

**HIGH PLAINS MENTAL HEALTH CENTER**

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2011

**HIGH PLAINS MENTAL HEALTH CENTER**  
Financial Statements With Independent Auditors' Report  
For the Year Ended December 31, 2011

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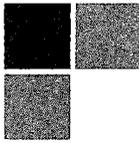
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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**High Plains Mental Health Center**  
Hays, Kansas

We have audited the accompanying financial statements of the governmental activities, the blended 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, 2011, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **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, the *Kansas Municipal Audit Guide*, 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. 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 the 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.

The Center is in compliance with K.S.A. 12-5040 in which the Center is subsidizing health insurance premiums regardless of age and does not record post employment benefits other than pensions in the General Fund and Mental Health Reform Fund. Accounting principles generally accepted in the United States of America require that accounting and financial reporting of post employment benefits other than pensions be included in **High Plains Mental Health Center's** 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Mental Health Reform Fund of **High Plains Mental Health Center**, as of December 31, 2011, 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.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the blended component unit, and the aggregate remaining fund information of **High Plains Mental Health Center**, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of **High Plains Mental Health Center's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and

**High Plains Mental Health Center**  
Page Two

grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 11 and 30 through 46 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 **High Plains Mental Health Center's** financial statements as a whole. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Adams, Brown, Beran & Ball*

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

March 29, 2012

**HIGH PLAINS MENTAL HEALTH CENTER**  
Management's Discussion and Analysis

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The discussion and analysis of **High Plains Mental Health Center's** financial performance provides an overview of the Center's financial activities for the year ended December 31, 2011. Please read in conjunction with the Center's financial statements, which begin after this letter.

**FINANCIAL HIGHLIGHTS**

The assets of **High Plains Mental Health Center** exceeded its liabilities at December 31, 2011 by \$6,278,671. Of this, \$4,473,761 is unrestricted and available to meet the Center's ongoing obligations. Total net assets increased by 10% as a result of this year's operations.

**High Plains Mental Health Center's** funding is a mixture of federal, state, local, self-pay and insurance sources. The largest portion (67%) is from fee for service, which includes all third party and self-pay payments. The second largest revenue source is from the state; those funds include mental health reform and state aid (23%). 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 are 2% of total 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, approved by 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 this state plan is that all of Medicaid funding for mental health is 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 State of Kansas decided that the Medicaid Mental Health Managed Care Plan would be shifted to an at-risk arrangement beginning July 1, 2011. This was in part, as we understand, to reduce the overall expenditures by the state in the state general funds for Medicaid as well as federal funds. Additionally, it was to reduce the potential liability exposure the state saw from significant events at Kansas Health Solutions. This change resulted in **High Plains Mental Health Center** being placed in a capped funding arrangement for Medicaid services. That capped arrangement was based primarily on historical utilization and put a ceiling in place limiting further substantial growth in Medicaid revenues unless a different funding mechanism is developed.

The new agreement called for the state and Kansas Health Solutions to decide how the at-risk system would be administered; however, a final decision was not agreed upon until the end of December, halfway through the state fiscal year. For the fiscal year ending June 30, 2012, **High Plains Mental Health Center** was assigned an allocation of \$4,122,886.

In this system, just decided in December for the entire fiscal year 2012, mental health centers are responsible to provide whatever service might be needed to Medicaid patients and residents, even if it costs more than the sub-capitation payment. If these funds were distributed evenly, it would be a challenge because there are not sufficient resources in the system, but beyond that, the distribution varies greatly. **High Plains Mental Health Center** has been given one of the lowest distributions of this allocation scheme, either on a per patient basis, or when one considers the total number of potential Medicaid recipients in the area. The Center will be paid \$1,400 less per patient served than the average payment to centers in other parts of the state. The Center will serve an estimated 1,500 Medicaid patients, and receive about \$2.2 million less for treating the similar types of patients and the same number of patients than the average mental health center in the state. On average, other centers will be

## HIGH PLAINS MENTAL HEALTH CENTER Management's Discussion and Analysis

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paid 66% more than the Center for the same number of patients. With insufficient resources in the system for Medicaid, what funds that have been restored went to centers who were already being paid more per patient.

**High Plains Mental Health Center** has and continues to generally not be a provider at the upper levels of Medicaid service intensity. If the system of allocations were made fairer and more rational, they would not impact the Center's ability to provide services as greatly. However, with the current allocation method, the Center has been placed at a substantial disadvantage.

The State of Kansas has determined that Medicaid healthcare, including behavioral health, will be put out for bid for three companies to provide managed care plans for Kansas Medicaid members for the coming years. At this time, the state has accepted applications in response to the Request for Proposal. It was originally intended that the plans would be contracted to go live by July 1, 2012. However, it appears that the implementation for the three managed care plans to provide all of Medicaid will not be implemented until January 1, 2013. There is also some concern and discussion that the January 1, 2013 date for implementation may be pushed back even further.

Kansas Health Solution LLC, the company with whom the Center currently contracts and which is a provider owned managed care company, is a subsidiary of the Association of Community Mental Health Centers Inc., and in all likelihood, will have a much smaller role to play in this new environment. Kansas Health Solutions is not capable of bidding for the entire book of business because it is not a physical healthcare plan and does not have sufficient assets to absorb the at-risk arrangements. In all likelihood, **High Plains Mental Health Center** will be dealing with three separate and new managed care companies for our Medicaid patient business. This leads to potential challenges and changes with dealing with three new and different billing systems and care of management systems. Further, the arrangements of each of the three managed care companies may be entirely different in terms of how they pay providers. For example, it has been suggested that one company may enter into a fee for service arrangement with providers while another company has a sub-capitation arrangement on a per case basis and a third company very well could have a case rate model. These all will be administered and managed very differently internally at the Center and presents potential for significant retooling in terms of managing these three different models. Additionally, as the State of Kansas has moved Medicaid to more and more of an "at-risk" arrangement, there is more potential risk for **High Plains Mental Health Center**. For example, the current Medicaid plan through Kansas Health Solutions is an at-risk arrangement. Though the Center is paid an "allocation" for the year (this was a new development that was only finalized in December but dates back to July 1<sup>st</sup>), **High Plains Mental Health Center** is at risk for providing any and all medically necessary services within that allocation.

As we look forward to changes in this managed care environment impacting three quarters of the Center's patient service revenue, we are concerned that we remain cautious in managing and maintaining sufficient cash reserves in order to tolerate slowdowns and even serious delays in payments for a large portion of our business. We recognize the importance of and sensitivity to reserve size and have discussed this at length with our Governing Board.

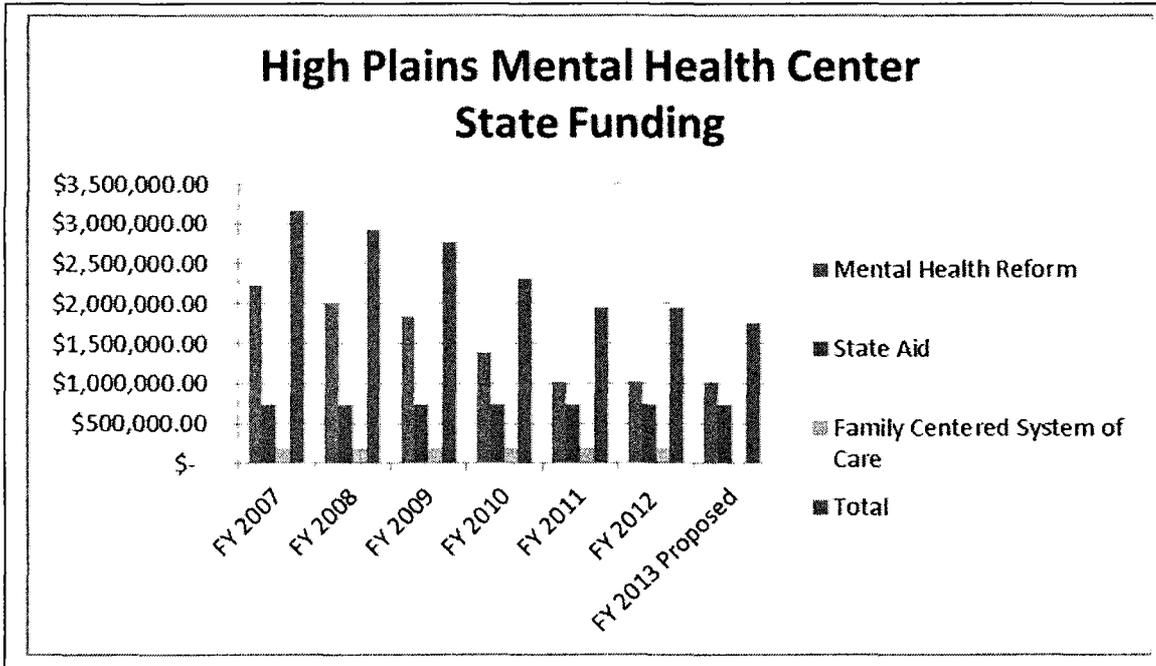
In recent years, **High Plains Mental Health Center** has seen cuts in state funding under the mental health reform contract to partially fund the new state Medicaid plan and cuts to help balance the state's budget. The following chart represents those changes in funding over the past several years. Additionally, the Governor's allotment cuts in November 2009 reduced Medicaid reimbursements by 10% for the first six months of 2010. The Medicaid rates were restored for dates of service beginning on July 1, 2010.

Healthcare reform at a national level will also be a significant issue over the next several years for **High Plains Mental Health Center**. Though the number of individuals who have insurance coverage to pay for services may increase dramatically, the common wisdom is that still 4 to 6% of individuals will not have coverage. It is typically thought that the individuals who are not able to garner their personal resources

**HIGH PLAINS MENTAL HEALTH CENTER**  
Management's Discussion and Analysis

because of their serious illness most likely are individuals with mental health, substance abuse, and homeless challenges. The experience with the Massachusetts healthcare plan demonstrated that typically the individuals who remained uninsured in Massachusetts were individuals served by community mental health centers. There are serious and significant questions both politically and legally about national health reform. The upcoming deliberations by the Supreme Court on the individual mandate and federal fiscal issues make the future of health reform very unclear. Even if health reform were to come to fruition, one must be very concerned about what the benefits are of such plans. There is a potential that benefit plans could be such that the benefits, particularly for our most seriously needy patients will be diluted from that which we now experience in the current Medicaid environment. At the same time, there is concern that many government officials at the federal and state level will begin to perceive that health reform was implemented and therefore grant funding is no longer needed. A combination of a diluted benefit plan and reduction of grants would have extremely serious implications for our patients and operations.

High Plains Mental Health Center Analysis of Funding Cuts						
20-Feb-12						
	Mental Health Reform	State Aid	Family Centered System of Care	Total	Annual Reductions	Mental Health Reform Reductions
FY 2007	\$ 2,235,193.00	\$ 736,706.00	\$ 186,681.00	\$ 3,158,580.00		
FY 2008	\$ 2,005,479.00	\$ 736,706.00	\$ 186,681.00	\$ 2,928,866.00	\$ 229,714.00	\$ 229,714.00
FY 2009	\$ 1,845,171.00	\$ 736,706.00	\$ 189,063.00	\$ 2,770,940.00	\$ 157,926.00	\$ 160,308.00
FY 2010	\$ 1,382,062.00	\$ 736,706.00	\$ 189,063.00	\$ 2,307,831.00	\$ 463,109.00	\$ 463,109.00
FY 2011	\$ 1,027,307.00	\$ 736,706.00	\$ 189,063.00	\$ 1,953,076.00	\$ 354,755.00	\$ 354,755.00
FY 2012	\$ 1,027,307.00	\$ 736,706.00	\$ 189,316.00	\$ 1,953,329.00	\$ (253.00)	\$ -
FY 2013 Proposed	\$ 1,027,307.00	\$ 736,703.00		\$ 1,764,010.00	\$ 189,319.00	\$ -
Total Reductions					\$ 1,394,570.00	\$ 1,207,886.00
Total Reduction as a % of Total State Funding					44.15%	
Total Reduction of MHR as % of MHR Funding						54.04%



## HIGH PLAINS MENTAL HEALTH CENTER

### Management's Discussion and Analysis

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Though the reductions in mental health reform funding initially were to help the state implement a new Medicaid state plan, subsequent 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 Mental Health Center** at some disadvantage as to where to prioritize services and where to consider elimination of some previously considered "mandated" services.

In 2010, **High Plains Mental Health Center** began the year looking at a projected budget deficit; however, through the process of reduction in expenditures and increase in patient service revenue, the Center was able to move the budget from a deficit position to one with a positive ending position. In order to achieve the reduction in expenditures, the Center reduced staffing by approximately 25 positions through attrition. Additionally, the Center was very cautious in making purchases for capital replacement and capital expansion.

In September 2010, the Center asked a "Technical Assistance Team" of other Kansas CMHC Directors to review our budget, programming, and help us plan for a shift out of downsizing into re-growth. The TA Team found a very dedicated and skilled staff and "nothing but opportunities". The TA Team saw the most opportunity in the area of better meeting the treatment needs of the "target population", including significantly increased service needs in this population along with more focused staffing. The team also recommended revised staff service expectations to better meet the needs of all our patients and to directly impact the Center's financial situation. In looking at the intensity of service per patient in rehabilitation services, the Center is well below the state average of intensity of services. The TA team also reported that statewide, case managers generally provide Community Psychiatric Supportive Treatment (CPST) as the predominant service provided (75% or more), so the Center is working to move toward that benchmark.

The TA Team recommended, along with an increase in service intensity and expectations, that the Center expand the incentive plan. To that end, the incentive plan was updated to increase the monthly incentive amount and to move supervisors to an incentive based on their team hitting their goals. The Center will review performance quarterly to ensure all staff are meeting 100% of their service expectations and will require meeting this service level as a condition of ongoing satisfactory performance.

An analysis conducted by our internal auditor of our implementation of the changes recommended by the Technical Assistance committee shows continued room for growth of Medicaid intensity and service mix and the resultant potential increases in Medicaid patient service revenue (in the near term while fee for service is still in place). However, the recently implemented caps to annual Medicaid payments will cause us to monitor and consider re-evaluating these strategies. A major source of information and support for making these adjustments come through assistance in an information analytics consultation service that we have contracted for with MTM services and David Lloyd. This comprehensive analytics service allows us to transfer our encounter data and other significant information to assess our internal efficiencies and accountabilities and make adjustment in policies, procedures and approaches to maximize service efficiency and revenue, within the context of such issues as Medicaid changing. Mr. Lloyd, the principle with MTM, is well known nationally and has 20+ years of experience helping mental health centers deal with evolving reimbursement and regulatory environments.

During 2011, **High Plains Mental Health Center** focused on implementing the recommendations of the TA team including increased staffing for rehabilitation services in order to provide more intense services to members of the target population. Changes in the incentive plan, increased services provided to

## HIGH PLAINS MENTAL HEALTH CENTER Management's Discussion and Analysis

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patients, the October 1, 2010 increases in rates and changes in sliding scale fee reductions all contributed to the increase in patient service revenue realized in 2011.

In previous years, the Center's Board and administration worked with counties on the development of a county 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 was used during 2010 to make county funding budget requests for calendar year 2011. The model will be updated annually and will continue to be used to make county funding requests.

In consideration of the multiple internal and external challenges and changing environment, **High Plains Mental Health Center** staff and Board will develop strategic planning initiatives to plan for and monitor both the changing context internally and externally as well as develop modified strategic interventions to successfully serve the mission of the Center. These are documented with a Strategic Plan approved by the Governing Board annually. Additionally, over the past several years the Center has developed a Strategic Management Dashboard that reviews key organizational metrics to help assess and monitor the implementation of the Strategic Plan and make business and operational adjustments throughout the year.

The Medicaid environment will be changing significantly. Over past years we have been able to attempt to accommodate to reductions of state contract and grants through increasing Medicaid revenues. However, with the recent moves into an at-risk and cap arrangement, we see that there is a ceiling on the potential room for further growth in Medicaid. This leaves us at a point of needing to continue to focus on efficiencies and management of care within resources.

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 nonprofit 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.

If cuts in state funding do occur as the Governor has recommended, management will need to make recommendations for equivalent reductions in operating costs. We have implemented a much heightened accountability for service staff to meet productivity goals and downsizing of personnel costs would focus first on low performing staff, secondly on certain positions that have a very low return on investment and are not as essential to a shifting definition of our mission away from serving all individuals and then on proportionate reduction in administrative costs to keep our overall administrative costs in the 20% to 25% range.

From a large scale perspective, the Center continues to monitor potential changes as a result of the national health reform. Mental health has not been a primary focus of such discussions 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 74% 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 16% of the fee for service revenue for 2011 and self-pay revenue is the remaining 10%. The Center reviewed the fee structure and increased fees effective October 1, 2010. Additionally, the Center's sliding scale fee schedule and eligibility for special fee reductions were revised, also with an October 1, 2010 effective date.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Management's Discussion and Analysis

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**High Plains Mental Health Center's** personnel costs total 76% (\$6,350,150) of the Center's total expenditures including capital outlay. Providing competitive wages for professional and support staff continues to be an on-going challenge for the Center. Steps were taken during 2011 to increase base wages so quality staff can be recruited and retained; however, the Center's wages continue to be on the low side for comparable positions in the community, region and state.

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. The Center currently utilizes a client management software product called PsychConsult from Askesis to handle the Center's needs for client demographic and clinical data, patient billing and accounts receivable, scheduling, and electronic medical records. Application Xtender, an application to manage scanned documents, works in conjunction with PsychConsult for documents that may come from outside sources. Eprescribe is an application to manage prescriptions and also works in conjunction with PsychConsult.

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. The Center has utilized mobile thin clients to provide staff with access to the client electronic medical record in the field. 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.

**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 offices eliminating many of the long distance calls between those offices. The system shares the current data lines and is used for telephone service, data transmission and televideo conferencing.

The Center is also beginning to design and implement a process to allow for the scanning and/or electronic storage of administrative records.

#### **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 12 through 13 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 30. 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 12. 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

**HIGH PLAINS MENTAL HEALTH CENTER**  
Management's Discussion and Analysis

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 14. The fund financial statements begin on page 30 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 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**

	2011	2010
Current Assets	\$ 5,702,635	5,405,035
Capital Assets	2,300,108	1,971,721
Other Assets	10,535	-
Total Assets	8,013,278	7,376,756
Current Liabilities	756,631	674,820
Other Liabilities	977,976	963,240
Total Liabilities	1,734,607	1,638,060
Restricted	1,583,290	1,736,214
Designated for Subsequent Year's Expenditures	221,620	3,933
Unrestricted	4,473,761	3,998,549
Total Net Assets	\$ 6,278,671	5,738,696



HIGH PLAINS MENTAL HEALTH CENTER  
Management's Discussion and Analysis

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



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Joan Wilhelm  
Director of Operations and Finance  
High Plains Mental Health Center

**HIGH PLAINS MENTAL HEALTH CENTER**  
Statement of Net Assets  
December 31, 2011  
(With Comparative Totals for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 4,737,835	4,114,306
Accounts Receivable (Net of Allowance)	701,623	819,598
Due From Other Governments	9,084	9,973
Prepaid Expenses	254,093	461,158
<b>Total Current Assets</b>	<b>5,702,635</b>	<b>5,405,035</b>
<b>Capital Assets</b>		
Land	126,709	125,709
Buildings	3,197,904	2,862,208
Equipment	2,185,747	2,126,715
Furniture and Fixtures	323,011	333,121
Library Materials	15,994	16,557
Total Property and Equipment	5,849,365	5,464,310
Accumulated Depreciation	(3,549,257)	(3,492,589)
<b>Net Capital Assets</b>	<b>2,300,108</b>	<b>1,971,721</b>
<b>Other Assets</b>		
Investment	10,535	-
<b>Total Assets</b>	<b>8,013,278</b>	<b>7,376,756</b>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Accounts Payable	113,472	53,468
Accrued Wages, Benefits and Payroll Taxes	408,264	621,352
Deferred Revenue	234,895	-
<b>Total Current Liabilities</b>	<b>756,631</b>	<b>674,820</b>
<b>Long-Term Liabilities</b>		
Accrued Paid Leave	205,008	212,903
Extended Illness Days and Comp Time	772,968	750,337
<b>Total Long-Term Liabilities</b>	<b>977,976</b>	<b>963,240</b>
<b>Total Liabilities</b>	<b>1,734,607</b>	<b>1,638,060</b>
<b>Net Assets</b>		
Restricted		
Reserved for Encumbrances	221,620	3,933
Board Designated Reserves	1,583,290	1,736,214
Unrestricted	4,473,761	3,998,549
<b>Total Net Assets</b>	<b>\$ 6,278,671</b>	<b>5,738,696</b>

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

## HIGH PLAINS MENTAL HEALTH CENTER

## Statement of Activities

For the Year Ended December 31, 2011

(With Comparative Totals for the Year Ended December 31, 2010)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2011	2010
<b>Governmental Activities</b>					
General Government	\$ 8,024,015	5,774,066	1,969,574	\$ (280,375)	(958,844)
<b>General Revenues and Special Items</b>					
				697,854	670,920
				36,046	32,520
				20,355	21,102
				22,889	32,101
				43,206	33,506
				<b>820,350</b>	790,149
				<b>539,975</b>	(168,695)
				<b>5,738,696</b>	5,907,391
				<b>\$ 6,278,671</b>	5,738,696

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

**HIGH PLAINS MENTAL HEALTH CENTER**  
Balance Sheet  
Governmental Funds  
December 31, 2011  
(With Comparative Totals for the Year Ended December 31, 2010)

	General Fund	Mental Health Reform Fund	Other Governmental Funds	Endowment Association	Total Governmental Funds	
					2011	2010
<b><u>ASSETS</u></b>						
<b>Cash and Investments</b>	\$ 1,608,917	-	2,888,898	240,020	<b>4,737,835</b>	4,114,306
<b>Receivables - Net</b>						
Accounts Receivable	627,239	2,902	45,514	25,968	<b>701,623</b>	819,598
Due From Other Governments	9,084	-	-	-	<b>9,084</b>	9,973
Prepaid Expenses	238,374	15,719	-	-	<b>254,093</b>	461,158
<b>Other Assets</b>	-	-	-	41,543	<b>41,543</b>	31,008
<b>Total Assets</b>	\$ <u>2,483,614</u>	<u>18,621</u>	<u>2,934,412</u>	<u>307,531</u>	<u><b>5,744,178</b></u>	<u>5,436,043</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>						
<b>Liabilities</b>						
Accounts Payable	\$ 106,820	1,994	4,466	190	<b>113,470</b>	53,468
Accrued Wages	131,574	-	-	-	<b>131,574</b>	131,659
Accrued Payroll Liabilities and Benefits	481,698	-	-	-	<b>481,698</b>	702,596
Deferred Revenue	184,077	27,792	23,028	-	<b>234,897</b>	-
<b>Total Liabilities</b>	<u>904,169</u>	<u>29,786</u>	<u>27,494</u>	<u>190</u>	<u><b>961,639</b></u>	<u>887,723</u>
<b>Fund Balance</b>						
Assigned	1,804,910	-	2,914,680	-	<b>4,719,590</b>	1,740,147
Unassigned	(225,465)	(11,165)	(7,762)	307,341	<b>62,949</b>	2,808,173
<b>Total Fund Balance</b>	<u>1,579,445</u>	<u>(11,165)</u>	<u>2,906,918</u>	<u>307,341</u>	<u><b>4,782,539</b></u>	<u>4,548,320</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>2,483,614</u>	<u>18,621</u>	<u>2,934,412</u>	<u>307,531</u>	<u><b>5,744,178</b></u>	<u>5,436,043</u>

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

**HIGH PLAINS MENTAL HEALTH CENTER**  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets  
December 31, 2011

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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.	\$ 4,782,539
Property and equipment, net of depreciation, have not been included as financial resources in Governmental Fund activity on the Balance Sheet.	2,269,100
Extended Illness Time and Accumulated Comp Time have not been included in the Governmental Fund activity on the Balance Sheet.	<u>(772,968)</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (Statement 1)	\$ <u>6,278,671</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, 2011  
(With Comparative Totals for the Year Ended December 31, 2010)

	General Fund	Mental Health Reform Fund	Other Governmental Funds	Endowment Association	Total Governmental Funds	
					2011	2010
<b>Revenues</b>						
State Aid and Contracted Revenues	\$ 736,306	667,008	360,300	-	1,763,614	1,586,234
County Appropriations	697,854	-	-	-	697,854	670,920
Grants	7,569	-	186,067	-	193,636	198,673
Patient Services	4,921,372	-	814,329	-	5,735,701	4,848,906
Other Services	37,140	-	1,225	-	38,365	30,860
Donations	1,275	14	-	11,035	12,324	481
Sales Rentals	20,355	-	-	-	20,355	21,102
Miscellaneous	23,222	975	6,924	-	31,121	25,079
Recovery of Bad Debts	12,085	-	-	-	12,085	8,427
Interest on Investments	21,835	-	-	1,054	22,889	32,101
Management Fees	-	36,046	-	-	36,046	32,520
<b>Total Revenues</b>	<b>6,479,013</b>	<b>704,043</b>	<b>1,368,845</b>	<b>12,089</b>	<b>8,563,990</b>	<b>7,455,303</b>
<b>Expenditures</b>						
Personnel	4,159,020	1,241,525	949,605	-	6,350,150	5,790,663
Professional and Legal Fees	286,540	218	8,370	650	295,778	124,746
Dues	32,573	-	-	-	32,573	24,555
Insurance	131,495	11,964	10,534	-	153,993	149,206
Public Information	11,566	-	225	-	11,791	11,941
Travel and Meeting	180,822	28,405	46,967	-	256,194	187,384
Professional Resources	3,705	72	1,106	-	4,883	1,969
Supplies	78,302	5,358	5,571	-	89,231	88,107
Postage	39,294	132	-	-	39,426	40,376
Leases and Rentals	117,915	478	1,532	-	119,925	143,837
Service Agreements	91,248	3,061	-	-	94,309	103,880
Utilities	169,047	22,615	11,512	-	203,174	186,225
Repairs and Maintenance	49,757	706	-	-	50,463	51,438
Miscellaneous	37,891	198	191	804	39,084	39,117
Bad Debt Expense	153,832	-	-	-	153,832	255,023
Capital Outlay	383,414	48,257	3,294	-	434,965	163,111
<b>Total Expenditures</b>	<b>5,926,421</b>	<b>1,362,989</b>	<b>1,038,907</b>	<b>1,454</b>	<b>8,329,771</b>	<b>7,361,578</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>552,592</b>	<b>(658,946)</b>	<b>329,938</b>	<b>10,635</b>	<b>234,219</b>	<b>93,725</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	283,112	631,161	99,085	-	1,013,358	1,351,732
Transfers Out	(730,246)	-	(283,112)	-	(1,013,358)	(1,351,732)
<b>Total Other Financing Sources (Uses)</b>	<b>(447,134)</b>	<b>631,161</b>	<b>(184,027)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>105,458</b>	<b>(27,785)</b>	<b>145,911</b>	<b>10,635</b>	<b>234,219</b>	<b>93,725</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,473,987</b>	<b>16,620</b>	<b>2,761,007</b>	<b>296,706</b>	<b>4,548,320</b>	<b>4,454,595</b>
<b>Fund Balance - End of Year</b>	<b>\$ 1,579,445</b>	<b>(11,165)</b>	<b>2,906,918</b>	<b>307,341</b>	<b>4,782,539</b>	<b>4,548,320</b>

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, 2011

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Net Change in Fund Balances - Total Governmental Funds (Statement 4)	\$	234,219
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 capital outlay net of asset retirements exceeded depreciation expense.		328,387
Extended Illness Days and Accumulated Comp Time decreased from the prior year. These balances are not accounted for in the General Government Funds; however, the changes are reflected in the statement of activities.		<u>(22,631)</u>
Change in Net Assets of Governmental Activities (Statement 2)	\$	<u>539,975</u>

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

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of **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.

**Reporting Entity**

The 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 20 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 purposes 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 blended 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 Endowment is to act generally in the raising of funds for the needs and purposes of **High Plains Mental Health Center**. The board of directors is the same board as that of the Center's. The Endowment is a blended component unit of the Center and its financial information has been blended in the Center's financial statements. Contact the Center's administrative office for additional information.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**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, grants, and the Center's general revenues.

## HIGH PLAINS MENTAL HEALTH CENTER

Notes to Financial Statements

December 31, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **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 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.

The Center reports the following major governmental funds:

**General Fund** – to account for and report all financial resources not accounted for and reported in another fund.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

The Center reports the following non-major governmental fund:

**Special Revenue Funds** – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

**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.

The Endowment 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.

**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. Total encumbrances as of December 31, 2011 were \$221,620, all applicable to the General Fund.

**Budgetary Information**

The Center is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. The internal budget is the source of the budget amounts listed on Statement 5.

**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 \$10,908 for the year ended December 31, 2011.

**Inventories and Prepaid Items**

In both government-wide and fund financial statements, payments made to vendors for goods or services that will benefit periods beyond the current year are recorded as inventory or prepaid items when they are deemed material and it is considered appropriate.

**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.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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
Furniture and Fixtures	5 to 15 years
Library Materials	5 to 10 years

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities</b>				
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 94,701	1,000	-	95,701
<b>Depreciable Capital Assets</b>				
Buildings	2,862,208	344,450	(8,754)	3,197,904
Equipment, Furniture, and Fixtures	2,459,836	302,013	(253,091)	2,508,758
Library Materials	16,557	-	(563)	15,994
<b>Total Depreciable     Capital Assets</b>	5,338,601	646,463	(262,408)	5,722,656
<b>Less Accumulated Depreciation</b>	(3,492,589)	(316,601)	259,933	(3,549,257)
<b>Depreciable Capital Assets, Net of     Accumulated     Depreciation</b>	1,846,012	329,862	(2,475)	2,173,399
<b>Governmental Activities Capital     Assets,     Net of Accumulated     Depreciation</b>	\$ 1,940,713	330,862	(2,475)	2,269,100
<b>Endowment Association – Land</b>	31,008	-	-	31,008
<b>Total Reporting Entity, Net of     Accumulated Depreciation</b>	\$ 1,971,721	330,862	(2,475)	2,300,108

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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**

**High Plains Mental Health Center** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in financial statements included in the required supplementary information.

K.S.A. 9-1401 establishes the depositories which may be used by the Center. The statute requires banks eligible to hold the Center's funds have a main or branch bank in the county in which the Center is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Center has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Center's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Center has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

State statutes place no limit on the amount the Center may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. State statutes require the Center's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Center does not use "peak periods". All deposits were legally secured at December 31, 2011.

At December 31, 2011, the Center's carrying amount of deposits and cash on hand was \$4,497,815 and the bank balance was \$4,604,767. The bank balance was held by eighteen banks, which does not result in a concentration of credit risk. Of the bank balance, \$2,426,225 was covered by federal depository insurance and \$2,178,542 was collateralized with securities held by pledging financial institutions' agents in the Center's name.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The Center had no investments at December 31, 2011.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 2 – CASH (continued)**

Cash balances at year-end for the Endowment were as follows:

Demand Deposit – Sunflower Bank	\$ 7,308
Time Deposits – Sunflower Bank	42,631
Time Deposits – Bank of America	102,590
Time Deposits – Commerce Bank	<u>87,491</u>
<b>Total Cash</b>	<b>\$ <u>240,020</u></b>

The carrying amount and bank balance of the Endowment's deposits were \$240,020 at December 31, 2011. The entire amount of the bank balance was covered by federal depository insurance.

**NOTE 3 – INVESTMENT**

**High Plains Mental Health Center Endowment Association, Inc.** received a 20% limited partnership and 1% general partnership interest in Woodhaven Apartments, L.P. as a contribution. The amount recognized as an investment was equal to the fair value of the interest at the time of receipt.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Accounting guidance establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described below.

**Level 1**

Quoted prices in active markets for identical assets or liabilities.

**Level 2**

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

**Level 3**

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2011 and 2010:

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

**NOTE 4 – FAIR VALUE MEASUREMENTS (continued)**

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2011</b>				
Land	\$ 31,008	-	-	31,008
Investment	10,535	-	-	10,535
<b>2010</b>				
Land	31,008	-	-	31,008
Investment	-	-	-	-

The carrying values of cash, receivables, land, and investments approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2011 is comprised of accounts considered to be collectible by management. Balances due are stated at net of anticipated uncollectible accounts.

Outpatient	\$ 586,544
Westside	63,089
Community Support Service	277,341
Grant Revenue and Miscellaneous	<u>11,175</u>
	938,149
Less: Allowance for Fee Reductions, Provider Write-offs, and Uncollectible Accounts	( <u>262,494</u> )
<b>Net Accounts Receivable</b>	<b>\$ <u>675,655</u></b>

The Endowment has a policy to grant loans to qualified individuals for the cost of education in a field of study related to mental health services.

The Endowment has loans outstanding to one individual as of December 31, 2011 in the amount of \$25,968.

**NOTE 6 – INTERFUND TRANSFERS**

Transfers are substantially for the purpose of subsidizing operating functions and funding capital projects and asset acquisitions. **High Plains Mental Health Center** made the following transfers between funds for the year ended December 31, 2011.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

**NOTE 6 – INTERFUND TRANSFERS (continued)**

From	To	Amount
Mental Health Reform Hospital Closure Fund	General Fund	\$ 72,046
State Child Adolescent Fund	General Fund	211,066
General Fund	Children's Crisis Services Fund	23,534
General Fund	Family Centered System Fund	75,063
General Fund	Mental Health Reform Fund	631,161
General Fund	Smart Start Services Fund	488
		<u>\$ 1,013,358</u>

**NOTE 7 – DEFERRED REVENUE**

Deferred revenue consisted of state aid and grants in the amount of \$234,895 at December 31, 2011.

**NOTE 8 – CONTINGENCY**

**High Plains Mental Health 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, 2011.

The Endowment makes loans to qualifying individuals for educational costs as a way to provide incentive to them to pursue a career in mental health services. If individuals do not satisfactorily meet the requirements of the loan agreements, they are obligated to pay the loans back to the Endowment. As with any financing arrangement, there exists a risk of default by the individuals to whom the loans are made. Management has made no estimate of the amount of loss likely to be incurred as a result of defaults for loans outstanding as of December 31, 2011.

**NOTE 9 – FUND BALANCE**

**High Plains Mental Health Center** has, by Board action, established reserves to be used for assigned purposes. When an expense is incurred for which both assigned and unassigned net assets are available, it is the Center's policy to utilize unassigned net assets.

In the General Fund, a capital replacement reserve has been established as part of the assigned fund balance. This reserve has been designated for building improvement, building replacement and equipment replacement. The continuing education reserve, also part of the General Fund assigned fund balance, is designated to be used for professional staff education. The Center has included in the General Fund assigned balance a provision for future unemployment benefits based on taxable wages paid to the Center's employees. The Center has elected to act as a reimbursing employer under the

**HIGH PLAINS MENTAL HEALTH CENTER**

Notes to Financial Statements

December 31, 2011

**NOTE 9 – FUND BALANCE (continued)**

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, within the General Fund's assigned fund balance, will be utilized for acquiring facilities for branch offices and equipping these facilities. The reserve will also be used for other building acquisition and furnishing these acquisitions as needs dictate. The final portion of the General Fund's assigned balance is the health insurance reserve, established to supplement health insurance coverage.

As disclosed in Note 1 for Encumbrances, a balance of \$221,620 is also included in the General Fund's assigned fund balance as of December 31, 2011.

The Board 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.

The Board 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 2011:

Reserve - Capital Replacement	\$ 1,000,000
Reserve – Continuing Education	18,824
Reserve - Unemployment Self Insurance	100,000
Reserve Health Insurance	100,000
Reserve – Capital Expansion	364,466
Encumbrances	<u>221,620</u>
<b>Total</b>	<b><u>\$ 1,804,910</u></b>

The assigned fund balance in the special revenue funds have been established for the following purposes:

State Child Adolescent Fund	State Child Adolescent Revenue
Mental Health Reform Fund	Mental Health Reform Revenue
Mental Health Reform Children Fund	Mental Health Reform Children Revenue
Mental Health Reform Hospital Closure Fund	Mental Health Reform Hospital Closure Revenue
Family Centered System Fund	Family Centered System Revenue
Smart Start Services Fund	Smart Start Services Revenue
Children's Crisis Services Fund	Children's Crisis Services Revenue
Functional Family Therapy JJA Grant Fund	Functional Family Therapy JJA Grant

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

**NOTE 10 – LEASES**

**Operating Leases**

**High Plains Mental Health 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, 2011.

Inception/ Expiration Date	Description	2012	2013	2014	2015	2016	2017 - 2019	Total
02-11/01-19	Van Doren Family Trust	\$ 69,000	69,000	69,000	69,000	69,000	143,750	488,750
8-11/8-16	Hadley Redevelopment, LLC	11,130	11,130	11,130	11,130	7,420	-	51,940

**NOTE 11 – COMPENSATED ABSENCES**

**High Plains Mental Health 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. 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 at the rate of 18 to 24 days a year depending on salary level and years of service. PTO cannot accumulate in excess of 40 work days. The Center will reimburse an employee for 75% of his or her unused PTO upon termination of employment. Accumulated Paid Time Off reported in these financial statements totaled \$205,008 at December 31, 2011.

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, EIT is paid only if an employee is ill for more than three consecutive working days. PTO must be used for the first three days of illness. Full-time employees shall accrue EIT at the rate of .5 days per month. An employee may accumulate up to 120 days of EIT. Accumulated EIT is forfeited at termination of employment. Accumulated EIT approximated \$764,007 at December 31, 2011.

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 \$8,961 at December 31, 2011.

**NOTE 12 – EMPLOYEE RETIREMENT PLAN**

**Deferred Compensation Plan**

**High Plains Mental Health Center** sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The Center is not required to make any contributions.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN (continued)**

**Defined Benefit Pension Plan**

Plan Description

The Center contributes to 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, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) 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 calendar year 2011 was 7.74% and 16.48% for KPERS retirees. The Center's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$337,080, \$295,350, and \$273,366, respectively, equal to the required contributions for each year as set forth by the legislature.

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, **High Plains Mental Health 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.

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 federal government for this coverage. The premium is paid in full by the insured. There is no cost to the Center under this program.

**NOTE 14 – EMPLOYEE HEALTH CARE**

Effective January 1, 2011, **High Plains Mental Health Center** began participating in the state employee health plan. The Center had previously been in a partially self-funded health insurance plan. As of December 31, 2011, no unpaid claims exist on this former plan, but the Center is liable for claims until December 2012. No provisions for potential future claims have been made in these financial statements.

**NOTE 15 – STATE AID**

**High Plains Mental Health Center** receives payments monthly from the State General Fund/Assistance Grant Fund. The payments the Center received are as follows:

First quarter	\$ 184,076
Second quarter	184,076
Third quarter	184,077
Fourth quarter	<u>184,077</u>
Total	\$ <u>736,306</u>

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 16 – RISK MANAGEMENT CLAIMS AND JUDGMENTS**

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

**NOTE 17 – COMPLIANCE WITH CONTRACTUAL REQUIREMENTS**

The Kansas Department of Social and Rehabilitation Services requires **High Plains Mental Health Center** to analyze its cash reserves and to provide justification for any reserves in excess of six months operating expenses. For 2011, 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 18 – 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 **High Plains Mental Health Center's** financial position and operations. The comparative totals appear in the government-wide financial statements and the accompanying supplemental financial statements. However, complete comparative data has not been presented in all of the financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE 19 – LITIGATION**

**High Plains Mental Health 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.

**NOTE 20 – EVALUATION OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 29, 2012, which is the date the financial statements were available to be issued.

**HIGH PLAINS MENTAL HEALTH CENTER**

Required Supplementary Information

HIGH PLAINS MENTAL HEALTH CENTER  
General Fund  
Balance Sheets  
December 31, 2011 and 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
<b>Cash and Investments</b>	\$ <b>1,608,917</b>	1,214,257
<b>Receivables</b>		
Accounts Receivable (Net of Allowance for Uncollectibles)	627,239	683,696
Due From Other Governments	9,084	9,973
<b>Total Receivables</b>	<b>636,323</b>	693,669
<b>Prepaid Expenses</b>	<b>238,374</b>	444,926
<b>Total Assets</b>	<b>\$ 2,483,614</b>	<u>2,352,852</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 106,820	44,610
Accrued Wages	131,574	131,659
Accrued Payroll Liabilities and Benefits	481,698	702,596
Deferred Revenue	184,077	-
<b>Total Liabilities</b>	<b>904,169</b>	878,865
<b>Fund Balance</b>		
Assigned	1,804,910	1,740,147
Unassigned	(225,465)	(266,160)
<b>Total Fund Balance</b>	<b>1,579,445</b>	1,473,987
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,483,614</b>	<u>2,352,852</u>

See independent auditors' 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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
State Aid	\$ 736,306	<b>736,306</b>	-	736,305
Grant	10,000	<b>7,569</b>	(2,431)	-
County Appropriations	688,205	<b>697,854</b>	9,649	670,920
Patient Services	5,409,704	<b>4,921,372</b>	(488,332)	3,882,862
Other Services	42,000	<b>37,140</b>	(4,860)	30,435
Donations	500	<b>1,275</b>	775	466
Sales and Rentals	10,500	<b>20,355</b>	9,855	21,102
Miscellaneous	61,000	<b>23,222</b>	(37,778)	24,394
Recovery of Bad Debts	4,000	<b>12,085</b>	8,085	8,427
Interest on Investments	35,000	<b>21,835</b>	(13,165)	29,579
<b>Total Revenues</b>	<b>6,997,215</b>	<b>6,479,013</b>	<b>(518,202)</b>	<b>5,404,490</b>
<b>Expenditures</b>				
Personnel	4,077,175	<b>4,159,020</b>	(81,845)	3,543,067
Professional and Legal Fees	111,900	<b>286,540</b>	(174,640)	87,651
Dues	28,100	<b>32,573</b>	(4,473)	22,380
Insurance	136,400	<b>131,495</b>	4,905	128,387
Public Information	9,450	<b>11,566</b>	(2,116)	11,040
Travel and Meeting	138,100	<b>180,822</b>	(42,722)	101,420
Professional Resources	5,450	<b>3,705</b>	1,745	1,546
Supplies	146,855	<b>78,847</b>	68,008	79,283
Postage	47,500	<b>39,294</b>	8,206	40,200
Leases and Rentals	115,800	<b>117,915</b>	(2,115)	142,297
Service Agreements	108,560	<b>91,248</b>	17,312	100,192
Utilities	210,850	<b>169,047</b>	41,803	151,090
Repairs and Maintenance	39,450	<b>54,402</b>	(14,952)	50,668
Miscellaneous	18,990	<b>37,891</b>	(18,901)	36,054
Bad Debt Expense	297,000	<b>153,832</b>	143,168	254,157
Capital Outlay	289,000	<b>595,912</b>	(306,912)	58,991
<b>Total Expenditures</b>	<b>5,780,580</b>	<b>6,144,109</b>	<b>(363,529)</b>	<b>4,808,423</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,216,635</b>	<b>334,904</b>	<b>(881,731)</b>	<b>596,067</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	<b>283,112</b>	283,112	255,490
Transfers Out	-	<b>(730,246)</b>	(730,246)	(1,096,242)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(447,134)</b>	<b>(447,134)</b>	<b>(840,752)</b>
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>1,216,635</b>	<b>(112,230)</b>	<b>434,597</b>	<b>(244,685)</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,473,987</b>	<b>1,473,987</b>	<b>-</b>	<b>1,820,885</b>
<b>Increase (Decrease) in Reserve for Encumbrances</b>	<b>-</b>	<b>217,688</b>	<b>217,688</b>	<b>(102,213)</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,690,622</b>	<b>1,579,445</b>	<b>652,285</b>	<b>1,473,987</b>

See independent auditors' report.

HIGH PLAINS MENTAL HEALTH CENTER  
State Child Adolescent Fund  
Balance Sheets  
December 31, 2011 and 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
Cash and Investments	\$ 2,216,784	2,026,409
Accounts Receivable (Net of Allowance for Uncollectibles)	45,439	112,852
<b>Total Assets</b>	<b>\$ 2,262,223</b>	<b>2,139,261</b>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 2,186	1,519
<b>Fund Balance</b>		
Assigned	2,260,037	2,137,742
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,262,223</b>	<b>2,139,261</b>

See independent auditors' 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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Patient Services	\$ 740,296	814,329	74,033	966,044
Miscellaneous Income	-	887	887	-
<b>Total Revenues</b>	<u>740,296</u>	<u>815,216</u>	<u>74,920</u>	<u>966,044</u>
<b>Expenditures</b>				
Personnel	439,801	449,895	(10,094)	406,311
Professional and Legal Fees	-	420	(420)	350
Insurance	9,500	10,534	(1,034)	8,565
Travel and Meeting	6,500	9,558	(3,058)	7,652
Professional Resources	100	-	100	-
Supplies	3,975	2,892	1,083	2,363
Leases and Rentals	12,250	1,532	10,718	1,280
Utilities	1,000	3,547	(2,547)	2,375
Repairs and Maintenance	200	-	200	(301)
Bad Debt Expense	41,250	-	41,250	866
Miscellaneous	50	183	(133)	51
Capital Outlay	-	3,294	(3,294)	-
<b>Total Expenditures</b>	<u>514,626</u>	<u>481,855</u>	<u>32,771</u>	<u>429,512</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	225,670	333,361	107,691	536,532
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(211,066)	(211,066)	(169,531)
<b>Excess of Revenues Over Expenditures and Other Sources (Uses)</b>	225,670	122,295	(103,375)	367,001
<b>Fund Balance - Beginning of Year</b>	2,137,742	2,137,742	-	1,771,047
<b>Increase (Decrease) in Reserve for Encumbrances</b>	-	-	-	(306)
<b>Fund Balance - End of Year</b>	<u>\$ 2,363,412</u>	<u>2,260,037</u>	<u>(103,375)</u>	<u>2,137,742</u>

See independent auditors' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Mental Health Reform Fund  
Balance Sheets  
December 31, 2011 and 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
Accounts Receivable (Net of Allowance for Uncollectibles)	\$ 2,902	2,709
Prepaid Expenses	<u>15,719</u>	<u>16,232</u>
<b>Total Assets</b>	<b>\$ <u>18,621</u></b>	<b><u>18,941</u></b>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,994	2,321
Deferred Revenue	<u>27,792</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>29,786</u></b>	<b><u>2,321</u></b>
<b>Fund Balance</b>		
Assigned	-	16,620
Unassigned	<u>(11,165)</u>	<u>-</u>
<b>Total Fund Balance</b>	<b><u>(11,165)</u></b>	<b><u>16,620</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>18,621</u></b>	<b><u>18,941</u></b>

See independent auditors' 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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Contracted Revenues	\$ 667,008	667,008	-	489,629
Grants	-	-	-	1,950
Management Fee	32,700	36,046	3,346	32,520
Miscellaneous Income	-	975	975	-
Donations	-	14	14	15
<b>Total Revenues</b>	<b>699,708</b>	<b>704,043</b>	<b>4,335</b>	<b>524,114</b>
<b>Expenditures</b>				
Personnel	1,650,940	1,241,525	409,415	1,369,637
Professional and Legal Fees	500	218	282	350
Insurance	11,320	11,964	(644)	12,254
Public Information	-	-	-	118
Travel and Meeting	33,750	28,405	5,345	39,754
Professional Resources	500	72	428	72
Supplies	12,350	5,358	6,992	5,578
Postage	200	132	68	176
Leases and Rentals	250	478	(228)	260
Service Agreements	3,660	3,061	599	3,688
Utilities	18,600	22,615	(4,015)	23,302
Repairs and Maintenance	1,600	706	894	765
Miscellaneous	100	198	(98)	2,190
Capital Outlay	27,000	48,257	(21,257)	1,565
<b>Total Expenditures</b>	<b>1,760,770</b>	<b>1,362,989</b>	<b>397,781</b>	<b>1,459,709</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,061,062)</b>	<b>(658,946)</b>	<b>402,116</b>	<b>(935,595)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	631,161	631,161	938,140
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>(1,061,062)</b>	<b>(27,785)</b>	<b>1,033,277</b>	<b>2,545</b>
<b>Fund Balance - Beginning of Year</b>	<b>16,620</b>	<b>16,620</b>	<b>-</b>	<b>14,075</b>
<b>Fund Balance - End of Year</b>	<b>\$ (1,044,442)</b>	<b>(11,165)</b>	<b>1,033,277</b>	<b>16,620</b>

See independent auditors' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Mental Health Reform Children Fund  
Balance Sheets  
December 31, 2011 and 2010

	<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and Investments		\$ 44,379	44,889
<u>LIABILITIES AND FUND BALANCE</u>			
<b>Liabilities</b>			
Accounts Payable		\$ 19	-
Deferred Grant Revenue		2,986	-
<b>Total Liabilities</b>		<b>3,005</b>	<b>-</b>
<b>Fund Balance</b>			
Assigned		41,374	44,889
<b>Total Liabilities and Fund Balance</b>		<b>\$ 44,379</b>	<b>44,889</b>

See independent auditors' 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, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Contracted Revenues	\$ 71,675	71,676	1	71,676
<b>Expenditures</b>				
Personnel	75,472	74,757	715	51,473
Professional and Legal Fees	-	-	-	170
Travel and Meeting	100	50	50	226
Supplies	50	-	50	-
Utilities	600	384	216	500
<b>Total Expenditures</b>	<b>76,222</b>	<b>75,191</b>	<b>1,031</b>	<b>52,369</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(4,547)</b>	<b>(3,515)</b>	<b>1,032</b>	<b>19,307</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	-	(20,649)
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>(4,547)</b>	<b>(3,515)</b>	<b>1,032</b>	<b>(1,342)</b>
<b>Fund Balance - Beginning of Year</b>	<b>44,889</b>	<b>44,889</b>	<b>-</b>	<b>46,231</b>
<b>Fund Balance - End of Year</b>	<b>\$ 40,342</b>	<b>41,374</b>	<b>1,032</b>	<b>44,889</b>

See independent auditors' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Mental Health Reform Hospital Closure Fund  
Balance Sheets  
December 31, 2011 and 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
Cash and Investments	\$ <u>606,750</u>	<u>562,601</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,223	585
Deferred Grant Revenue	<u>12,026</u>	<u>-</u>
<b>Total Liabilities</b>	<b>13,249</b>	<b>585</b>
<b>Fund Balance</b>		
Assigned	<u>593,501</u>	<u>562,016</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>606,750</u></b>	<b><u>562,601</u></b>

See independent auditors' 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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Contracted Revenue	\$ 288,624	288,624	-	288,624
Miscellaneous Income	-	6,037	6,037	-
<b>Total Revenues</b>	<u>288,624</u>	<u>294,661</u>	<u>6,037</u>	<u>288,624</u>
<b>Expenditures</b>				
Personnel	174,344	173,345	999	137,853
Professional and Legal Fees	-	-	-	70
Travel and Meeting	9,850	14,208	(4,358)	14,737
Supplies	400	447	(47)	309
Utilities	2,375	3,130	(755)	2,444
Miscellaneous	-	-	-	10
<b>Total Expenditures</b>	<u>186,969</u>	<u>191,130</u>	<u>(4,161)</u>	<u>155,423</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	101,655	103,531	1,876	133,201
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(72,046)	(72,046)	(65,310)
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	101,655	31,485	(70,170)	67,891
<b>Fund Balance - Beginning of Year</b>	<u>562,016</u>	<u>562,016</u>	<u>-</u>	<u>494,125</u>
<b>Fund Balance - End of Year</b>	<u>\$ 663,671</u>	<u>593,501</u>	<u>(70,170)</u>	<u>562,016</u>

See independent auditors' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Family Centered System Fund  
Balance Sheets  
December 31, 2011 and 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
<b>Cash and Investments</b>	\$ <u>1,292</u>	<u>-</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,038	1,553
Deferred Grant Revenue	<u>8,016</u>	<u>-</u>
<b>Total Liabilities</b>	<b>9,054</b>	<b>1,553</b>
<b>Fund Balance</b>		
Unassigned	<u>(7,762)</u>	<u>(1,553)</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>1,292</u>	<u>-</u>

See independent auditors' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Family Centered System Fund**  
Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011		Variance Positive (Negative)	2010 Actual
	Original and Final Budget	Actual		
<b>Revenues</b>				
Contracted Revenue	\$ 189,063	183,391	(5,672)	189,063
Miscellaneous	-	-	-	685
<b>Total Revenues</b>	<u>189,063</u>	<u>183,391</u>	<u>(5,672)</u>	<u>189,748</u>
<b>Expenditures</b>				
Personnel	247,957	238,327	9,630	207,040
Professional and Legal Fees	3,000	-	3,000	75
Public Information	1,000	-	1,000	348
Travel and Meeting	15,400	21,286	(5,886)	19,713
Supplies	850	832	18	574
Utilities	2,475	4,210	(1,735)	4,924
Miscellaneous	2,000	8	1,992	76
<b>Total Expenditures</b>	<u>272,682</u>	<u>264,663</u>	<u>8,019</u>	<u>232,750</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(83,619)	(81,272)	2,347	(43,002)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	75,063	75,063	41,273
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	(83,619)	(6,209)	77,410	(1,729)
<b>Fund Balance - Beginning of Year</b>	(1,553)	(1,553)	-	176
<b>Fund Balance - End of Year</b>	<u>\$ (85,172)</u>	<u>(7,762)</u>	<u>77,410</u>	<u>(1,553)</u>

See independent auditors' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Smart Start Services Fund**  
 Balance Sheets  
 December 31, 2011 and 2010

<u>ASSETS</u>			
	<u>2011</u>	<u>2010</u>	
Accounts Receivable (Net of Allowance for Uncollectibles)	\$ <u>75</u>	<u>170</u>	
<u>LIABILITIES AND FUND BALANCE</u>			
<b>Liabilities</b>			
Accounts Payable	\$ -	85	
<b>Fund Balance</b>			
Assigned	<u>75</u>	<u>85</u>	
<b>Total Liabilities and Fund Balance</b>	\$ <u>75</u>	<u>170</u>	

**Smart Start Services Fund**

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2011</u>			<u>2010 Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
<b>Revenues</b>				
Grants	\$ -	<u>1,225</u>	<u>1,225</u>	<u>425</u>
<b>Expenditures</b>				
Personnel	-	<u>483</u>	<u>(483)</u>	182
Professional Resources	-	<u>1,015</u>	<u>(1,015)</u>	-
Public Relations	-	<u>225</u>	<u>(225)</u>	<u>425</u>
<b>Total Expenditures</b>	<u>-</u>	<u>1,723</u>	<u>(1,723)</u>	<u>607</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(498)</u>	<u>(498)</u>	<u>(182)</u>
<b>Other Financing Sources</b>				
Transfers In	-	<u>488</u>	<u>488</u>	<u>36</u>
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<u>-</u>	<u>(10)</u>	<u>(10)</u>	<u>(146)</u>
<b>Fund Balance - Beginning of Year</b>	<u>85</u>	<u>85</u>	<u>-</u>	<u>231</u>
<b>Fund Balance - End of Year</b>	\$ <u>85</u>	<u>75</u>	<u>(10)</u>	<u>85</u>

See independent auditors' report.

HIGH PLAINS MENTAL HEALTH CENTER  
Children's Crisis Services Fund  
Balance Sheets  
December 31, 2011 and 2010

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	<u>ASSETS</u>	
	<u>2011</u>	<u>2010</u>
<b>Total Assets</b>	\$ <u>-</u>	<u>-</u>
	<u>LIABILITIES AND FUND BALANCE</u>	
<b>Liabilities</b>		
Accounts Payable	\$ -	1,865
<b>Fund Balance</b>		
Assigned	<u>-</u>	<u>(1,865)</u>
<b>Total Liabilities and Fund Balance</b>	\$ <u>-</u>	<u>-</u>

See independent auditors' report.

## HIGH PLAINS MENTAL HEALTH CENTER

## Children's Crisis Services Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2011			2010 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>	\$ -	-	-	-
<b>Expenditures</b>				
Personnel	72,475	11,522	60,953	75,100
Dues	2,100	-	2,100	2,175
Professional Fees	25,150	7,950	17,200	35,700
Public Information	300	-	300	10
Travel and Meeting	4,350	1,865	2,485	3,882
Professional Resources	500	91	409	351
Utilities	1,150	241	909	1,590
Capital Outlay	-	-	-	343
<b>Total Expenditures</b>	<b>106,025</b>	<b>21,669</b>	<b>84,356</b>	<b>119,151</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(106,025)</b>	<b>(21,669)</b>	<b>84,356</b>	<b>(119,151)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	23,534	23,534	116,793
<b>Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)</b>	<b>(106,025)</b>	<b>1,865</b>	<b>107,890</b>	<b>(2,358)</b>
<b>Fund Balance - Beginning of Year</b>	<b>(1,865)</b>	<b>(1,865)</b>	<b>-</b>	<b>493</b>
<b>Fund Balance - End of Year</b>	<b>\$ (107,890)</b>	<b>-</b>	<b>107,890</b>	<b>(1,865)</b>

See independent auditors' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**Functional Family Therapy JJA Grant Fund**  
 Balance Sheets  
 December 31, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and Investments	\$ 19,693	18,283
Accounts Receivable (Net of Allowance for Uncollectibles)	-	1,410
<b>Total Assets</b>	<b>\$ 19,693</b>	<b>19,693</b>
 <u>FUND BALANCE</u>  		
Fund Balance Assigned	\$ 19,693	19,693

**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, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2011</u>			<u>2010</u> Actual
	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	
<b>Revenues</b>				
Grants	\$ -	2,676	2,676	7,660
<b>Expenditures</b>				
Personnel	-	1,276	1,276	-
Supplies	-	1,400	(1,400)	-
<b>Total Expenditures</b>	-	2,676	(124)	-
<b>Excess of Revenues Over</b> <b>(Under) Expenditures</b>	-	-	2,800	7,660
<b>Fund Balance - Beginning of Year</b>	19,693	19,693	-	12,033
<b>Fund Balance - End of Year</b>	<b>\$ 19,693</b>	<b>19,693</b>	<b>2,800</b>	<b>19,693</b>

See independent auditors' report.

**HIGH PLAINS MENTAL HEALTH CENTER**  
**High Plains Mental Health Center Endowment Association, Inc.**  
Statement of Net Assets  
December 31, 2011 and 2010

<u>ASSETS</u>		
	<u>2011</u>	<u>2010</u>
<b>Current Assets</b>		
Cash and Investments	\$ 240,020	247,867
Accounts Receivable (Net of Allowance for Uncollectibles)	25,968	18,761
<b>Total Current Assets</b>	<b>265,988</b>	<b>266,628</b>
<b>Capital Assets</b>		
Land	31,008	31,008
<b>Other Assets</b>		
Investment	10,535	-
<b>Total Assets</b>	<b>307,531</b>	<b>297,636</b>
<u>LIABILITIES</u>		
<b>Current Liabilities</b>		
Accounts Payable	190	930
<b>Fund Balance</b>		
Unrestricted	\$ 307,341	296,706

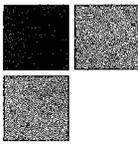
**High Plains Mental Health Center Endowment Association, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Contributions	\$ 11,035	-
Interest on Investments	1,054	2,522
<b>Total Revenues</b>	<b>12,089</b>	<b>2,522</b>
<b>Expenditures</b>		
Professional and Legal Fees	650	380
Miscellaneous	804	736
<b>Total Expenditures</b>	<b>1,454</b>	<b>1,116</b>
<b>Change in Fund Balance</b>	<b>10,635</b>	<b>1,406</b>
<b>Fund Balance - Beginning of Year</b>	<b>296,706</b>	<b>295,300</b>
<b>Fund Balance - End of Year</b>	<b>\$ 307,341</b>	<b>296,706</b>

See independent auditors' report.

**HIGH PLAINS MENTAL HEALTH CENTER**

Supplementary Information



Certified  
Public  
Accountants

**INDEPENDENT AUDITORS' 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**

To the 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, 2011, which collectively comprise **High Plains Mental Health Center's** basic financial statements and have issued our report thereon dated March 29, 2012. 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.

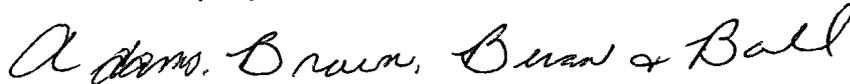
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **High Plains Mental Health Center's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

**High Plains Mental Health Center**  
Page Two

We noted certain matters that we reported to management of **High Plains Mental Health Center** in a separate letter dated March 29, 2012.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, pass-through entities, and for filing with the Kansas Department of Social and Rehabilitation Services and Kansas Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Adams, Brown, Beran & Ball".

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

March 29, 2012

**HIGH PLAINS MENTAL HEALTH CENTER**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2011

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**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of **High Plains Mental Health Center**.
2. The Independent Auditors' 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* did not identify any deficiencies in internal control over financial reporting that are considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of **High Plains Mental Health Center** were disclosed during the audit.

**B. FINDINGS AND RESPONSES – FINANCIAL STATEMENTS AUDIT**

No reportable conditions were identified.

**C. COMPLIANCE REQUIREMENTS PER AGREEMENT FOR PARTICIPATING COMMUNITY MENTAL HEALTH CENTER CONSOLIDATED CONTRACT – MHCC 11-009**

No material findings nor questioned costs were disclosed per Agreement for Participating Community Mental Health Center Consolidated Contract – MHCC 11-009 as required per the SRS Recipient Monitoring letter dated August 5, 2010.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2011

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No material findings or questioned costs for the year ended December 31, 2010 are required to be disclosed.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	State Expenditures
<b>U.S. Department of Health and Human Services</b>				
<b>Passed Through Kansas Department of Social and Rehabilitation Services</b>				
Block Grants for Community Mental Health Services	93.958	MHRC 11-009	\$ 28,680	-
Block Grants for Community Mental Health Services	93.958	MHRC 12-009	26,290	-
Mental Health Reform			-	972,337
Family Centered System of Care			-	183,391
State Aid			-	736,306
<b>Passed Through Northwest Kansas Juvenile Services</b>				
Functional Family Therapy Grant			-	2,676
<b>Total Expenditures of Federal and State Awards</b>			<b>\$ 54,970</b>	<b>1,894,710</b>

See accompanying notes to schedule of expenditures of federal and state awards.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Notes to Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2011

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of **High Plains Mental Health Center** and is presented on the accrual basis of accounting in compliance with the GASB 34 reporting model.

**HIGH PLAINS MENTAL HEALTH CENTER**  
Schedule of Revenues and Expenditures  
Budget and Actual - Grants  
December 31, 2011

<u>FEDERAL FUNDS</u>	CFDA	Budget	Actual	
			1/1/11 to 06/30/11	7/1/11 to 12/31/11
<b>MENTAL HEALTH BLOCK GRANT</b>				
Revenue	93.958	\$ 28,680	28,680	-
		26,290	-	26,290
Total Revenue		<u>\$ 54,970</u>	<u>28,680</u>	<u>26,290</u>
Expenditures		<u>\$ 54,970</u>	<u>28,680</u>	<u>26,290</u>
<b>STATE FUNDS</b>				
<b>MENTAL HEALTH REFORM</b>				
Revenue		\$ 484,974	484,974	-
		487,363	-	487,363
Total Revenue		<u>\$ 972,337</u>	<u>484,974</u>	<u>487,363</u>
Expenditures		<u>\$ 972,337</u>	<u>484,974</u>	<u>487,363</u>
<b>FAMILY CENTERED SYSTEM OF CARE</b>				
Revenue		\$ 94,532	94,532	-
		88,859	-	88,859
Total Revenue		<u>\$ 183,391</u>	<u>94,532</u>	<u>88,859</u>
Expenditures		<u>\$ 183,391</u>	<u>94,532</u>	<u>88,859</u>
<b>FUNCTIONAL FAMILY THERAPY GRANT</b>				
Revenue		\$ 2,676	2,676	-
Expenditures		<u>\$ 2,676</u>	<u>2,676</u>	<u>-</u>
<b>STATE AID</b>				
Revenue		\$ 368,153	368,153	-
		368,153	-	368,153
Total Revenue		<u>\$ 736,306</u>	<u>368,153</u>	<u>368,153</u>
Expenditures		<u>\$ 736,306</u>	<u>368,153</u>	<u>368,153</u>

See independent auditors' report.