

NUMBER

#17-32-10

DATE

March 30, 2017

OF INTEREST TO

County Directors

Mental Health Certified
Facilities Directors

Mental Health Certified
Facilities Fiscal Representative

ACTION/DUE DATE

Please read information and
use to prepare annual report

EXPIRATION DATE

March 30, 2019

Group Residential Facilities with Mental Health Certification (MHC) - Cost Report Instructions

TOPIC

Group Residential Facilities with Mental Health Certification (MHC)
annual cost report instructions.

PURPOSE

Provides current instructions for Group Residential Facilities with
Mental Health Certification (MHC) to complete the annual cost report.
Provides definitions of allowable and unallowable costs.

CONTACT

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SIGNED

ALEXANDRA KOTZE
Chief Financial Officer

TERMINOLOGY NOTICE

The terminology used to describe people we serve has changed over
time. The Minnesota Department of Human Services (DHS) supports the
use of "People First" language.

INTRODUCTION

The Annual Mental Health Certified (MHC) Facility Cost Report is one component of a two-part process used by the Minnesota Department of Human Services (DHS) to accurately separate allowable and unallowable child care cost activities associated with children placed in group residential facilities. The Federal Title IV-E and Medical Assistance (MA) programs have sole authority in determining which costs are allowable. The other component of this process is participation by group residential facilities in the DHS Mental Health Certified (MHC) Facility Random Day Log Time Study.

Participation in the time study and completion of the annual cost report are requirements of all Minnesota child caring institutions who wish to be approved as providers of Title IV-E and MA reimbursable services. All participating facilities must complete a new cost report every year.

The results of the time study are applied to the operating costs of mental health certified facilities as reported on the annual facility cost report. The information obtained from the two data sources, the annual facility cost report and the time study, is then used by DHS to calculate the percentage of the facility's total costs that are eligible for Title IV-E and MA reimbursement. The eligible percentage is broken into three components; IV-E Maintenance, IV-E Intake and Planning, and Medical Assistance. These percentages will be used to calculate future claims for children placed in the approved facilities.

Legal References

45 C.F.R. Part 75, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS

III. Changes

New required ADA bulletin format used to meet accessibility standards per [Minnesota Statutes, section 16E.03, subdivision 9.](#)

IV. Attachments

Review

- Attachment A: Cost Report General Instructions
 - a. Facilities covered by the report
 - b. Multi-function agencies and indirect cost reporting
 - c. Reporting period

- d. Deadline for submitting cost reports
 - e. General guidelines for completing the report
 - f. Allowable cost definitions
 - g. Unallowable costs definitions
 - h. Definitions of cost centers
- Attachment B: Line by Line Instructions for the Annual MHC Cost Report
 - Attachment C: Annual Mental Health Certified Facilities Cost Report

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651)431-3725 (voice) (division's general information phone number) or toll free at (800)627-3529, or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.

2017

Cost Report General Instructions

Title IV-E Mental Health Certified
Facilities (MHC)

Financial Operations

MINNESOTA DEPARTMENT OF HUMAN SERVICES

ATTACHMENT A

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GENERAL INSTRUCTIONS

Facilities Covered by the Annual Cost Report

The annual Mental Health Certified (MHC) cost report should contain only costs incurred in the operation of children's mental health residential treatment facilities that serve children, including child-caring institutions.

Facilities that operate group residential facilities licensed by DHS as a Children's Group Residential Facility, and participate in the Group Facilities time study a time study project must complete the Annual Group Residential Facilities Cost Report, not the Mental Health Certified Cost Report.

A separate annual cost report must be completed for each program per diem within each operating mental health certified facility. Only similar facilities or programs with similar costs should be combined on one annual cost report.

In general, there must be a separate annual cost report for each established per diem (i.e. 3 per diems equals 3 annual cost reports).

Multi-Function Agencies and Indirect Cost Reporting

The annual MHC cost report is designed to capture only the costs incurred in the operation of a group residential facility with a mental health certification that serves children. Agencies that operate other programs, such as an outpatient treatment program or a family foster care network, must separate the costs of operating the other programs from those costs of the eligible residential program(s).

ONLY THE COSTS OF THE ELIGIBLE PROGRAM(S) SHOULD BE INCLUDED IN THE COST REPORT.

Reporting Period

The data presented in the cost report should reflect the actual operating costs of the facility for their most recently completed calendar year prior to January 1 of the current year. The cost reporting period for the current cost report has been entered on Page 1 for your convenience. When completing the cost report in future years, please use calendar year dates beginning January 1st through December 31st.

New programs or facilities

This report must contain at least six months of operating costs. If the facility or program has not been in operation for six months prior to January 1 of the current year, then this facility or program does not need to submit an annual cost report this year. The first report a new facility or program submits can include more than twelve months of costs if a report was not submitted last year because there were less than six months of operating costs.

General Guidelines for Completing the Annual MHC Facility Cost Report

Agencies should take special care to be accurate and consistent in the reporting of costs. Any report that includes costs of ineligible programs or that misrepresents the costs of eligible programs is subject to an audit exception. Should such an audit exception be detected, the county agency contracting with the provider may be required to repay the cost differential. The county agency may then elect to recover this amount from the provider.

All costs that can be specifically identified to an eligible program(s) must be included in the cost report. This includes identified costs classified as “unallowable”.

All figures entered on the annual cost report must be rounded to the nearest whole dollar.

The reporting categories used in this report are designed primarily to capture components of personnel costs eligible for Title IV-E and MA reimbursement.

Applying this detail to non-personnel costs may create minor problems if your agency uses a substantially different chart of accounts. There is no need to reconstruct your chart of accounts to match these reporting requirements. Consolidated amounts for each of the non-personnel cost centers are sufficient.

Terms such as “other”, “miscellaneous”, “various”, and “etc.” should not be used on the cost report. DHS must be able to discern that costs are being allocated to appropriate cost categories.

County Social Service Agencies that operate their own residential programs for which cost reports are submitted must ensure that the costs on the Annual MHC Facility Cost Report do not appear in the SSTS cost pool. The SSTS cost pool is calculated as part of the quarterly Social Services Fund Report (DHS-2556). Subtract these costs as “other ineligible” on the supporting schedule (DHS-2556.1).

Some fields in the cost report are considered “default fields” and therefore should not be filled as they may contain formulas. Report information in the grey colored spaces; this will help avoid errors and ensure that appropriate cost centers are used.

Deadline for Submitting Cost Reports

Completed cost reports must be returned electronically to DHS on or before the last day in February. The electronic submission constitutes an authorized copy of the report with signature.

Keep a copy of the report and all supporting documents for your records.

COST DEFINITIONS

ALLOWABLE COST DEFINITIONS

Child Specific Expenses

Child specific expenses are those costs that a parent would normally incur in the daily care of a child and include personal need items supplied to the client. Such examples are clothing, haircuts, personal hygiene items, allowances, gifts, school related supplies, trips, recreation activities, and arts and crafts participation expenses.

Consumable Supplies and General Expenses

Consumable supplies are those items that will be used or consumed within the period covered by the report and include the costs of materials and supplies, as well as the cost of maintaining a central storeroom to the extent that they are reasonable and necessary to the provision of services. Consumable supplies are generally those items consumed within one year.

Deferred Compensation

These costs are allowable to the extent that:

- 1) Except for past service pension and retirement costs, it is for services rendered during the period covered by the cost report.
- 2) It is, together with all other compensation to the employee, reasonable in amount.
- 3) It is paid pursuant to an agreement entered into in good faith between the operating agency and its employees before the services are rendered, or pursuant to a plan followed by the operating facility so consistently as to imply, in effect, an agreement to make such payments.
- 4) The benefits of the plan are vested in the employees or their designated beneficiaries and no part of the deferred compensation reverts back to the employer.
- 5) In the case of past service pension costs it is amortized over a period of ten years or more.
- 6) For a plan which is subject to approval by the Internal Revenue Service (IRS), it falls within the criteria and standards of the Internal Revenue Code and regulations of the Internal Revenue Service.

Depreciation

Depreciation is a deduction that allows the agency to recover the cost or other basis of certain property for the wear and tear, deterioration, or obsolescence of the property. A depreciation schedule should identify the method of depreciation, the cost basis, and the class life of the asset.

The property ceases to be depreciable when the agency has fully recovered the property's cost or other basis or when the agency retires it from service, whichever happens first. Depreciation must be calculated using a method approved by the Internal Revenue Service.

NOTE: It is important to maintain schedules of depreciation and depreciation calculations for audit purposes.

Health Related Services

Costs for routine medical services and supplies that would normally be provided by a parent for their child.

- Contracted costs to provide health care services that do not require a medical license or degree.
- Health related supplies such as thermometers, humidifiers, ice packs, etc.
- First aid supplies such as bandages, burn cream, etc.
- Over-the-counter medicines such as aspirin, cold or asthma medicine, etc.

Household costs

Household costs are those expenses that a parent would normally incur in the daily care of a child and are allowable to the extent that such expenses are reasonable and necessary. Examples would include bedding, laundry expense, cleaning and household supplies, cable TV, computer, internet, and telephone services provided to children.

Incentive Compensation

Payments made to employees based on cost reductions, efficient performance, suggestion awards, etc. Such compensation is allowable to the extent that the overall compensation package is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the operating agency and the employees. Services must have been rendered previously or pursuant to an established plan followed by the operating agency consistently, as to imply an agreement to make such a payment.

Indirect Costs

Indirect costs are expenses incurred by agencies or providers for a common or joint purpose benefiting more than one program.

Indirect costs must be allocated to operating programs using fair and equitable methods. Common methods include percentage of revenues, Full Time Equivalent Staff (FTE's), or square feet of occupancy.

It should be noted that only the portion allocated to the program(s) covered by the cost report should be included in the annual report.

In-Kind Costs

The value of in-kind materials and supplies; items such as donated clothing or food, may be included as a cost if the following conditions are met:

- The in-kind costs are assessed at no more than fair market value in accordance with IRS regulations.
- The in-kind costs and associated revenues are actually posted to the appropriate accounts and appear on the facility financial statements.

Insurance Costs

The insurance costs incurred in connection with the general conduct of activities are allowable to the extent that the costs are in accordance with sound business practice. Costs for liability insurance related to the provision of services are permissible; the insurance deductible or minor uninsurable losses are deductible.

NOTE: The cost of insurance on the life of any officer or employee, for which the institution is beneficiary, is unallowable. In addition, major losses incurred due to lack of insurance coverage are not considered allowable expenses.

Lease Purchase

The cost of equipment or facilities obtained under a lease purchase agreement is only allowable up to an amount equal to the cost of ownership.

Leased Equipment

The cost of leased equipment is allowable if it is used in the provision of services of an eligible program(s) and the costs are reasonable.

Maintenance and Repair

Costs incurred for the necessary maintenance, repair, and general upkeep of equipment used in the provision of services of an eligible program(s) are allowable.

Management Expenses

Includes costs of staff meetings, training, development, physicals, background checks, recognition and recruitment, and employee assistance programs would be considered management costs. Advertising, marketing and public relations, management fees, license fees, professional organization membership fees, and off-site conference fees would also be included in Management Expenses.

Medical Treatment and Physician Testing

Costs for medical services and lab tests that must be performed by a licensed medical professional. Also, the medical supplies necessary to perform the medical services and tests.

- Staff salaries or contracted costs of a licensed medical professional.
- X-ray and lab tests prescribed by a licensed medical professional.
- Medical equipment such as x-ray and laboratory machines.
- Medical supplies such as syringes, stethoscopes, plaster casts, crutches, etc.

Meetings and Conferences

Expenses for travel to meetings and conferences are allowable if the primary purpose is the dissemination of technical information that pertains to services. Such expenses would include transportation, lodging, subsistence, and related costs incurred by employees who are in a travel status on official business. These costs are allowable either on an actual basis or a per diem and mileage basis.

Occupancy Costs

Leased building - The non-interest portion of the rental cost for space is allowable if the charge does not exceed the cost of comparable space in the same locality. The lease agreement must stipulate the extent of the lessor's responsibility for renovations. Major renovations that add to the permanent value of the property or appreciably prolong its life, the cost of which is borne by the lessee, must be depreciated using a depreciation method approved by the Internal Revenue Service.

Publicly owned building - The rental cost of space in a publicly owned building is allowable if the charge does not exceed the cost of ownership. The rental charge should include the cost of service, maintenance, depreciation on the building, and depreciation of major renovations using a depreciation method approved by the Internal Revenue Service.

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Provider-owned building - The computation of depreciation must be based on a depreciation method approved by the Internal Revenue Service.

NOTE: It is important to maintain records of depreciation calculations for audit purposes.

Office Expenses

Office expenses are those costs incurred to purchase products and services which are consumed in the daily operation of the agency. This would include supplies, printing, postage, telephone, computer and other communication needs of the office staff, dues and subscriptions, and courier service.

Payroll Related Expenses

Employer paid expenses are those expenses incurred and are allowable to the extent such expenses are reasonable and equitably distributed in the form of employer contributions. Contributions to social security and Medicare taxes, life, health, and dental insurance plans, unemployment insurance, worker's compensation insurance, employee life insurance (when the operating agency is not the beneficiary), training allowances, contributions to a qualified pension plan and to certain profit-sharing, annuities, and deferred compensation plans are considered "received" and must be reported in the year they are withheld.

Professional and Contracted Services

These are professional or contracted services that are provided by outside agencies or persons not on the payroll of the approved MHC facility, and for whom no fringe benefits are paid by the agency. These services would include consultation fees, contracts with other medical professionals, and other related services. Examples could include audit fees, legal fees, accounting fees, food service, and licensed medical professionals.

Reporting Period

The accounting period for the MHC facility is based upon a 12-month calendar year basis.

Salaries

This includes all wages and salaries received by an employee, paid currently or accrued, for services rendered during the period covered by the cost report. These expenses are allowable to the extent that they are reasonable for the services rendered and supported by documented payroll vouchers or some other generally accepted documentation method. Payroll must be further supported by time and attendance records for individual employees.

If a person works on more than one program, the allocation of the salary to the eligible program(s) must be supported by appropriate time distribution documents. The allocation method used should produce a reasonable, fair and equitable distribution of the salary.

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Severance Pay

Payments received for cancellation of employment are included in gross income, in the year received, and should be reported the same as wages and salaries by operating agencies to employees being terminated. Costs of severance pay are allowable only to the extent that in each case, it is required by law, employer-employee agreement, or an established policy that constitutes, in effect, an implied agreement on the operating agency's part.

Small Equipment

Small equipment purchases that are necessary for the provision of services may be expensed during the period in which they are purchased. Equipment depreciation is to be determined using a method approved by the Internal Revenue Service.

Travel

Expenses for transportation include both the costs of operating and maintaining agency owned vehicles, and the cost of purchased transportation (e.g., bus tickets and taxi fares). Reimbursement of staff mileage is to be listed at the actual rate paid. Purchased transportation is allowable if used for the delivery of services.

Utilities

Utility costs include electric, gas, water, sewer, and refuse removal.

UNALLOWABLE COSTS DEFINITIONS

Bad Debt

All costs due to uncollectible accounts.

Contingencies

Contributions to a fund or similar provisions for unforeseen events.

Entertainment

Costs for amusement, social activities, etc. for staff functions.

Fully Funded Costs

Costs that are fully funded by grants or third party resources.

Fund Raising

Costs of securing donations and contributions.

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Insurance Costs

Cost of insurance on the life of any officer or employee, for which the institution is beneficiary, is unallowable, and major losses incurred due to lack of insurance coverage are unallowable expenses.

Interest Expense and Other Costs Related to Obtaining Financing

Interest on borrowed funds, bond discounts, or any costs of financing or refinancing operations. This includes the interest portion of building mortgages.

Research

Costs of conducting formal academic research; this does not include program evaluation.

Religion

Costs associated with formalized religious activities, personnel and/or occupancy costs for an on-grounds chapel.

Under-recovery of Costs under Grant Agreements

Any excess of cost over the federal contribution under one grant agreement is unallowable under other grant agreements.

DEFINITIONS OF COST CENTERS

The cost centers are defined specifically to meet the requirements of the federal Title IV-E and MA program. Please use these definitions to assure full compliance with federal specifications.

Annual Costs (COLUMN 1):

Default field – not accessible.

This column reflects the sum total of Column 2, “Administrative Costs”, and Column 3, “Direct Service Costs.”

Administrative (COLUMN 2):

Costs of managing or providing administrative support for the eligible MHC facility program(s). These expenses include allowable:

- Salary and related costs for personnel not included in the time study
- Office supplies
- Accounting fees

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- Audit fees
- Legal fees
- Management expenses
- Occupancy expenses

Direct Service Costs (COLUMN 3):

Default field – not accessible. This column reflects the sum total of the distribution of direct service costs.

Room and Board (COLUMN 4):

Costs that are directly related to providing the children in the eligible program(s) with:

- Housing (rent, utilities)
- Food
- Clothing

Participants Total Salaries (COLUMN 5):

Salary costs of all position titles related to participation in the facilities time study.

Cost Centers (COLUMNS 6 through 8)

The following cost centers are used only for costs associated with rehabilitative services and service coordination for a child with an emotional disturbance and associated functional impairments delivered per a treatment plan supervised by a licensed mental health professional.

Intake, Treatment Planning and Support/with diagnosis (COLUMN 6):

Costs for program intake and assessment necessary to admit the child into the program and the costs for the ongoing coordination of the treatment plan, such as:

Contracted staff, such as social workers, who carry out intake and planning activities.

Travel costs related to intake and planning activities.

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Living Skills Development/with diagnosis (COLUMN 7):

Costs related to providing the child with general life skills that enable the child to function in society, such as:

Contracted staff, such as social workers, who provide life skill instruction to the child.

Travel costs related to life skill development.

Therapy, Consultation and Assessment/with diagnosis (COLUMN 8):

Costs of providing treatment and therapy services to a child either individually or in a group setting. Examples are:

Staff salaries or contracted costs of a licensed mental health professional.

Staff salaries or contracted costs of a mental health practitioner under the clinical supervision of a licensed mental health professional.

Travel related to therapy, consultation, and assessment.

Cost Centers (COLUMNS 9 through 13)

The following cost centers are used only for costs associated with activities and service coordination for children who do not have a diagnosed emotional disturbance with functional impairments; and/or when the activities are not related to a treatment plan supervised by a licensed mental health professional.

Case Management, Intake and Planning/No Diagnosis (COLUMN 9):

Costs incurred in providing intake and planning services in support of children's service plans.

Daily Supervision and Care/No Diagnosis (COLUMN 10):

Costs directly related to the daily supervision, care, and maintenance of the child in the eligible group residential facility or program(s). Such costs are equivalent to the activities a parent would be expected to perform in the course of providing daily care to children. These costs would include child specific expenses and travel costs.

Counseling and Therapy/No Diagnosis (COLUMN 11):

Costs of providing treatment and counseling services to children, either in group sessions or on an individual basis.

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Health – Related Services/No Diagnosis (COLUMN 12):

Costs for routine medical services which are normally performed by a parent for their child. Examples include:

- Cost of travel to health services
- First aid supplies

Medical Treatment and Physician Testing/No Diagnosis (COLUMN 13):

Costs for contracted medical services that must be performed by a licensed medical professional and costs for x-ray and lab tests that are prescribed by a licensed medical professional.

Cost Centers (COLUMNS 14 and 15)

These cost centers are used for reporting costs for all children in your facility with or without a diagnosis.

Education (COLUMN 14):

Costs of formal on-grounds educational programs approved by the Minnesota Department of Education.

All Other Unallowable (COLUMN 15):

Costs directly related to the eligible mental health certified program(s) which are not allowable. Refer to General Instructions “Unallowable Costs” (pages 10-11).

2017

Line by Line Instructions for the Annual Cost Report

Title IV-E Mental Health Certified
(MHC) Facility Cost Report

Financial Operations

MINNESOTA DEPARTMENT OF HUMAN SERVICES

Attachment B

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LINE BY LINE INSTRUCTIONS FOR THE ANNUAL MHC COST REPORT

COVER SHEET - PAGE 1 OF 4

REPORTING PERIOD

The data presented in the cost report should reflect the actual operating costs of the facility for their most recently completed calendar year prior to January 1 of the current year. When completing the cost report in future years, please use calendar year dates beginning January 1st through December 31st.

EXCEPTION: A new facility in operation for less than one year must include actual costs for a minimum of six months of operations in the cost report.

SECTION A. IDENTIFYING INFORMATION FOR OPERATING AGENCY

1. Operating Agency/Parent Organization Name:

- Enter the name of the agency responsible for administering the eligible program(s) represented in this cost report.
- A separate annual cost report must be completed for each program per diem within each operating group residential facility.
- Group Residential programs should be reported on the Annual Group Residential Facilities Cost Report.

2. Mailing Address: Enter the mailing address of the operating agency/parent organization.

3. City, State and Zip Code: Enter the mailing address of the operating agency/parent organization.

4. Telephone Number: Enter the main telephone number (with area code) of the operating agency/parent organization.

5. Federal Tax ID: Enter the agency's federal tax identification number (TIN). The annual cost report cannot be approved without this information.

6. Operating Agency Type: Indicate public or private agency.

SECTION B. IDENTIFYING INFORMATION FOR FACILITIES

For each MHC facility included in this report, complete the following information:

1. **Facility Name:** Enter the name of the MHC facility as it appears on the license issued by the Minnesota Department of Human Services, Minnesota Department of Corrections or Tribal licensing agency.
2. **Street Address:** Enter the physical address of the MHC facility.
3. **City, State and Zip Code:** Enter the physical city, state and zip code of the MHC facility.
4. **Licensing Authority:** Enter the name of the State agency that licenses the MHC facility. MHC facilities with tribal approval should enter the name of the authorizing tribe.
5. **License Expiration Date:** Enter the expiration date listed on the most current MHC facility license.
6. **County:** Enter the county in which the MHC facility is located.
7. **Facility Identifier:** This space is for DHS use only.
8. **Licensed Capacity:** Enter the total number of children the MHC facility is licensed to provide care for. This number can be found on the license. Facilities that serve children and adults should enter total capacity, unless the license specifically sets child capacity at less than full capacity.
9. **Telephone Number:** Enter the main telephone number (with area code) of the MHC facility.

SECTION C. CERTIFICATION OF ACCURACY

1. **Name, Telephone Number (with area code) and Email Address of Person Completing this Form:** Enter the name, telephone number (with area code) and email address of the person who completed the annual cost report. This person should be able to answer questions and provide clarification about information contained in the annual cost report.
2. **Name and Title of Operating Agency Authorized Representative:** Enter the name and title of the representative certifying correct and complete information contained on this annual cost report. This should be the chief executive officer of the agency or his/her designee.
3. **Date:** Enter the date that the completed cost report was approved by the authorized representative and sent to DHS.

ANNUAL COST REPORT - PAGE 2 OF 4

I. PERSONNEL COSTS – Time Study

Enter the total salaries of position titles that participated in the Random Day Log Time Study in this section. If you hire more staff in a position identical to a time study position, include this employee's salary. If you had staff turn-over, please include all salaries for all staff that held the position included in the time study.

Position Title: This information can be provided for you based upon the position titles of staff that participated in the time study.

Number of Staff: Enter the actual number of employees that worked in each position during the reporting period.

Time Study Portion of Total Salary - Column (5): Costs of the annual salaries and related fringe benefits allocated to this program for all of the employees that participated in the MHC Facility time study.

NOTE: *Non-time study participants' salaries are recorded on Page 3, Section V.*

II. EMPLOYER PAID EMPLOYMENT EXPENSES

Enter the employer's share of employment costs for all time study and non-time study positions listed on pages 2 and 3 of the annual cost report. This includes the cost of employer-paid individual professional liability insurance premiums. Refer to page 10 of Attachment A, Allowable Cost Definitions, "Payroll Related Expenses."

The cost of professional liability insurance obtained through a group policy for the operating agency as a whole is to be reported on Page 4, Section VII "Miscellaneous Costs."

III. MISCELLANEOUS INCOME AND EXPENSE

School District Reimbursement: Enter reimbursement received from the child's home school district. This applies only to facilities that provide formal on-grounds education programs approved by the Minnesota Department of Education.

Food Program Income: Enter the amounts received from any state or federal food programs such as Minnesota Food Program or USDA as partial reimbursement for food costs.

Indirect Costs: Enter any agency indirect costs on this line. For detailed discussion about indirect costs, see page 8 of Attachment A, Allowable Cost Definitions, "Indirect Costs".

IV. CAPACITY AND UTILIZATION TOTALS

Total Certified Capacity: Enter the total of the licensed capacities of all facilities included in this report. This should be the total of all capacities listed on the cover sheet of this annual cost report.

Days of Operation: Generally, there are 365 days of operation (one year), with the exception of leap year, in which case the days of operation will be 366. A newly established group residential facility for which a full year's costs are not available, the days of operation will be the actual number of days of operation for which costs have been reported. In no case should the number of days of operation be less than 180 days.

Capacity x Days of Operation: Default field (not accessible) – the result of Total Certified Capacity multiplied by the Days of Operation for the reporting period.

Total Child Care Days: Enter the actual census of child care days provided during the reporting period. The census of child care days is the total accumulated number of children residing in the MHC facility or facilities on each day of the reporting period. Do not include empty beds, even if a county has paid the facility to hold these beds.

Percentage Utilization: Default field (not accessible) – will divide the Total Child Care Days by Capacity x Days of Operation to compute percent of utilization. This percentage should not exceed 100%.

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For Section V, the sum of Columns 4, 14 and 15 will default to Column 3. The sum of Columns 2 and 3 will default to Column 1. Information should be entered in the grey colored spaces.

V. PERSONNEL COSTS – Non-Time Study

Enter the total salaries and wages, paid or accrued, during the period covered by the annual cost report for employees NOT participating in the time study. Time study participant salaries are recorded on Page 2, Section I.

If an employee works with more than one program, the portion of their salary allocated to an eligible program(s) must be based on an equitable distribution method. The operating agency should maintain the supporting documentation showing the basis for the allocation.

NOTE: Employer paid fringe benefits (including incentive, deferred compensation and severance pay) are entered on Page 2, Section II of the annual cost report. Contractors should not be included on this page. These costs should be entered on Page 4, Section VI.

Position Title: List the actual job title. Do not enter employee names.

Number of Staff: Enter the actual number of employees that worked in each position during the reporting period.

Total Annual Salary for this Report - COLUMN (1):

Default field (not accessible) - the total of Columns 2 and 3.

Administrative Portion of Total Salary - COLUMN (2):

Enter salaries of persons not in the time study and who will not be reported in Columns 4, 14 or 15 of Section V for the eligible mental health certified program(s).

Direct Service Portion of Total Salary - COLUMN (3):

Default field (not accessible) - the total of Direct Service Distribution Columns 4 through 15.

Room and Board – COLUMN (4):

Enter salaries of service staff not in the time study who perform one exclusive activity for the provision of housing, food, and clothing for children housed in the facility should be placed in this column. Examples: Cooks, Housekeepers, Laundry Workers, Maintenance Workers, Van Drivers, etc.

Attachment B

Education - COLUMN (14):

This column is used only for entering the salaries of staff associated with a formal on-grounds educational program approved by the Minnesota Department Education.

All Other Unallowable - COLUMN (15):

Enter the salaries of staff not in the time study that only perform unallowable activities such as fund raising or religious activities. Refer to General Instructions, "Unallowable Costs" (Pages 10-11).

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For the following Sections VI, VII and VIII, the sum of Columns 4 through 15 will default to Column 3. The sum of Columns 2 and 3 will default to Column 1. Report costs in the grey colored spaces; this will help avoid errors and ensure that appropriate cost centers are used. Please note, there is no column number 5.

VI. PROFESSIONAL AND CONTRACTED SERVICES:

List the type of services provided, not the contracted person or agency. These costs should be allocated to the proper cost centers.

For example:

- Audit and legal fees are listed as administrative and should be placed in Column 2.
- Program-related charges or other specialized consultation and service costs should be appropriately distributed to direct service Columns 4 through 12. Other examples may include substitute child care workers, counselors, contracted food service, psychiatrists, etc.

VII. CONSUMABLE SUPPLIES AND GENERAL EXPENSES:

Selected cells on the Excel spreadsheet will be unavailable to enter data as it is not reasonable to expect costs to be reported in every cost center for each line item.

Food: Enter costs in the appropriate cost center

Column 2: Administrative costs

Column 4: Food costs for room and board for the children

Column 15: Food costs for staff activities, fundraising, etc.

Child Specific Expenses: Enter costs in the appropriate cost center

Column 2: Administrative costs

Column 7: Living skills training and development

Column 10: Personal items supplied to the child

Column 12: Unallowable child specific expenses

Household Expense: Enter costs in the appropriate cost center

Column 2: Administrative costs

Attachment B

Column 4: Room and board costs

Column 15: Unallowable household expenses

Medical Supplies: Enter costs in the appropriate cost center

Column 2: Administrative costs

Column 12: Health Related Services costs

Column 13: Medical Treatment expenses

Column 15: Unallowable medical supplies

Office Expense: Enter costs in the appropriate cost center

Column 2: Administrative costs

Column 15: Unallowable office expenses

Management Expense: Enter costs in the appropriate cost center

Column 2: Administrative costs

Column 15: Unallowable management expenses

Travel Expense: Enter costs in the appropriate cost center.

Refer to Attachment A, Allowable Cost Definitions, "Travel Costs," on Page 11 for a description of allowable travel costs. Travel cost allocations are to be appropriately distributed to direct service and must reflect actual costs incurred by the facility and be supported by documentation.

NOTE: Do not include the costs of operating a vehicle used exclusively by an employee of the facility or employer-paid daily parking fees in Travel. These costs are to be reported as employer-paid employment expenses (fringe benefits) on Page 2, Section II.

NOTE: Do not include the acquisition cost of a vehicle that is owned or leased by the provider. These costs are to be listed as equipment costs in Page 4, Section VIII.

NOTE: For audit purposes, a schedule of all allocated costs and related calculations should be maintained by the agency.

Miscellaneous Expense: Enter costs in the appropriate column. Explain any "Miscellaneous Cost" amounts that exceed 5% of the total costs of this section in the space provided. The percentage will calculate automatically and appear on the "Miscellaneous Cost" line. For audit purposes, agencies should maintain records of miscellaneous expenses, allocation methods, and related calculations, if used.

VIII. OCCUPANCY AND EQUIPMENT COSTS:

For audit purposes, a schedule of occupancy and equipment costs and related allocations should be maintained by the agency.

Building Rental/Depreciation: Enter the occupancy costs in the appropriate cost center column at the actual rental cost, less interest costs.

Column 2: Administrative costs

Column 4: Room and board

Column 14: Education costs

Column 15: Unallowable costs

NOTE: Only the percentage of costs attributed to building areas that the children do not have access are to be recorded in the Administrative Costs Column 2. When the provider owns the building, the amount to be reimbursed will be the amount of depreciation allowed using a method approved by the Internal Revenue Service.

Utilities: Enter the cost of utilities in the appropriate cost center column. Allocate the utility costs using the same percentage used for the building/depreciation rental listed above. Only the portion allocated to eligible program(s) are allowable.

Real Estate Taxes: Enter the cost of real estate taxes in the appropriate cost center column. Allocate the real estate costs using the same percentage used for the building/depreciation rental listed above. Only the portion allocated to eligible program(s) are allowable.

Building Insurance: Enter the cost of building insurance in the appropriate cost center column. Allocate the building insurance costs using the same percentage used for the building/depreciation rental listed above. Only the portion allocated to eligible program(s) are allowable.

Maintenance and Repair: Enter the cost of maintenance and repair in the appropriate cost center column. Either allocate the maintenance and repair costs using the same percentage used for the building/depreciation rental listed above or enter the cost directly to the appropriate cost center Columns 4 through 15. Only the portion allocated to eligible program(s) are allowable.

Attachment B

Equipment: Equipment may include leased or purchased equipment. Purchased equipment may need to be depreciated. The following categories define allowable equipment costs:

- Leased and rented equipment: Calculate the total annual cost for leased and rented equipment. If this equipment was not used 100% for the eligible program(s), you must allocate the costs based on percentage of usage, and enter only the portion allocable to the eligible program(s).
- Small equipment purchases: Small equipment generally refers to equipment costing less than \$500 that is expensed immediately rather than depreciated. Only those items purchased during the period covered by this report should be considered. If multiple programs share the equipment, enter only the amount allocable to the eligible program(s) in this report. When deciding if equipment may be expensed, consult the appropriate IRS sources.
- Depreciated equipment: Facilities should adhere to IRS regulations as to which equipment can be depreciated and to determine the correct method for calculating the depreciation.

Attachment C

Department of Human Services

Page 1 of 4

ANNUAL MENTAL HEALTH CERTIFIED FACILITIES COST REPORT

Read Instructions Before Proceeding

Reporting Period: From To

A. IDENTIFYING INFORMATION FOR OPERATING AGENCY

1. Operating Agency Name	3. City, State, Zip Code	5. Federal Tax I.D. #
2. Mailing Address	4. Telephone #	6. Operating Agency Type (check) Public <input type="checkbox"/> Private <input type="checkbox"/>

B. IDENTIFYING INFORMATION FOR FACILITIES

1. Facility # 1 Name (per license)	4. Licensing Authority DHS	7. Facility ID (FOR DHS ONLY)
2. Street Address	5. License Expiration Date	8. Licensed Capacity
3. City, State, Zip Code	6. County	9. Telephone # ()

1. Facility # 2 Name (per license)	4. Licensing Authority	7. Facility ID (FOR DHS ONLY)
2. Street Address	5. License Expiration Date	8. Licensed Capacity
3. City, State, Zip Code	6. County	9. Telephone # ()

1. Facility # 3 Name (per license)	4. Licensing Authority	7. Facility ID (FOR DHS ONLY)
2. Street Address	5. License Expiration Date	8. Licensed Capacity
3. City, State, Zip Code	6. County	9. Telephone # ()

1. Facility # 4 Name (per license)	4. Licensing Authority	7. Facility ID (FOR DHS ONLY)
2. Street Address	5. License Expiration Date	8. Licensed Capacity
3. City, State, Zip Code	6. County	9. Telephone # ()

C. CERTIFICATION OF ACCURACY

1. Name of the Person Completing this Form	Telephone Number	E-mail Address of the Person Completing this Form
()		
2. Name and Title of Operating Agency Authorized Representative	3. Date	
Electronic submission of this cost report constitutes an authorized copy of the report when signed.		

RETURN COMPLETED COST REPORT TO DEPARTMENT OF HUMAN SERVICES NO LATER THAN FEBRUARY 28th

II. EMPLOYER PAID EMPLOYMENT EXPENSES	
<u>Time Study & Non Time Study</u>	
Expense	Annual Cost
Payroll Taxes	
Workers Compensation	
Retirement/Pension/401K	
Health/Dental Insurance	
Life Insurance/Disability	
Other (specify)	
TOTAL FRINGE BENEFITS	0

III. MISCELLANEOUS INCOME & EXPENSE	
School District Reimbursement	
MN Food Program Income or	
Federal USDA Food Program	
Indirect Costs	

IV. CAPACITY & UTILIZATION TOTALS	
Total Certified Capacity	
Days of Operation	
Capacity X Days of Operation	0
Actual Number of Child Care Days	
Licensed Capacity Utilization	#DIV/0!

Department of Human Services
ANNUAL MENTAL HEALTH CERTIFIED FACILITIES COST REPORT
Page 3 of 4

Facility Name: 0 _____

V. PERSONNEL COSTS - <i>Non-Time Study</i>		Total annual salary for this report (1)	Administrative portion of total salary (2)	Direct Service portion of total salary (3)	Distribution of Direct Service Salaries (Column 3) by Type of Activity		
Position Title	Number of staff				Room & Board (4)	Education (14)	All Other Unallowable (15)
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
		0		0			
Total Non-Time Study Salaries		0	0	0	0	0	0

If additional space is required, reproduce this page and attach to the report.
Financial Operations Division

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Form DM-0001
Revised 10/18/2016

Department of Human Services
ANNUAL CHILDREN'S MENTAL HEALTH CERTIFIED FACILITIES COST REPORT
Page 4 of 4

Facility Name: 0

VI. PROFESSIONAL AND CONTRACTED SERVICES				Distribution of Direct Service Costs (Column 3) by Type of Activity										
	Annual Costs (1)	Administrative Costs (2)	Direct Service Costs (3)	Intake Treat		Therapy		Case Mgmt	Daily	Health		Medical	All Other	
				Room & Board (4)	Planning Support with diag (6)	Living Skills Development with diag (7)	Consultation Assessments with diag (8)	Intake & Planning no diag (9)	Supervision & Care no diag (10)	Counseling & Therapy no diag (11)	Related Services no diag (12)	Treatment Phys test no diag (13)	Education (14)	Unallowable (15)
Type of Service Provided	0		0											
	0		0											
	0		0											
	0		0											
TOTAL PROFESSIONAL & CONTRACTED SERVICES	0	0	0	0	0	0	0	0	0	0	0	0	0	0

VII. CONSUMABLE SUPPLIES AND GENERAL EXPENSES				Distribution of Direct Service Costs (Column 3) by Type of Activity										
	Annual Costs (1)	Administrative Costs (2)	Direct Service Costs (3)	Intake Treat		Therapy		Case Mgmt	Daily	Health		Medical	All Other	
				Room & Board (4)	Planning Support with diag (6)	Living Skills Development with diag (7)	Consultation Assessments with diag (8)	Intake & Planning no diag (9)	Supervision & Care no diag (10)	Counseling & Therapy no diag (11)	Related Services no diag (12)	Treatment Phys test no diag (13)	Education (14)	Unallowable (15)
A. Food	0		0											
B. Child Specific Expenses	0		0											
C. Household Expense	0		0											
D. Medical Supplies	0		0											
E. Office Expense	0		0											
F. Management Expense	0		0											
G. Travel	0		0											
H. Miscellaneous Costs **	0		0											
TOTAL CONSUMABLE SUPPLIES & GENERAL EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0

** Miscellaneous Costs >5% explanation:

VIII. OCCUPANCY & EQUIPMENT COSTS				Distribution of Direct Service Costs (Column 3) by Type of Activity										
	Costs (1)	Administrative Costs (2)	Direct Service Costs (3)	Intake Treat		Therapy		Case Mgmt	Daily	Health		Medical	All Other	
				Room & Board (4)	Planning Support with diag (6)	Living Skills Development with diag (7)	Consultation Assessments with diag (8)	Intake & Planning no diag (9)	Supervision & Care no diag (10)	Counseling & Therapy no diag (11)	Related Services no diag (12)	Treatment Phys test no diag (13)	Education (14)	Unallowable (15)
A. Bldg. Rental / Depreciation	0		0											
B. Utilities	0		0											
C. Real Estate Taxes / Interest	0		0											
D. Building Insurance	0		0											
E. Maintenance and Repair	0		0											
F. Equipment Rental / Depreciation	0		0											
G. Equipment Purchased	0		0											
TOTAL OCCUPANCY & EQUIPMENT COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0