money comes from the Department of Social and Rehabilitation Services' community mental health funds. Local funding from the 20 counties comprises 8% of the Center's total revenue. The remaining funds not attributable to the primary sources, is 3% of the revenue.

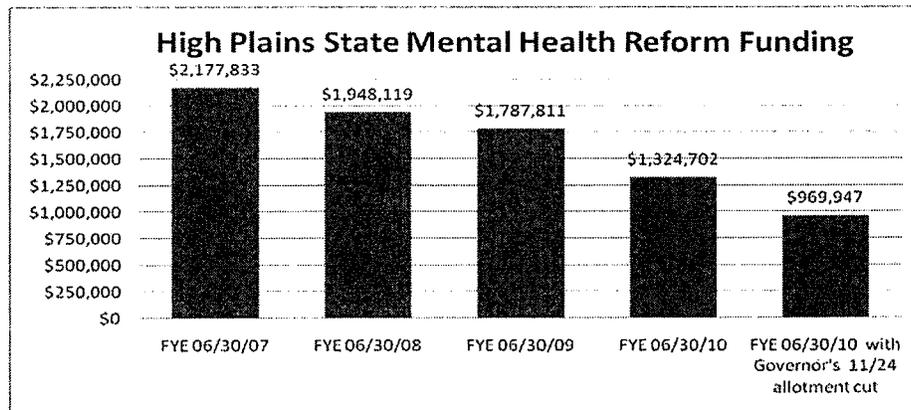
Effective July 1, 2007, the State of Kansas implemented a new Medicaid state plan for Mental Health service for individuals with Medicaid coverage. This plan, submitted to the Centers for Medicaid and Medicare by the Kansas Department of Social and Rehabilitation Services and Medicaid Division of the Health Authority, is based on waivers of typical federal Medicaid requirements. The principal difference beginning with the new State Plan, is that all of Medicaid funding for Mental Health will be contained in a Managed Care Plan. This is a "non-risk" plan and the state chose a sole source contract for the new Plan, with the current public mental health system. The plan is operated through a contract between the state and a Prepaid Ambulatory Health Plan, Kansas Health Solution, LLC a subsidiary of the Association of Community Mental Health Centers of Kansas, Inc.

The new plan changes certain service definitions, focuses on a rehabilitation model of service delivery, and includes Licensed Mental Health Providers in private practice in an "any willing provider" mechanism to assist in delivering the traditional clinic based services to the general populations. Community Mental Health Centers will continue to be the preferred provider of the Specialized Services to the state's target populations.

An additional Medicaid waiver to divert youth from placement in residential treatment offers some opportunities for the mental health system although it is of a smaller scope. In terms of risk, High Plains will continue to be paid on a fee for service basis. At this point it appears that the philosophy of management of care in the new system will be one that looks at mega system utilization patterns, and High Plains is in a position from that perspective to not be significantly constrained in the potential to deliver services and generate revenue.

In recent years, High Plains Mental Health Center has seen cuts in state funding under the mental health reform contract to partially fund the new state Medicaid plan and cuts to help balance the state's budget. The following chart represents those changes in funding over the past several years. Additionally, the Governor's allotment cuts in November 2009 reduced Medicaid reimbursements by 10%, which is estimated to reduce Center reimbursements by approximately \$360,000 for calendar year 2010. The Center is attempting to replace those lost revenues with added patient service revenue.

**HIGH PLAINS MENTAL HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**



Though the reductions in mental health reform funding initially were to help the state implement the new Medicaid State plan, recent cuts have been a direct result of the state's financial struggles and attempts to balance budgets. Though SRS has indicated that they have focused and purposed the mental health reform funding on a more specific population and prioritized those to be served, there remains a significant public policy debate within the state as to the obligations of community mental health centers. On the one hand SRS says that CMHCs do not have to serve all individuals. However, advocates and others have made it clear that their expectation is that CMHCs continue to provide all services to all individuals who need such services regardless of ability to pay. This policy gap or difference leaves High Plains at some disadvantage as to where to prioritize services and where to consider elimination of some previously considered "mandated" services.

In 2009 High Plains began the year looking at a projected budget deficit of (\$299,874). Through the process of reduction in expenditures and increase in patient service revenue, we were able to realize an actual net operating income of \$54,986.

The increase in patient service revenue was accomplished through increased emphasis on productivity and patient collections. The Center also implemented an incentive plan during the year to increase patient service revenue. The Center reduced expenditures primarily through a reduction in approximately 25 positions. In looking toward the future, the Center remains vigilant in observing what is a very uncertain picture with respect to future state funding. Observers in Topeka speculate that it is possible that all mental health reform funding could be removed from the system, and the implications to High Plains would be considerable. At that point, serious consideration of changes in mission and focus, populations to be served, as well as size and structure of the organization would have to be considered. Continued downsizing would not be sufficient to adjust to such cuts in subsidy funding.

During the year, the Center's Board and Administration worked with counties on the development of a county equitable funding formula. The Center recognizes that counties are unable in total to increase funding due to economic conditions. However, over the years counties have questioned what a "fair share" or equitable funding amount would be for counties and a six factor formula was developed. That model will be used during 2010 to make county funding budget requests for calendar year 2011.

During 2009, the Center utilized a strategic dashboard to monitor key metrics of Center performance. That dashboard is shared with Board quarterly and is a product of the overall strategic plan approved by the Board.

As we look toward the future of Center revenues, in addition to the mental health reform concerns, we remain mindful of the fragile economy and impacts on the counties. In addition, Medicaid no longer is seen as increasing total line item expenditure in the state. In fact, it is quite clear that the state wishes to

HIGH PLAINS MENTAL HEALTH CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

"bend the curve" downward in terms of Medicaid growth. We have also seen an allotment cut by the governor which reduced our Medicaid rates by 10% and whether or not those rates are restored is uncertain. As part of the Center's strategic plan, we have added a concern and focus on staff recruitment and retention. There are changing demographics in the governmental and non-profit workforce that provide significant challenges. We have identified that our salary structure is below market rates in the area and significantly below state wide mental health center structures. This adds to the challenge of recruitment and retention of staff.

The Center is monitoring closely Kansas Health Solutions' implementation of a new claims payment and data system. The new system was scheduled to be implemented in October of 2009. However, as of the first of March 2010, the system had not been implemented or converted. This leaves us with some uncertainty about potential disruption of Medicaid patient service revenue if the conversion is not managed well by this outside change. We have been working to decrease as much as possible our outstanding accounts receivable to Medicaid so that we do not have as much old business to be worked, once Kansas Health Solutions does update their claims payment system.

From a large scale perspective, the Center is monitoring potential changes as a result of the National Health Reform debate. Mental health has not been a primary focus of such debates and there are questions as to the impact of National Health Reform on Medicaid services for mental health, particularly for the long term, most needy mental health consumers within the context of defined benefit plans established by the federal government. There is the opportunity that Medicaid will expand with National Health Reform. However, the outstanding question of concern is whether additional funding will be put in that system or if care will have to be diluted to serve more with the same amount of funding.

Medicaid and the HCBS SED Waiver provide 75% of the Center's fee for service revenue. This has been the primary source of growth in fee for service revenue over the last five years. Commercial insurance, Medicare and contracts total 14% of the fee for service revenue for 2009 and self pay revenue is the remaining 11%. The Center reviewed the fee structure and increased fees effective October 1, 2008. The Center's fee for therapy and physician services had been not changed since 2000.

High Plains Mental Health Center's personnel costs total 77% of the Center's total expenditures, including capital outlay. Providing competitive wages for the professional and support staff continues to be an ongoing challenge for the Center. Some steps have been taken to increase base wages so quality staff can be recruited and retained, however, Center wages continue to be on the low side for comparable positions in the community, region and the state. The Center provides a self-funded health insurance plan for staff and costs for providing that benefit continue to increase. Management annually reviews the benefits offered by the plan and the associated costs to determine what, if any, changes need to be made.

In June 2005, the Center received a grant from the State of Kansas Department of Social and Rehabilitation Services to provide Out of Home Crisis Services to children and youth in the Center's target population. The funding for this grant ended on June 30, 2008; however, management continues to work with staff to develop funding streams for these activities so the project is sustainable without grant funding.

Information Technology is an essential tool for management, not only for day-to-day operations of the Center, but also for providing information used for decision making. Over the span of several years the Center replaced several software systems including the financial software and a human resource software package. During 2007, the Center purchased a client management software product called PsychConsult from Askesis. The Phase One implementation of PsychConsult was put into production on October 1, 2008. Phase Two, the electronic medical record, is being implemented in steps during 2009 and 2010. PsychConsult handles the Center's needs for client demographic and clinical data, patient billing and accounts receivable, scheduling, and electronic medical records which is replacing the paper

HIGH PLAINS MENTAL HEALTH CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

client chart. Application Xtender, an application to manage scanned documents, works in conjunction with PsychConsult for documents that may come from outside sources.

The Center utilizes a Citrix blade center along with additional hardware needed to serve as the domain controller and file server for the Center. Additional servers are purchased and added to the Citrix system to replace the various network servers as they become obsolete or expansion is needed. During 2009, the Center expanded staff access to the client electronic medical record while they are in the community with the use of mobile thin clients. These units access the electronic medical record through an existing wireless cell phone network and no personal health information can be stored on the mobile unit.

During 2008 High Plains Mental Health Center implemented a voice over IP telephone system which included upgrades to a digital telephone system in locations that had analog systems. The voice over IP telephone system is a single telephone system that connects the branch offices with Hays eliminating many of the long distance calls between those offices. The new system shares the current data lines and is used for telephone service, data transmission and televideo conferencing. The voice over IP telephone system allows telephone calls to be transferred between branch offices and Hays, in order to put callers in touch with the staff person they need regardless of the staff person's location and which phone number the caller dialed.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net assets and statement of activities on pages 9 through 10 provide information about the activities of the Center as a whole and present a longer-term view to the Center's finances. Fund financial statements start on page 25. For governmental activities these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Center's operations in more detail than the government wide statements by providing information about the Center's most significant funds.

REPORTING THE CENTER AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the Center as a whole begins on page 9. One of the most important questions asked about the Center's finances is "Is the Center as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Center as a whole and about its activities that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Center's net assets and changes in them. Think of the Center's net assets - the difference between assets and liabilities - as one way to measure the Center's financial health or financial position. Over time increases or decreases in the Center's net assets are one indicator of whether financial health is improving or deteriorating.

REPORTING THE CENTER'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Analysis of the Center's major funds begins on page 11 The fund financial statements begin on page 25 and provide detailed information about the most significant funds. The Center's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can regularly be

**HIGH PLAINS MENTAL HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

converted to cash. The governmental fund statements provide a short-term view of the Center's general operations and the services it provides.

Fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. We describe the relationship (or differences) between governmental activities (reported in a statement of net assets and the statement of activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

THE CENTER AS A WHOLE

**TABLE 1
STATEMENT OF NET ASSETS**

	Total Primary Government	
	2009	2008
Current Assets	\$ <u>5,042,450</u>	5,035,304
Capital Assets	<u>2,217,261</u>	<u>2,097,610</u>
Total Assets	<u>7,259,711</u>	<u>7,132,914</u>
Current Liabilities	639,500	618,317
Other Liabilities	<u>1,008,120</u>	<u>991,667</u>
Total Liabilities	<u>1,647,620</u>	<u>1,609,984</u>
Restricted	1,739,853	2,101,158
Designated for Subsequent Year's Expenditures	106,452	72,277
Unrestricted	<u>3,765,786</u>	<u>3,349,495</u>
Total Net Assets	<u>\$ 5,612,091</u>	<u>5,522,930</u>

**TABLE 2
STATEMENT OF ACTIVITIES**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2009	2008
Primary Government					
Governmental Activities					
General Government	\$ <u>8,097,989</u>	<u>4,837,061</u>	<u>2,492,010</u>	<u>(768,918)</u>	<u>(938,756)</u>
General Revenues & Special Items					
County Appropriations				\$ 681,719	648,462
Management Fees				32,723	30,278
Sales & Rentals				14,085	12,240
Unrestricted Investment Earnings				63,277	123,036
Miscellaneous				<u>32,100</u>	<u>29,332</u>
Total General Revenues & Special Items				<u>823,904</u>	<u>843,348</u>
Change in Net Assets				54,986	(95,408)
Net Assets - Beginning				5,522,930	5,815,003
Increase (Decrease) in Reserve for Encumbrances				<u>34,174</u>	<u>(196,665)</u>
Net Assets - Ending				<u>\$ 5,612,091</u>	<u>5,522,930</u>

**HIGH PLAINS MENTAL HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset Administration

Capital Assets

At the end of 2009, the Center had \$2,217,261 invested in capital assets less depreciation.

**TABLE 3
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

	Total Primary Government	
	2009	2008
Land	\$ 94,701	\$ 94,701
Building	2,864,972	2,486,387
Equipment	2,312,169	2,478,175
Furniture and Fixtures	349,579	352,479
Library Materials	20,903	21,116
Less Accumulated Depreciation	(3,425,063)	(3,335,248)
Total	\$ 2,217,261	\$ 2,097,610

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Center's finances. The report is also designed to show the Center's accountability for the money it receives.

Further questions concerning this report or the financial status of the **High Plains Mental Health Center**, should be directed to Joan Wilhelm's office at 208 East 7th, Hays, Kansas (785) 628-2871.

Joan Wilhelm

Director of Operations and Finance
High Plains Mental Health Center

High Plains Mental Health Center
Statement of Net Assets
December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Primary Government		Component Unit
	Governmental Activities		High Plains Ment Health Center Endowment Association
	2009	2008	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 3,667,914	3,397,253	252,250
Receivables (Net of Allowance for Uncollectibles)	860,358	1,178,822	12,502
Due from Other Governments	2,250	1,973	-
Prepaid Expenses	511,928	457,256	-
Total Current Assets	5,042,450	5,035,304	264,752
Property and Equipment			
Land	94,701	94,701	31,008
Buildings	2,864,972	2,486,387	-
Equipment	2,312,169	2,478,175	-
Furniture and Fixtures	349,579	352,479	-
Library Materials	20,903	21,116	-
Total Property and Equipment	5,642,324	5,432,858	31,008
Less Accumulated Depreciation	(3,425,063)	(3,335,248)	-
Net Property and Equipment	2,217,261	2,097,610	31,008
Total Assets	7,259,711	7,132,914	295,760
LIABILITIES			
Current Liabilities			
Accounts Payable	32,315	63,834	460
Accrued Wages, Benefits & Payroll Taxes	607,185	554,483	-
Total Current Liabilities	639,500	618,317	460
Long Term Liabilities			
Accrued Paid Leave	243,653	261,519	-
Extended Illness Days & Comp Time	764,467	730,148	-
Net Long Term Liabilities	1,008,120	991,667	-
Total Liabilities	1,647,620	1,609,984	460
Net Assets			
Reserved for Encumbrances	106,452	72,277	-
Board Designated Reserves	1,739,853	2,101,158	-
Unrestricted	3,765,786	3,349,495	295,300
Total Net Assets	\$ 5,612,091	5,522,930	295,300

The notes to the financial statements are an integral part of these statements.

High Plains Mental Health Center
Balance Sheet
Governmental Funds
December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	General Fund	Mental Health Reform Fund	Other Governmental Funds	Total Governmental Funds 2009	Total Governmental Funds 2008
ASSETS					
Cash and Investments	\$ 1,356,978	4,613	2,306,324	3,667,914	3,397,253
Receivables - Net					
Accounts Receivable	835,588	2,791	21,979	860,358	1,178,822
Due from Other Governments	2,250	-	-	2,250	1,973
Prepaid Expenses	503,520	8,408	-	511,928	457,256
Total Assets	\$ 2,698,336	15,812	2,328,302	5,042,450	5,035,304
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	26,614	1,736	3,965	32,315	63,834
Accrued Wages	135,266	-	-	135,266	153,192
Accrued Payroll Liabilities & Benefits	715,572	-	-	715,572	662,810
Total Liabilities	877,452	1,736	3,965	883,153	879,836
Fund Balance					
Reserved for Encumbrances Unreserved	106,146	-	306	106,452	72,277
Board Designated Reserves Undesignated	1,739,853	-	-	1,739,853	2,101,158
	(25,114)	14,075	2,324,031	2,312,992	1,982,033
Total Fund Balance	1,820,885	14,075	2,324,337	4,159,297	4,155,468
Total Liabilities and Fund Balance	\$ 2,698,336	15,812	2,328,302	5,042,450	5,035,304

High Plains Mental Health Center
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Assets
 December 31, 2009

Amounts reported for governmental activities in the Statement of Net Assets differ from the fund balances of Governmental Funds on the preceding balance sheet as shown in the following reconciliation:

Fund Balances of Governmental Funds from the Balance Sheet	\$	4,159,297
Property and equipment, net of depreciation, have not been included as financial resources in Governmental Fund activity on the Balance Sheet.		2,217,261
Extended Illness Time & Accumulated Comp Time have not been included in the Governmental Fund activity on the Balance Sheet.		
Extended Illness Days & Comp Time		(764,467)
		(764,467)
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (Statement 1)	\$	<u>5,612,091</u>

The notes to the financial statements are an integral part of these statements.

High Plains Mental Health Center
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2009
With Comparative Totals for the year ended December 31, 2008

	General Fund	Mental Health Reform Fund	Other Governmental Funds	Total Governmental Funds	
				2009	2008
Revenues					
State Aid & Contracted Revenues	\$ 736,307	1,173,164	360,300	2,269,771	2,742,976
County Appropriations	681,719	-	-	681,719	648,462
Grants	-	3,900	204,026	207,926	268,455
Patient Services	3,984,664	-	827,114	4,811,778	4,505,087
Other Services	25,028	-	255	25,283	204,124
Donations	3,300	-	-	3,300	1,905
Sales Rentals	14,085	-	-	14,085	12,240
Miscellaneous	20,742	5,102	1,760	27,603	24,951
Recovery of Bad Debts	4,497	-	-	4,497	4,381
Interest on Investments	63,277	-	-	63,277	123,036
Management Fees	-	32,723	-	32,723	30,278
Total Revenues	5,533,619	1,214,888	1,393,455	8,141,962	8,565,895
Expenditures					
Personnel	3,892,519	1,524,343	916,894	6,333,756	6,594,763
Professional & Legal Fees	129,426	276	27,319	157,021	172,080
Dues	20,970	-	2,075	23,045	25,065
Insurance	131,197	10,914	9,585	151,697	164,591
Public Information	5,592	99	1,100	6,791	27,942
Travel & Meeting	77,462	39,812	43,311	160,585	277,921
Professional Resources	4,930	-	1,632	6,563	8,702
Supplies	111,273	5,268	3,120	119,661	158,181
Postage	42,822	216	-	43,038	53,701
Leases & Rentals	143,071	40,500	5,426	188,997	221,115
Service Agreements	97,680	1,904	-	99,584	90,435
Utilities	134,773	14,222	6,684	155,679	158,891
Repairs & Maintenance	42,856	532	590	43,978	37,102
Miscellaneous	26,673	347	642	27,663	33,635
Bad Debt Expense	198,062	-	90	198,152	258,584
Capital Outlay	137,435	310,565	8,097	456,098	143,782
Total Expenditures	5,196,741	1,948,998	1,026,566	8,172,307	8,426,490
Excess (Deficiency) of Revenues Over Expenditures	336,877	(734,111)	366,889	(30,345)	139,405
Other Financing Sources (Uses)					
Transfers In	287,830	255,605	155,439	698,874	994,176
Transfers Out	(411,046)	-	(287,828)	(698,874)	(994,176)
Total Other Financing Sources (Uses)	(123,217)	255,605	(132,389)	-	-
Net Change in Fund Balances	213,661	(478,506)	234,501	(30,345)	139,405
Fund Balance - January 1	1,573,356	492,561	2,069,532	4,155,469	4,212,728
Increase (Decrease) in Reserve for Encumbrances	33,868	-	306	34,174	(196,665)
Fund Balance - December 31	\$ 1,820,885	14,075	2,324,338	4,159,298	4,155,468

The notes to the financial statements are an integral part of these statements.

High Plains Mental Health Center
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Funds (Statement 4)	\$	(30,345)
---	-----------	-----------------

Amounts Reported for Governmental Activities in the Statement of Activities
 (Statement 2) are different because:

Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay net of asset retirements.		119,649
--	--	---------

Governmental Funds do not report non-cash contributions. In the statement of activities, non-cash contributions of services and supplies/commodities are included as revenues and expenses. Non-cash contributions of property increase net assets and are not reflected in the statement of activities. This is the amount by which non-cash contributions revenue exceeded non-cash contributions expense in the statement of activities.

Extended Illness Days increased from the prior year. These balances are not accounted for in the		(32,440)
--	--	----------

Accumulated Comp time Decreased from the prior year. These balances are not accounted for in the General Governmental Funds; however the changes are reflected in the statement of activities.		(1,878)
--	--	---------

Change in Net Assets of Governmental Activities (Statement 2)	\$	<u>54,986</u>
--	-----------	----------------------

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the **High Plains Mental Health Center**, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. The following is a summary of such significant policies:

A. Reporting Entity

The **High Plains Mental Health Center** is established by Kansas Statutes and is operated and licensed as a community mental health center under the laws and regulations of the State of Kansas. The purpose of the Center is to provide mental health services and education to the community and twenty participating counties in Western Kansas.

The Kansas Division of Accounts and Reports determined the Center to be a municipality per K.S.A. 75-1122 for purpose of audit requirements. The Center is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

In evaluating how to define the Center for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB No. 39. The basic – but not the only – criteria for including a potential component unit within the reporting entity is the governing body's ability to influence financial decisions and economic impact. The most significant manifestation of this ability is financial interdependency. Other manifestations of this influence by the Center may include, but are not limited to, the selection of governing authority, the designation of management and the ability to significantly influence operations and accountability for fiscal matters. The other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Center is able to exercise oversight responsibilities. The Center has the following component unit that is presented discretely in the financial statements.

High Plains Mental Health Center Endowment Association, Inc. is a Not-For-Profit corporation organized under the laws of the State of Kansas. The purpose of the Association is to act generally in the raising of funds for the needs and purposes of **High Plains Mental Health Center**. A copy of the audited financial statements can be obtained by contacting the administrative office located at 208 East 7th Street, Hays, KS 67601.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net assets and the statement of activities report financial information for the Center as a whole. Individual funds are not displayed, but the statements disclose governmental activities, generally supported by taxes, grants, and Center general revenues.

HIGH PLAINS MENTAL HEALTH CENTER
Notes to Financial Statements
December 31, 2009

B. Government-Wide and Fund Financial Statements (continued)

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges for services which report fees, and other charges to users of the Center's services, operating grants and contributions which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Major individual Governmental Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases and decreases in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Center considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Center reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Center before it has legal claim to them, as when grant monies are received prior to incurring a qualifying expenditure. In subsequent periods, when both revenue recognition criteria are met, or when the Center has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

High Plains Mental Health Center reports the following major governmental funds:

General Fund – The General Fund is the main operating fund of the Center. This fund accounts for all unrestricted resources except those required to be accounted for in another fund.

Mental Health Reform Fund – Funds are distributed to the Center through the Kansas Department of Social and Rehabilitation Services. The Center utilizes these funds to provide screening services to all persons considered for state psychiatric hospital admission. Additionally, the Center is required to participate in the admission and discharge decisions for all persons admitted to or considered for discharge from Larned State Hospital. Finally, the funds are to be used to provide the community based mental health services for the persons discharged from Larned State Hospital to the Center's service area or those persons who are part of the targeted populations and are diverted from state hospitalization through the Center's screening service.

Private-sector standards of accounting and financial reporting issued before December 1, 1989, generally are followed in the Government-Wide Fund financial statements, to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent guidance from the Financial Accounting Standards Board applicable to private sector entities. The Center has elected not to apply all Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

D. Accounting for Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns of the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of three years or greater. These assets are valued at historical cost, estimated historical cost if actual cost is not available and estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	15 to 40 Years
Equipment	5 to 15 Years
Furnishings & Fixtures	5 to 15 Years
Vehicles	5 years
Library materials	5 to 10 Years

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

D. Accounting for Capital Assets and Depreciation (continued)

Primary Government				
	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Governmental Activities:				
Non - Depreciable				
Capital Assets:				
Land	\$ 94,701	-	-	94,701
Depreciable Capital				
Assets:				
Buildings	2,486,388	378,584	-	2,864,972
Equipment, Furnishings, & Fixtures	2,830,654	77,514	(246,420)	2,661,748
Library Materials	21,116	-	(213)	20,903
Total				
Depreciable				
Capital Assets	5,338,158	456,098	(246,633)	5,547,623
Less Accumulated				
Depreciation	<u>(3,335,248)</u>	<u>(332,102)</u>	<u>242,287</u>	<u>(3,425,063)</u>
Depreciable Capital				
Assets, Net of				
Accumulated				
Depreciation	<u>2,002,910</u>	<u>123,996</u>	<u>(4,346)</u>	<u>2,122,560</u>
Governmental				
Activities Capital				
Assets,				
Net of Accumulated				
Depreciation	\$ <u><u>2,097,611</u></u>	<u><u>123,996</u></u>	<u><u>(4,346)</u></u>	<u><u>2,217,261</u></u>

E. Income Taxes

The Center is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Therefore, income taxes are not provided for in the financial statements.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Governmental Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

G. Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

H. Contributed Services

The Center records the value of contributed services from volunteers and practicums as an expense, with an equivalent amount recorded as a contribution. The services are valued according to the Center's pay scale and totaled \$11,014 for the year ended December 31, 2009.

I. Allocation of Supporting Service Expenditures

Direct program expenditures are charged to their respective funds. Administrative overhead and other shared expenses are allocated to each fund on the basis of its respective revenue in proportion to total revenues.

NOTE 2 - CASH

Cash balances at December 31, 2009 are summarized below. As noted in Note 6, the governing board has designated reserves totaling \$1,739,583. The governing board adopted a resolution at the March 28, 2002 board meeting implementing a policy that the Center will attempt to maintain a cash reserve equal to \$1,500,000 to protect the Center against unexpected budget cuts and contingencies. This cash reserve approximated \$1,821,170 at December 31, 2009.

		<u>2009</u>
Cash on Hand	\$	975
Checking/Savings		27,360
Money Market		1,052,990
Certificates of Deposit		<u>2,586,589</u>
Total	\$	<u>3,667,914</u>

The Center maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as cash and investments. Deposits and investments are stated at cost.

Deposits -

The carrying amount of the Center's deposits, (checking and savings accounts) was \$27,360 and the bank balance was \$56,803 at December 31, 2009. Of the bank balance, \$56,803 was covered by federal depository insurance or by collateral held for the Center in the pledging bank's trust department or by its agent in the Center's name at December 31, 2009. All deposits were insured and collateralized.

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

NOTE 2 - CASH

The Center is authorized to make investments in time deposits, open accounts or certificates of deposit in commercial banks or trust companies, with certain exceptions; time certificates of deposit with state or federally chartered savings and loan associations, with certain exceptions; repurchase agreements with commercial banks, trust companies, state or federally chartered savings and loan associations, or federally chartered savings banks with certain exceptions; and United States treasury bills or notes. Investments at December 31, 2009, were all certificates of deposit or money market accounts in various financial institutions. The carrying amount and bank balance of investments was \$3,639,579 and \$3,639,559, respectively at December 31, 2009. Investments were insured by federal depository insurance or covered by collateral held in the pledging bank's trust department or by its agent in the Center's name.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2009, are comprised of accounts considered to be collectible by management. Balances due are stated at net of anticipated uncollectible accounts.

	<u>2009</u>
Outpatient	\$ 803,462
Westside	21,765
Community Support Service	152,518
Collections Agency	148,802
Grant Revenue & Miscellaneous	<u>34,560</u>
	1,161,107
Less: Allowance for Fee Reductions, Provider Write-offs, and Uncollectible Accounts	<u>(300,749)</u>
Total Accounts Receivable	\$ <u>860,358</u>

NOTE 4 - INTERFUND TRANSFERS

Transfers are substantially for the purpose of subsidizing operating functions and funding capital projects and asset acquisitions. The center made the following transfers between funds for the year ended December 31, 2009.

<u>From</u>	<u>To</u>	<u>Amount</u>
State Child Adolescent Fund	General Fund	\$ 155,724
Area Agency on Aging Fund	General Fund	4,595
Supported Employment Program Development Fund	General Fund	32,578
Department of Aging Grant Fund	General Fund	3,602
Mental Health Reform Children Fund	General Fund	13,155
Mental Health Reform Hospital Closure Fund	General Fund	75,644
Functional Family Therapy Grant Fund	General Fund	2,531
General Fund	Mental Health Reform Fund	255,605
General Fund	Family Centered System Grand Fund	43,222
General Fund	Children's Crisis Services Grant Fund	112,218
		<u>\$ 698,874</u>

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

NOTE 5 - CONTINGENCY

The Center receives a substantial amount of revenues from government grants, all of which are subject to audit by the state government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Center constructed a new building in Osborne during 2005 with assistance from the City of Osborne, the Economic Development Committee and Osborne County. Land was provided by the City of Osborne at no cost to the Center as long as the Center made improvements with a value of at least \$316,000 and continues to provide services in that location for 10 years. The groundbreaking ceremony took place on April 9, 2005. Construction was completed and staff moved into the new facility on December 30, 2005. The Center has continued to provide services at this location through December 31, 2009.

NOTE 6 - BOARD DESIGNATED FUNDS

The Center has, by Board action, established reserves to be used for designated purposes. When an expense is incurred for which both restricted and unrestricted net assets are available, it is the Center's policy to utilize unrestricted net assets. A Capital Replacement Reserve has been established. This reserve has been designated for building improvement, building replacement and equipment replacement. The Continuing Education Fund is designated to be used for professional staff education. The Center has included in reserves a provision for future unemployment benefits based on taxable wages paid to Center employees. The Center has elected to act as a reimbursing employer under the provision of the State Unemployment Security law. The provision allows the Center to reimburse the State for benefits paid to former employees of the Center rather than submitting quarterly contributions based on a contribution rate and payroll. Reimbursements to the State reduce the reserve in the year paid. The Capital Expansion Reserve Fund will be utilized for acquiring facilities for branch offices and equipping these facilities. The fund will also be used for other building acquisition and furnishing these acquisitions as needs dictate. The Center established the Health Insurance Reserve Fund to supplement health insurance coverage.

Board action has also implemented a policy that the Center will attempt to maintain a cash reserve of \$1,500,000, to protect the Center against unexpected budget cuts and contingencies. The amount estimated for the operation reserve is detailed in Note 2.

Board action has limited reserves as follows:

Capital Replacement Reserve	\$ 1,000,000
Capital Expansion Reserve	\$ 1,000,000
Unemployment Self Insurance	\$ 100,000
Health Insurance Reserve	\$ 100,000

The Center has designated the following amounts to each reserve for 2009:

Reserve - Capital Replacement	\$ 1,000,000
Reserve - Cont. Education	25,387
Reserve - Unemployment Self Ins.	100,000
Reserve Health Insurance	100,000
Reserve - Capital Expansion	<u>514,466</u>
Total	\$ <u>1,739,853</u>

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

NOTE 7 - LEASES

Operating Leases

The Center is obligated under certain operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Center's account groups.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2009.

Inception/ Expiration Date	Description	2010	2011	2012	Total
06-06/05-11	Hadley Redevelopment	\$ 67,092	29,039	-	96,131
02-02/01-13	Hadley Redevelopment	60,000	60,000	5,000	125,000
	Total	\$ 127,092	89,039	5,000	221,131

NOTE 8 - COMPENSATED ABSENCES

The Center has adopted a PTO (Paid Time Off) and an EIT (Extended Illness Time) policy. All employees who work 20 hours per week or more shall earn PTO's. These hours are placed in a PTO account in the employee's name and are used to provide income when the employee is absent from work for a variety of reasons, such as, vacations, short term illness (three days or less), illness of family members, to attend funerals, etc. Full-time employees accrue PTO's at the rate of 18 to 30 days a year depending on salary level and years of service. PTO's cannot accumulate in excess of 40 work days. The Center will reimburse an employee for 75% of his unused PTO's upon termination of employment. Accumulated Paid Days Off reported in these financial statements totaled \$243,653 at December 31, 2009.

EIT (Extended Illness Time) is the second part of the paid time off plan and represents a form of short-term disability benefit for employees when they are off work because of their own illness or disability and whose illness or disability continues beyond three days. EIT also includes disabilities caused by pregnancy, childbirth, or other related medical conditions. Unlike PTO's, EIT's are paid only if an employee is ill for more than three consecutive working days. PTO's must be used for the first three days of illness. Full-time employees shall accrue EIT's at the rate of .5 days per month. An employee may accumulate up to 120 EIT's. Accumulated EIT's are forfeited at termination of employment. Accumulated EIT's approximated \$752,312 at December 31, 2009.

The Center's comp time policy states that comp time will be considered for professional staff time spent after regular work hours in center activities after adjustment for vacation time earned over one month, and subject to the approval of the supervisor. Comp time cannot be accumulated for more than five days and is forfeited at termination of employment. Accumulated comp time is \$12,155 at December 31, 2009.

NOTE 9 - EMPLOYEE RETIREMENT PLAN

Thrift Plan

The Center established on January 1, 1982, a Thrift Plan for the benefit of its employees. The Plan is a defined contribution plan administered by the Center's management. Principal Financial Group, the trustee/custodian, has custody of the Plan's assets and executes investment transactions. Effective on December 15, 2009 the Center's Thrift Plan was terminated and all plan assets were transferred to a 403(b) Plan, administrated by Ascensus.

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

NOTE 9 - EMPLOYEE RETIREMENT PLAN (continued)

Kansas Public Employee Retirement System

Plan Description - The Center participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established for 2009 was 5.54%. The Center's employer contributions to KPERs for the years ending December 31, 2009, 2008, and 2007 and were \$273,366, \$259,694, and \$225,772, respectively, equal to the required contributions for each year.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the Center allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Center is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. For the year 2009, there were no retirees participating in the Center's group health insurance plan.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Center makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Center for this coverage. The premium is paid in full by the insured.

NOTE 11 - STATE AID

The Center receives payments monthly from the State General Fund/Assistance Grant Fund. The payments the Center received are as follows:

	<u>2009</u>
First quarter	\$ <u>184,076</u>
Second quarter	<u>184,077</u>
Third quarter	<u>184,077</u>
Fourth quarter	<u>184,077</u>
TOTAL	\$ <u>736,307</u>

NOTE 12 - EMPLOYEE HEALTH CARE

The Center entered into a partially self-funded health insurance plan with Blue Cross/Blue Shield on May 1, 1992. The Center could be liable up to \$30,000/30,000 per single/family plan. As of December 31, 2009 no unpaid claims exist. No provisions for potential future claims have been made in these financial statements.

HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2009

NOTE 13 - RISK MANAGEMENT CLAIMS & JUDGEMENTS

The Center carries commercial insurance for risk of loss, including property, general liability, automobile, workmen's compensation, linebacker coverage, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 - COMPLIANCE WITH GRANT REQUIREMENTS

The Kansas Department of Social and Rehabilitation Services requires the Center to analyze its cash reserves and to provide justification for any reserves in excess of six months operating expenses. For 2009 the Center is in compliance with this requirement. The Center participates in numerous other state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Center's management, any liability for reimbursement, which may arise as the result of such audits, is not believed to be material.

NOTE 15 - COMPARATIVE DATA

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the Center's financial position and operations. The comparative totals appear in the government-wide financial statements and the accompanying supplemental financial statements.

NOTE 16 - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 17 - LITIGATION

The Center is party to various legal proceedings which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the Center.

HIGH PLAINS MENTAL HEALTH CENTER

Required Supplementary Information

HIGH PLAINS MENTAL HEALTH CENTER
General Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ <u>1,356,978</u>	<u>891,399</u>
Receivables		
Accounts Receivable	835,588	1,084,039
Due From Other Governments	<u>2,250</u>	<u>1,973</u>
Total Receivables	<u>837,838</u>	<u>1,086,012</u>
Prepaid Expenses	<u>503,520</u>	<u>450,622</u>
Total Assets	\$ <u><u>2,698,336</u></u>	<u><u>2,428,033</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 26,614	38,675
Accrued Wages	135,266	153,192
Accrued Payroll Liabilities & Benefits	<u>715,572</u>	<u>662,810</u>
Total Liabilities	877,452	854,676
Fund Balance		
Reserved for Encumbrances	106,146	72,277
Unreserved -		
Board Designated Reserves	1,739,853	2,101,158
Undesignated	<u>(25,114)</u>	<u>(600,079)</u>
Total Fund Balance	1,820,885	1,573,356
Total Liabilities and Fund Balance	\$ <u><u>2,698,336</u></u>	<u><u>2,428,033</u></u>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER
General Fund**

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Original and Final Budget	Actual		
Revenues				
State Aid	\$ 736,306	736,307	1	736,306
County Appropriations	681,299	681,719	420	648,462
Patient Services	4,200,000	3,984,664	(215,336)	3,629,975
Other Services	45,500	25,028	(20,472)	184,308
Donations	500	3,300	2,800	1,305
Sales & Rentals	11,500	14,085	2,585	12,240
Miscellaneous	500	20,742	20,242	24,951
Recovery of Bad Debts	4,000	4,497	497	4,381
Interest on Investments	125,000	63,277	(61,723)	123,036
Total Revenues	5,804,605	5,533,619	(270,986)	5,364,963
Expenditures				
Personnel	4,440,980	3,892,519	548,461	4,079,203
Professional & Legal Fees	178,900	129,426	49,474	149,477
Dues	21,600	20,970	630	21,862
Insurance	155,250	131,197	24,053	145,858
Public Information	12,300	5,592	6,708	21,033
Travel & Meeting	96,600	77,462	19,138	162,717
Professional Resources	6,600	4,930	1,670	6,413
Supplies	135,280	111,273	24,007	147,712
Postage	48,500	42,822	5,678	53,487
Leases & Rentals	147,330	143,071	4,259	144,737
Service Agreements	63,160	97,680	(34,520)	80,419
Utilities	153,830	134,773	19,057	137,068
Repairs & Maintenance	32,350	42,856	(10,506)	35,500
Miscellaneous	17,400	26,673	(9,273)	32,035
Bad Debt Expense	157,500	198,062	(40,562)	258,565
Capital Outlay	14,313	137,435	(123,122)	139,086
Total Expenditures	5,681,893	5,196,741	485,151	5,615,170
Excess of Revenues Over (Under) Expenditures	122,712	336,877	(756,137)	(250,207)
Other Financing Sources (Uses)				
Transfers In	-	287,830	-	859,805
Transfers Out	-	(411,046)	-	(134,371)
Total Other Financing Sources (Uses)	-	(123,217)	-	725,434
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	122,712	213,661	(756,137)	475,227
Fund Balance - January 1	1,573,356	1,573,356	-	1,294,794
Increase (Decrease) in Reserve for Encumbrances	-	33,868	33,868	(196,665)
Fund Balance - December 31	\$ 1,696,068	1,820,885	(722,269)	1,573,356

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
State Child Adolescent Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ 1,753,292	1,436,710
Accounts Receivable	<u>18,239</u>	<u>88,997</u>
Total Assets	\$ <u>1,771,531</u>	<u>1,525,707</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ <u>484</u>	<u>13,595</u>
Fund Balance		
Reserved for Encumbrances	306	-
Unreserved-		
Undesignated	<u>1,770,741</u>	<u>1,512,112</u>
Total Fund Balance	<u>1,771,047</u>	<u>1,512,112</u>
Total Liabilities and Fund Balance	\$ <u>1,771,531</u>	<u>1,525,707</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
State Child Adolescent Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Patient Services	\$ 800,000	827,114	27,114	875,112
Miscellaneous Income	-	1,250	1,250	-
Total Revenues	<u>800,000</u>	<u>828,364</u>	<u>28,364</u>	<u>875,112</u>
Expenditures				
Personnel	375,101	385,732	(10,631)	372,185
Professional & Legal Fees	-	91	(91)	343
Insurance	7,500	9,585	(2,085)	7,170
Travel & Meeting	4,350	7,176	(2,826)	9,223
Professional Resources	100	-	100	-
Supplies	4,825	2,472	2,353	3,226
Leases & Rentals	12,250	5,426	6,824	35,722
Utilities	1,000	925	75	1,080
Repairs & Maintenance	200	590	(390)	60
Bad Debt Expense	30,000	90	29,910	19
Miscellaneous	50	47	3	1
Capital Outlay	195	1,878	(1,683)	-
Total Expenditures	<u>435,571</u>	<u>414,011</u>	<u>21,560</u>	<u>429,028</u>
Excess of Revenues Over (Under) Expenditures	<u>364,429</u>	<u>414,353</u>	<u>6,804</u>	<u>446,084</u>
Other Financing Sources (Uses)				
Transfers Out	-	(155,724)	(155,724)	(148,831)
Excess of Revenues Over Expenditures & Other Sources (Uses)	<u>364,429</u>	<u>258,629</u>	<u>(105,800)</u>	<u>297,253</u>
Fund Balance - January 1	1,512,112	1,512,112	-	1,214,859
Increase in Reserve for Encumbrances	<u>-</u>	<u>306</u>	<u>306</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,876,541</u>	<u>1,771,047</u>	<u>(105,494)</u>	<u>1,512,112</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Mental Health Reform Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ 4,613	488,160
Accounts Receivable	2,791	2,432
Prepaid Expenses	<u>8,408</u>	<u>6,634</u>
Total Assets	\$ <u>15,812</u>	<u>497,226</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 1,736	4,646
Fund Balance		
Undesignated	<u>14,075</u>	<u>492,581</u>
Total Liabilities and Fund Balance	\$ <u>15,812</u>	<u>497,226</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Mental Health Reform Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Contracted Revenues	\$ 1,220,178	1,173,164	(47,015)	1,646,372
Grants	-	3,900	3,900	3,900
Management Fee	31,000	32,723	1,723	30,278
Miscellaneous Income	-	5,102	5,102	-
Donations	-	-	-	600
Total Revenues	<u>1,251,178</u>	<u>1,214,888</u>	<u>(41,392)</u>	<u>1,681,150</u>
Expenditures				
Personnel	1,535,274	1,524,343	10,931	1,608,275
Professional & Legal Fees	1,300	276	1,024	636
Dues	1,000	-	1,000	500
Insurance	13,320	10,914	2,406	11,564
Public Information	500	99	401	468
Travel & Meeting	29,400	39,812	(10,412)	51,483
Professional Resources	500	-	500	233
Supplies	23,550	5,268	18,282	5,561
Postage	150	216	(66)	199
Leases & Rentals	40,650	40,500	150	40,657
Service Agreements	3,500	1,904	1,596	10,017
Utilities	18,000	14,222	3,778	14,763
Repairs & Maintenance	2,100	532	1,568	1,542
Miscellaneous	100	347	(247)	771
Capital Outlay	32,323	310,565	(278,242)	2,025
Total Expenditures	<u>1,701,667</u>	<u>1,948,998</u>	<u>(247,331)</u>	<u>1,748,694</u>
Excess of Revenues Over (Under) Expenditures	<u>(450,489)</u>	<u>(734,111)</u>	<u>(288,723)</u>	<u>(67,545)</u>
Other Financing Sources (Uses)				
Transfers In	-	255,605	-	-
Transfers Out	-	-	-	(611,289)
Total Other Financing Sources (Uses)	<u>-</u>	<u>255,605</u>	<u>-</u>	<u>(611,289)</u>
Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)	<u>(450,489)</u>	<u>(478,506)</u>	<u>(28,017)</u>	<u>(678,833)</u>
Fund Balance - January 1	<u>492,581</u>	<u>492,581</u>	<u>-</u>	<u>1,171,414</u>
Fund Balance - December 31	<u>\$ 42,092</u>	<u>14,075</u>	<u>(28,017)</u>	<u>492,581</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Supported Employment Program Development Fund
Balance Sheets
December 31, 2009 and 2008

		<u>2009</u>	<u>2008</u>
	ASSETS		
Cash and Investments		\$ -	32,577
		<u> </u>	<u> </u>
	FUND BALANCE		
Fund Balance			
Undesignated		\$ -	32,577
		<u> </u>	<u> </u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Supported Employment Program Development Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2009
 With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Services	\$ -	-	-	18,900
Expenditures				
Personnel	-	-	-	23,721
Public Information	-	-	-	78
Travel & Meeting	-	-	-	342
Utilities	-	-	-	193
Total Expenditures	-	-	-	24,334
Excess of Revenues Over (Under) Expenditures	-	-	-	(5,434)
Other Financing Sources (Uses)				
Transfers Out	-	(32,577)	32,577	(8,457)
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	-	(32,577)	32,577	(13,891)
Fund Balance - January 1	32,577	32,577	-	46,468
Fund Balance - December 31	\$ 32,577	-	32,577	32,577

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Department of Aging Grant Fund
 Balance Sheets
 December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and Investments	\$ <u> -</u>	<u> 3,602</u>
FUND BALANCE		
Fund Balance Undesignated	\$ <u> -</u>	<u> 3,602</u>

Department of Aging Grant Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2009
 With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	2008 Actual
Revenues				
Grants	\$ <u> 3,900</u>	<u> -</u>	<u> (3,900)</u>	<u> 6,271</u>
Expenditures				
Personnel	-	-	-	168
Public Information	-	-	-	4,024
Travel & Meeting	-	-	-	142
Total Expenditures	<u> -</u>	<u> -</u>	<u> -</u>	<u> 4,334</u>
Excess of Revenues Over (Under) Expenditures	3,900	-	(3,900)	1,937
Other Financing Sources (Uses)				
Transfers Out	-	<u> (3,602)</u>	<u> 3,602</u>	<u> (1,498)</u>
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	3,900	<u> (3,602)</u>	<u> (298)</u>	439
Fund Balance - January 1	<u> 3,602</u>	<u> 3,602</u>	<u> -</u>	<u> 3,163</u>
Fund Balance - December 31	\$ <u> 7,502</u>	<u> -</u>	<u> (298)</u>	<u> 3,602</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Mental Health Reform Children Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ <u>46,245</u>	<u>28,454</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 14	12
Fund Balance		
Undesignated	<u>46,231</u>	<u>28,442</u>
Total Liabilities and Fund Balance	\$ <u>46,245</u>	<u>28,454</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Mental Health Reform Children Fund
Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Original and Final Budget	Actual		
Revenues				
Contracted Revenues	\$ 71,675	71,676	1	71,675
Expenditures				
Personnel	46,042	40,091	5,951	56,854
Travel & Meeting	600	-	600	1,009
Supplies	175	-	175	10
Utilities	800	640	160	671
Capital Outlay	-	-	-	-
Total Expenditures	47,617	40,732	6,885	58,544
Excess of Revenues Over (Under) Expenditures	24,058	30,944	(6,884)	13,131
Other Financing Sources (Uses)				
Transfers Out	-	(13,155)	13,155	(20,270)
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	24,058	17,789	6,271	(7,139)
Fund Balance - January 1	28,442	28,442	-	35,581
Fund Balance - December 31	\$ 52,500	46,231	6,271	28,442

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Mental Health Reform Hospital Closure Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ <u>494,894</u>	<u>488,233</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 769	3,276
Fund Balance		
Undesignated	<u>494,125</u>	<u>484,957</u>
Total Liabilities and Fund Balance	<u>\$ <u>494,894</u></u>	<u><u>488,233</u></u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Mental Health Reform Hospital Closure Fund
Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Original and Final Budget	Actual		
Revenues				
State Aid	\$ 288,625	288,624	(1)	288,624
Miscellaneous Income	-	510	510	-
Total Revenues	<u>288,625</u>	<u>289,134</u>	<u>509</u>	<u>288,624</u>
Expenditures				
Personnel	217,244	187,255	29,989	170,181
Professional & Legal Fees	-	34	(34)	91
Travel & Meeting	14,350	12,661	1,689	19,461
Supplies	1,325	202	1,123	428
Postage	-	-	-	15
Utilities	3,100	2,206	894	1,374
Miscellaneous	-	-	-	2
Capital Outlay	204	1,962	(1,758)	-
Total Expenditures	<u>236,223</u>	<u>204,320</u>	<u>31,903</u>	<u>191,552</u>
Excess of Revenues Over Under Expenditures	52,402	84,814	(31,394)	97,072
Other Financing Sources (Uses)				
Transfers Out	-	(75,644)	75,644	(69,460)
Excess of Revenues Over Expenditures & Other Sources (Uses)	52,402	9,169	44,251	27,612
Fund Balance - January 1	<u>484,957</u>	<u>484,957</u>	<u>-</u>	<u>457,345</u>
Fund Balance - December 31	<u>\$ 537,359</u>	<u>494,126</u>	<u>44,251</u>	<u>484,957</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Family Centered System Grant Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ <u>1,368</u>	<u>12,067</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 1,192	2,878
Fund Balance		
Undesignated	<u>176</u>	<u>9,189</u>
Total Liabilities and Fund Balance	\$ <u>1,368</u>	<u>12,067</u>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER
Family Centered System Grant Fund**

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Grants	\$ 189,063	189,063	-	186,681
Expenditures				
Personnel	200,652	216,023	(15,371)	191,248
Professional & Legal Fees	3,000	95	2,905	108
Public Information	1,000	720	280	1,006
Travel & Meeting	9,900	18,533	(8,633)	24,330
Professional Resources	-	56	(56)	-
Supplies	550	446	104	268
Utilities	2,300	1,790	510	1,362
Miscellaneous	4,500	595	3,905	606
Capital Outlay	317	3,041	(2,724)	-
Total Expenditures	222,219	241,297	(19,078)	218,927
Other Financing Sources (Uses)				
Transfers In	-	43,222	43,222	65,635
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	-	(9,012)	43,222	33,389
Fund Balance - January 1	9,189	9,189	-	(24,200)
Fund Balance - December 31	\$ 9,189	176	43,222	9,189

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Smart Start Services Fund
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ <u>231</u>	<u>456</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ <u>-</u>	<u>75</u>
Fund Balance		
Undesignated	<u>231</u>	<u>662</u>
Total Liabilities and Fund Balance	\$ <u><u>231</u></u>	<u><u>737</u></u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Smart Start Services Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Services	\$ -	255	255	916
Expenditures				
Personnel	-	431	(431)	612
Public Relations	450	255	195	450
Professional	-	-	-	466
Total Expenditures	450	686	(236)	1,528
Other Financing Sources				
Transfers In	-	-	-	1,269
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	(450)	(431)	491	657
Fund Balance - January 1	662	662	-	5
Fund Balance - December 31	\$ 212	231	491	662

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Children's Crisis Services Grant Fund
Balance Sheet
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ -	7,354
Accounts Receivable	<u>2,000</u>	<u>-</u>
Total Assets	\$ <u>2,000</u>	<u>7,354</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 1,507	677
Fund Balance		
Undesignated	<u>493</u>	<u>6,677</u>
Total Liabilities and Fund Balance	\$ <u>2,000</u>	<u>7,354</u>

See accountants' report.

**HIGH PLAINS MENTAL HEALTH CENTER
Children's Crisis Services Grant Fund**

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Grants	\$ 7,700	392	(7,308)	58,012
Expenditures				
Personnel	100,282	87,362	12,920	92,316
Dues	2,000	2,075	(75)	2,625
Professional Fees	15,150	21,112	(5,962)	10,312
Public Information	1,250	125	1,125	960
Travel & Meeting	9,300	4,205	5,095	6,737
Professional Resources	500	1,576	(1,076)	1,590
Supplies	1,350	-	1,350	976
Utilities	800	1,123	(323)	2,380
Miscellaneous	-	-	-	220
Capital Outlay	148	1,216	(1,068)	2,671
Total Expenditures	130,780	118,794	11,986	120,788
Excess of Revenues Over (Under) Expenditures	(123,080)	(118,402)	4,678	(62,776)
Other Financing Sources (Uses)				
Transfers In	-	112,218	112,218	67,467
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	(123,080)	(6,184)	116,896	4,691
Fund Balance - January 1	6,677	6,677	-	1,986
Fund Balance - December 31	\$ (116,403)	493	116,896	6,677

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Area Agency on Aging Fund
 Balance Sheet
 December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$ -	4,595
	<u> </u>	<u> </u>
FUND BALANCE		
Fund Balance		
Undesignated	\$ -	4,595
	<u> </u>	<u> </u>

Area Agency on Aging Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2009
 With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	<u>2009</u>			
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2008 Actual</u>
Revenues	\$ -	-	-	-
Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers Out	-	(4,595)	-	-
Excess of Revenues Over (Under) Expenditures & Other Sources (Uses)	-	(4,595)	-	-
Fund Balance - January 1	4,595	4,595	-	4,595
Fund Balance - December 31	\$ 4,595	-	-	4,595

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Functional Family Therapy JJA Grant Fund
 Balance Sheet
 December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and Investments	\$ 10,293	3,646
Accounts Receivable	1,740	3,073
Total Assets	\$ 12,033	6,719
FUND BALANCE		
Fund Balance		
Undesignated	\$ 12,033	6,719

Functional Family Therapy JJA Grant Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2009
 With Comparative Actual Totals for the Prior Year Ended December 31, 2008

	2009			2008 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Grants	\$ -	14,571	14,571	13,591
Expenditures				
Professional Fees	7,700	5,988	1,712	11,112
Travel & Meeting	-	737	(737)	2,479
Total Expenditures	7,700	6,725	975	13,591
Excess of Revenues Over (Under) Expenditures	(7,700)	7,846	13,595	-
Other Financing Sources (Uses)				
Transfers Out	-	(2,531)	-	-
Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)	(7,700)	5,314	13,595	-
Fund Balance - January 1	6,719	6,719	-	6,719
Fund Balance - December 31	\$ (981)	12,033	13,595	6,719

See accountants' report.



Phone [785]628-3046 ■ Fax [785]628-3089 ■ www.abbb.com

Commerce Bank Building ■ 718 Main ■ Suite 224

P.O. Box 1186 ■ Hays, Kansas 67601

Certified
Public
Accountants

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

Board of Directors
High Plains Mental Health Center
Hays, Kansas

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **High Plains Mental Health Center** as of and for the year ended December 31, 2009 which collectively comprise **High Plains Mental Health Center's** basic financial statements and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **High Plains Mental Health Center's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **High Plains Mental Health Center's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **High Plains Mental Health Center's** internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

High Plains Mental Health Center

Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **High Plains Mental Health Center** 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*. We noted certain matters that we reported to management of High Plains Mental Health Center in a separate letter dated March 25, 2010.

This report is intended solely for the information and use of the board of directors, management, the Kansas Department of Social and Rehabilitation Services, Kansas Division of Accounts and Reports, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

March 25, 2010

HIGH PLAINS MENTAL HEALTH CENTER
Schedule of Revenues and Expenditures
Budget and Actual - Grants
December 31, 2009

<u>FEDERAL FUNDS</u>	<u>CFDA</u>	<u>Budget</u>	<u>Actual</u>	
			<u>1/1/09 to 6/30/09</u>	<u>7/1/09 to 12/31/2009</u>
MENTAL HEALTH BLOCK GRANT				
GRANTOR MHRC 08-009, MHCG 09-0009				
Revenue	93.958	\$ 28,680	28,680	-
		28,680	-	28,680
Total Revenue		\$ <u>57,360</u>	<u>28,680</u>	<u>28,680</u>
Expenditures		\$ <u>57,360</u>	<u>2,868</u>	<u>28,680</u>
JOHNSON COUNTY MENTAL HEALTH CENTER				
PASS THROUGH-CASE MANAGEMENT HEARING				
Revenue	N/A	\$ 1,950	1,950	-
		1,950	-	1,950
Total Revenue		\$ <u>3,900</u>	<u>1,950</u>	<u>1,950</u>
Expenditures		\$ <u>3,900</u>	<u>1,950</u>	<u>1,950</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
 Schedule of Revenues and Expenditures
 Budget and Actual - Grants
 December 31, 2009

<u>STATE FUNDS</u>	<u>Budget</u>	<u>Actual 01/01/09 to 12/31/2009</u>
MENTAL HEALTH REFORM		
Revenue	\$ 1,636,410	1,476,104
Expenditures	\$ <u>1,636,410</u>	<u>1,476,104</u>
FAMILY CENTERED SYSTEM OF CARE		
Revenue	\$ 189,063	189,063
Expenditures	\$ <u>189,063</u>	<u>189,063</u>
STATE AID		
Revenue	\$ 736,307	736,307
Expenditures	\$ <u>736,307</u>	<u>736,307</u>

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Schedule of Expenditures of Federal Awards and State Aid/Grants
For the Year Ended December 31, 2009

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Disbursements Expenditures	State Expenditures
<u>U.S. Department of Health and Human Services</u>				
Passed Through Kansas Department of Social and Rehabilitation Services:				
Block Grant	93.958	MHRC 08-009	\$ 28,680	-
Block Grant	93.958	MHRC 09-009	28,680	-
<u>Other Federal Assistance</u>				
Passed Through Johnson County Mental Health Center:				
Case Management Hearing Grant	N/A	FY 06/30/07	1,950	-
Case Management Hearing Grant	N/A	FY 06/30/08	1,950	-
<u>State Aid/Grants</u>				
Mental Health Reform			-	1,476,104
Family Centered System of Care			-	189,063
State Aid				736,307
Total Expenditures of Federal Awards and State Aid			\$ 61,260	2,401,474

See accountants' report.

HIGH PLAINS MENTAL HEALTH CENTER
Summary Schedule Audit Findings
For the Year Ended December 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of **High Plains Mental Health Center**, Hays, Kansas.

2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of **High Plains Mental Health Center**, Hays, Kansas, were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No reportable conditions were identified – See A.2. and A.3.

HIGH PLAINS MENTAL HEALTH CENTER
Summary Schedule Audit Findings
For the Year Ended December 31, 2009

1. The financial statements of **High Plains Mental Health Center**, Kansas as of and for the year ended December 31, 2008 had no prior audit findings.