

**STATE OF NEBRASKA  
ATTESTATION REVIEW  
OF THE  
I BELIEVE IN ME RANCH, INC.  
FISCAL YEAR ENDED JUNE 30, 2008**

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**Issued on April 10, 2009**

I BELIEVE IN ME RANCH, INC.  
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## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### **Independent Accountant's Report**

Citizens of the State of Nebraska:

We have reviewed the financial information of the I Believe In Me Ranch, Inc. for the period ended June 30, 2008. The I Believe In Me Ranch, Inc.'s management is responsible for the financial information; however, management did not provide us a written assertion regarding such matters.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the financial information. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that the financial information is not presented, in all material respects, in conformity with the criteria set forth in the Criteria section.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the I Believe In Me Ranch, Inc.'s financial information and any fraud and illegal acts that are more than inconsequential that come to our attention during our review. We are also required to obtain the views of management on those matters. We did not perform our review for the purpose of expressing an opinion on the internal control over the I Believe In Me Ranch Inc.'s financial information or on compliance and other matters; accordingly, we express no such opinions.

Our review disclosed certain findings that are required to be reported under *Government Auditing Standards* and certain other matters. Those findings, along with the views of management and the identification of significant deficiencies and material weaknesses, are described below in the Summary of Results. A significant deficiency is a deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria or framework such that there is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected.

This report is intended solely for the information and use of the Citizens of the State of Nebraska, management of the I Believe In Me Ranch, Inc., others within the I Believe In Me Ranch Inc., and the appropriate Federal and regulatory agencies; however, this report is a matter of public record, and its distribution is not limited.

Signed Original on File

Cindy Janssen  
Audit Manager

Mary Avery  
Special Audits and Finance Manager

Signed Original on File

Mike Foley  
Auditor of Public Accounts

April 10, 2009

I BELIEVE IN ME RANCH, INC.  
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**Background**

The I Believe In Me Ranch, Inc. (I Believe In Me Ranch) was founded as a nonprofit corporation in 1996 to provide educational and therapeutic services to Nebraska children with physical, emotional, behavioral, and psychological disorders. It offers a therapeutic horseback riding program, school and treatment day programs, and residential services. Residential services are offered through the Treatment Group Home (TGH) and the Residential Treatment Center (RTC). The I Believe In Me Ranch is a mental health and substance abuse provider for the Department of Health and Human Services (DHHS) – Nebraska Medical Assistance Program (Medicaid). The Auditor of Public Accounts (APA) reviewed documentation to support services provided by the I Believe In Me Ranch and billed to DHHS.

Per the I Believe In Me Ranch’s website, “The Board of Directors is made up of volunteers from the community. The board has a minimum of seven members. The Board of Directors is responsible for setting policies and procedures for the I Believe In Me Ranch. The Board employs the Chief Operating Officer, personnel director and the director of program services, to whom it delegates responsibility for the day-to-day administration of the staff and program, using policies approved by the board of directors.”

Members of the Board of Directors include:

|                |              |              |               |
|----------------|--------------|--------------|---------------|
| Paul Brungardt | Jacki Refior | Chris Caley  | Shannon Murry |
| Ed Berglund    | Dee Rodgers  | Suzan Wilson | Jerry Foote   |

Under the Nebraska Nonprofit Corporation Act, Neb. Rev. Stat. § 21-1986, a director shall discharge his duties “(1) In good faith; (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) In a manner he or she reasonably believes to be in the best interests of the corporation.”

Throughout fiscal year 2008, the I Believe In Me Ranch paid 73 different employees a total of approximately \$1.4 million in salaries. As of December 2008, there were 44 full-time positions at the I Believe In Me Ranch. The following is a list of four key employees with salaries in excess of \$50,000, their position, and gross pay for fiscal year ended June 30, 2008:

| <u>Employee</u> | <u>Position</u>              | <u>FY 2008<br/>Gross Pay</u> |
|-----------------|------------------------------|------------------------------|
| Suzan Wilson    | CEO                          | \$ 90,000                    |
| Shannon Murry   | COO                          | \$ 78,503                    |
| Joni Reisinger  | Director of Program Services | \$ 50,769                    |
| Brent Smith     | Personnel Director           | \$ 50,312                    |

The I Believe In Me Ranch served the following average number of clients during calendar year 2008:

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| Month          | Day School Program | Day Treatment Program | Treatment Group Home | Residential Treatment Center | Total Clients |
|----------------|--------------------|-----------------------|----------------------|------------------------------|---------------|
| January 2008   | 8.00               | 5.50                  | 5.25                 | 7.25                         | 26.00         |
| February 2008  | 8.60               | 3.60                  | 5.80                 | 7.60                         | 25.60         |
| March 2008     | 8.00               | 2.25                  | 7.00                 | 8.00                         | 25.25         |
| April 2008     | 8.00               | 2.00                  | 8.00                 | 8.00                         | 26.00         |
| May 2008       | 8.20               | 1.20                  | 8.00                 | 8.00                         | 25.40         |
| June 2008      | 6.75               | 1.25                  | 8.00                 | 8.00                         | 24.00         |
| July 2008      | 6.25               | 2.00                  | 8.00                 | 7.25                         | 23.50         |
| August 2008    | 7.00               | 1.60                  | 6.00                 | 7.40                         | 22.00         |
| September 2008 | 9.00               | 1.75                  | 5.00                 | 7.00                         | 22.75         |
| October 2008   | 9.80               | 1.00                  | 7.40                 | 8.00                         | 26.20         |
| November 2008  | 10.00              | 1.00                  | 8.00                 | 8.00                         | 27.00         |
| December 2008  | 9.75               | 1.00                  | 8.00                 | 8.00                         | 26.75         |

**Note:** The Day School Program is approved through the Department of Education, while the Day Treatment Program is approved and funded through DHHS Medicaid.

**Criteria**

The criteria used in this attestation review was the DHHS Rules and Regulations applicable to mental health and substance abuse providers.

**Summary of Procedures**

Pursuant to Neb. Rev. Stat. § 84-304, the APA conducted an attestation review of the financial information for fiscal year ended June 30, 2008, in accordance with standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The APA worked closely with DHHS staff to ensure an accurate understanding of rates and information regarding services provided. The APA attestation review consisted of the following procedures:

- 1) Obtained a list of payments to the I Believe In Me Ranch from the State of Nebraska (State) for fiscal year 2008. The I Believe In Me Ranch received \$1,535,758 in payments from the State during fiscal year 2008, as follows:

|  |                            |
|--|----------------------------|
| DHHS – Medical Services Aid  | \$ 1,143,426               |
| DHHS – Children’s Health Insurance Aid   | 47,265                     |
| DHHS – Public Assistance Aid (including State ward education expenses          | 286,080                    |
| Commission on Law Enforcement and Criminal Justice Aid – Juvenile Services Aid | 31,698                     |
| Department of Education – Education Aid (Interim School)                       | 20,171                     |
| Department of Labor Nebraska Training and Support Trust Fund                   | 7,118                      |
| <b>Total</b>   | <b><u>\$ 1,535,758</u></b> |

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The Medical Services Aid and Children’s Health Insurance Aid were the two programs selected for testing and account for \$1,190,691 of the total payments.

- 2) Obtained a listing of all Medicaid payments from DHHS’ Medicaid Management Information System (MMIS) to the I Believe In Me Ranch during fiscal year 2008. The MMIS information included detailed claim information from which we selected five clients with the highest paid claims for testing, as follows:

|          |          |
|----------|----------|
| Client 1 | \$80,351 |
| Client 2 | \$81,681 |
| Client 3 | \$74,522 |
| Client 4 | \$81,817 |
| Client 5 | \$76,656 |

We evaluated documentation to support all Medicaid claims paid to the I Believe In Me Ranch on behalf of the five selected clients for fiscal year 2008.

- 3) In addition to the claims paid to the I Believe In Me Ranch, we obtained a listing of payments to all other providers of services on behalf of the five clients selected for fiscal year 2008, including Medicaid payments, to ensure none of the services provided and paid were duplicative or overlapped other services.
- 4) Obtained a copy of the I Believe In Me Ranch’s accounting information to evaluate the appropriateness of the expenses incurred.

**Summary of Results**

The summary of our attestation review noted the following findings and recommendations:

**1. Lease Agreements**

Suzan Wilson, CEO of the I Believe In Me Ranch, is involved in several arrangements that provide additional payments, in excess of her salary, to her or her relatives or associates. During fiscal year 2008, the I Believe In Me Ranch recorded a total of \$158,911 payable to Suzan Wilson, including gross pay, contractual rental payments, and miscellaneous expenses, as follows:

| Expense             | Paid      | Payables Due Suzan per Books | Total     |
|---------------------|-----------|------------------------------|-----------|
| Salary              | \$ 90,000 | \$ -                         | \$ 90,000 |
| Main Campus Rent    | \$ 38,250 | \$ 15,750                    | \$ 54,000 |
| Office Rent         | \$ 1,750  | \$ 1,000                     | \$ 2,750  |
| Horse Boarding      | \$ 2,700  | \$ 3,780                     | \$ 6,480  |
| Expenses Reimbursed | \$ 3,418  | \$ -                         | \$ 3,418  |
| Hay                 | \$ 2,263  | \$ -                         | \$ 2,263  |
| Totals for FY 2008  | \$138,381 | \$ 20,530                    | \$158,911 |

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- The I Believe In Me Ranch operates from two locations in the Kearney area. The main campus houses the administration building, educational center, and the treatment group home. This property sits on approximately 23 acres of land, currently owned jointly by Suzan Wilson, CEO of the I Believe In Me Ranch, and Kyle Simodynes, Suzan's former husband. According to the Buffalo County Assessor records, the 2008 assessed value of the entire 23 acres and buildings at 2041 E 56<sup>th</sup> Street in Kearney was \$278,140. During fiscal year 2008, the I Believe In Me Ranch recorded rent expense of \$108,000 (\$9,000 per month), split equally between the two owners, for lease of the main campus. See Comment Number 2 for further information regarding the treatment group home.

Administration Building (Office):



Education Center:



Note: These two buildings, a garage, outdoor playground, ½ basketball court, and parking were included in the \$9,000 per month rental agreement.



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Per the September 2001 I Believe In Me Ranch Board minutes, the Board approved a 10-year lease effective January 1, 2002, for the I Believe In Me Ranch's main campus property. **See Exhibit A.** However, there was no written lease agreement between the I Believe In Me Ranch and the owners of the main campus property so we were unable to verify how much of the property or what is actually being leased by the I Believe In Me Ranch. Initially, the I Believe In Me Ranch's COO indicated the lease included 3 acres from the owners, including the office, garage, treatment group home, educational center, outdoor playground, ½ basketball court, and parking; while the remaining acres are for the private use of the owners. Again, see Comment Number 2 for further information regarding the treatment group home. The following tables illustrate the value of the property and rental payments:

|   |            |
|---|------------|
| Total Lease Payments to Kyle Simodynes and Suzan Wilson – January 1, 2001, through June 30, 2008 (per rates in Board Meeting Minutes) | \$ 847,200 |
| Owners' purchase amount September 23, 1994<br>(Per Buffalo County Assessor records)   | \$ 200,000 |
| 2008 assessed value of 3 acres and buildings<br>(Per Buffalo County Assessor records) (Sum of (1) below)                              | \$ 250,450 |

Values and information per Buffalo County Assessor's records for 2041 E 56<sup>th</sup> Street, Kearney (620358000 parcel):

|                           | <b>Building 1<br/>Office</b> | <b>Building 2<br/>Education<br/>Center</b> | <b>Building 3<br/>Treatment<br/>Group Home<br/>(Note)</b> | <b>Land - 3<br/>Acres<br/>Leased</b> | <b>Land - 20<br/>Remaining<br/>Acres</b> |
|---------------------------|------------------------------|--|---|--------------------------------------|--|
| <b>Value</b>              | \$ 69,070 (1)                | \$ 12,100 (1)                              | \$ 121,780 (1)  | \$ 47,500 (1)                        | \$ 27,690                                |
| <b>Year Built</b>         | 1950                         | 1905                                       | 1999  | N/A                                  | N/A                                      |
| <b>Style</b>              | Single<br>Family             | Single<br>Family                           | Single Family   | N/A                                  | N/A                                      |
| <b>Square<br/>Footage</b> | 1,672                        | 1,280                                      | 2,128   | N/A                                  | N/A                                      |
| <b>Bedrooms</b>           | 4                            | 2  | 4   | N/A                                  | N/A                                      |
| <b>Bathrooms</b>          | 2                            | 2  | 2   | N/A                                  | N/A                                      |

**Note:** See Comment Number 2 regarding Building 3 – Treatment Group Home.

The APA performed a quick analysis of the fair market rental value of the property to determine whether the \$9,000 per month paid to Kyle Simodynes and Suzan Wilson was reasonable. This analysis is presented for illustrative purposes only. A far more extensive analysis should be performed because this lease is a related party transaction. Value information was obtained from the Buffalo County Assessor and the Kearney Hub newspaper which appeared consistent for residential leases and different for commercial leases. The APA calculated the approximate fair market rental value of the main campus as a residential property, which calculates to be \$1,950 per month, as follows:

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| Main Campus*        | Bedrooms | Rate per<br>Bedroom | Total           | Current Lease<br>Payment |
|---------------------|----------|---------------------|-----------------|--------------------------|
| Office              | 4        | \$ 250              | \$ 1,000        |                          |
| Education Center    | 2        | \$ 250              | \$ 500          |                          |
| Land for Horses (1) |          |                     | \$ 450          |                          |
| <b>Total</b>        |          |                     | <u>\$ 1,950</u> | <u>\$ 9,000</u>          |

\* This calculation does not include the Treatment Group Home (TGH) since the TGH is owned by the I Believe in Me Ranch.

(1) The land for the horses is valued per horse, \$100 for the first horse and \$50 for each horse thereafter. The I Believe In Me Ranch owns a total of 8 horses.

Likewise, the APA calculated the approximate fair market rental value of the main campus as a commercial property, which calculates to be \$2,910, using the Buffalo County Assessor's information and \$2,295 using the current newspaper listings, as follows:

| Main Campus*          | Per Buffalo County Assessor |                      |                 | Per Newspaper Rates |                      |                 | Current<br>Lease<br>Payment |
|-----------------------|-----------------------------|----------------------|-----------------|---------------------|----------------------|-----------------|-----------------------------|
|                       | Square<br>Feet              | Rate<br>per Sq<br>Ft | Total           | Square<br>Feet      | Rate<br>per Sq<br>Ft | Total           |                             |
| Office                | 1,672                       | \$10                 | \$16,720        | 1,672               | \$7.50               | \$12,540        |                             |
| Education Center      | 1,280                       | \$10                 | \$12,800        | 1,280               | \$7.50               | \$ 9,600        |                             |
| <b>Total Annually</b> |                             |                      | <u>\$29,520</u> |                     |                      | <u>\$22,140</u> |                             |
| Divided by 12 months  |                             |                      | <u>\$ 12</u>    |                     |                      | <u>\$ 12</u>    |                             |
| Monthly Lease         |                             |                      | <u>\$ 2,460</u> |                     |                      | <u>\$ 1,845</u> |                             |
| Land for Horses (1)   |                             |                      | <u>\$ 450</u>   |                     |                      | <u>\$ 450</u>   |                             |
|                       |                             |                      | <u>\$ 2,910</u> |                     |                      | <u>\$ 2,295</u> | <u>\$ 9,000</u>             |

\* This calculation does not include the TGH since the TGH is owned by the I Believe In Me Ranch.

(1) The land for the horses is valued per horse, \$100 for the first horse and \$50 for each horse thereafter. The I Believe In Me Ranch owns a total of 8 horses.

This information is included to indicate the I Believe In Me Ranch needs to determine whether the rent is being paid at the appropriate fair market rental value. Again, there was no written lease agreement for this lease or the payments being made.

- The residential treatment center is located at a campus north of Kearney. The north campus is owned by Wilson & Son, a partnership involving Suzan Wilson's father and brother. The I Believe In Me Ranch recorded rent expenses of \$72,000 (\$6,000 per month) to Wilson & Son during fiscal year 2008 for the north campus lease. According to the Buffalo County Assessor's records, the 2008 assessed value of the property at 21252 Antelope Road, Pleasanton, was \$133,505.

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Residential Treatment Center:



Note: This building and a wood shed sit on 1.14 acres that are included in the \$6,000 per month lease.

- The lease was approved by the Board in April 2001 and a signed lease agreement between the I Believe In Me Ranch and Wilson & Son was obtained. **See Exhibit B.** According to the I Believe In Me Ranch’s COO, the property leased includes a home with 8 single bedrooms, meeting the requirements of a Mental Health Center and Child Caring Agency under DHHS, 4 bathrooms, 3 living areas, 2 classrooms, 2 offices, 2 quiet rooms, an outdoor playground, and a second structure that is a covered recreational facility with basketball court. However, neither the written lease agreement nor the Board meeting minutes disclosed the specific property, address, or description of what was actually being leased. The only address reflected in the written agreement is the address to send the payment and that is not the actual property being leased. The following tables illustrate the value of the property and rental payments:

|   |            |
|---|------------|
| Total Lease Payments to Wilson and Sons – from October 10, 2001, through June 30, 2008 (per rates in Board meeting minutes) | \$ 520,200 |
| 2008 assessed value of property (Per Buffalo County Assessor’s records)   | \$ 133,505 |

**Note:** No purchase price was listed by the Buffalo County Assessor.

Values and information per Buffalo County Assessor’s records for 21252 Antelope Road, Pleasanton (260156015 parcel):

|                       | <b>Building</b> | <b>Land</b> |
|-----------------------|-----------------|-------------|
| <b>Value</b>          | \$ 116,405      | \$ 17,100   |
| <b>Year Built</b>     | 2001            | N/A         |
| <b>Style</b>          | Mobile Home     | N/A         |
| <b>Square Footage</b> | 2,028           | N/A         |
| <b>Bedrooms</b>       | 4               | N/A         |
| <b>Bathrooms</b>      | 4.5             | N/A         |

**Note:** The County Assessor lists only 4 bedrooms; however, information provided from the COO indicates there are actually 8 bedrooms.

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The APA also performed a quick analysis of the fair market rental value of the property to determine whether the \$6,000 per month paid to Wilson & Son was reasonable. Again, value information was obtained from the Buffalo County Assessor and the Kearney Hub newspaper which appeared consistent for residential leases and different for commercial leases. The APA calculated the approximate fair market rental value of the residential treatment center as a residential property, which calculates to be \$1,000 per month, based on the 4 bedrooms recorded by the Buffalo County Assessor, as follows:

| Residential Treatment Center | Bedrooms | Rate per Bedroom | Total           | Current Lease Payment |
|------------------------------|----------|------------------|-----------------|-----------------------|
| Building                     | 4        | \$250            | <u>\$ 1,000</u> | <u>\$ 6,000</u>       |

Likewise, the APA calculated the approximate fair market rental value of the residential treatment center as a commercial property, which calculates to be \$1,690, using the Buffalo County Assessor's information and \$1,268 using the current newspaper listings, as follows:

| Residential Treatment Center | Square Feet | Rate per Sq Ft | Total           | Square Feet | Rate per Sq Ft | Total           | Current Lease Payment |
|------------------------------|-------------|----------------|-----------------|-------------|----------------|-----------------|-----------------------|
| Building (annual)            | 2028        | \$10           | \$ 20,280       | 2028        | \$7.50         | \$ 15,210       |                       |
| Divided by 12 months         |             |                | <u>12</u>       |             |                | <u>12</u>       |                       |
| Monthly Lease                |             |                | <u>\$ 1,690</u> |             |                | <u>\$ 1,268</u> | <u>\$ 6,000</u>       |

This information is included to indicate the I Believe In Me Ranch needs to determine whether the rent is being paid at the appropriate fair market rental value.

- The I Believe In Me Ranch recorded expenses payable to the CEO totaling \$2,750 for the year for an off-campus office. According to the I Believe In Me Ranch's COO, the CEO moved her office to her home in March 2007, due to the lack of space at the current office location and the rent charges including utilities and insurance for a 15 X 12 office. Initially, the monthly rental payments were \$200 per month, but increased to \$250 per month. The CEO moved her office back on campus starting January 1, 2009. There are no Board minutes, written documentation, or lease agreement to support or reflect approval of these payments.
- The I Believe In Me Ranch also recorded expenses payable to the CEO totaling \$6,480 (\$540 per month) for the boarding of eight horses. According to the I Believe In Me Ranch's COO, the \$9,000 per month lease agreement of the main campus property purportedly does not include the horse stable. Thus, the CEO receives additional payments to house the horses in the stable on the main campus property. Again, there was no approval of this arrangement noted in the Board meeting minutes and no written agreement or lease was available.

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Horse Stable:



Note: This stable is included in the \$540 per month boarding arrangement for 8 horses.

- During the fiscal year, the I Believe In Me Ranch purchased hay for the horses owned by the Ranch from the CEO for \$2,263. **See Exhibit C.** According to the I Believe In Me Ranch's COO, the hay is grown on property adjacent to the I Believe In Me Ranch; however, it is not included in the \$9,000 per month lease agreement for the property used by the I Believe In Me Ranch. Again, there is no written agreement or approval in the Board minutes for the purchase of the hay from the CEO.
- In August 2007, the CEO received \$3,418 from the I Believe In Me Ranch for expenses and mileage. **See Exhibit D** for detail of the expenses. The expense reports submitted by the CEO included expenses from March 2007 through August 2007. Actual receipts were not provided for \$1,300 in gift card purchases for employee years of service awards, or for purchases made at Office Depot, Frontier, Sydney's, and Urban Escape Salon. A credit card statement was provided to document the purchases were made; however, the detailed receipts disclosing what was purchased were not made available. Additionally, the mileage report by the CEO included mileage expenses from January 2007 through August 2007. The mileage reports were also not detailed and did not include the dates, miles, and specific purpose of each trip. They did instead indicate the purpose of each trip was for "education." **See Exhibit D.** The I Believe In Me Ranch's policy manual indicates receipts must be attached to the expense reports and both expense reports and mileage reports are due at the end of every month.
- In February 2008, a \$16,000 loan from Suzan Wilson was recorded by the I Believe In Me Ranch to sustain daily operations. There was no Board approval of this non-interest bearing loan noted in the meeting minutes.

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We believe this finding to be a significant deficiency. Without proper Board review and approval of all payments made to the I Believe In Me Ranch's CEO, there is an increased risk for inappropriate and unauthorized use of public funds which could have otherwise been used to serve the clients. Additionally, without an official determination of the fair market rental value of the leased properties, there is an increased risk the I Believe In Me Ranch will pay more than necessary for the rental of leased properties; funds that could otherwise be used to provide services to its clients.

We recommend the I Believe In Me Ranch Board immediately take action to obtain binding agreements for the property they are leasing and purchases of materials as needed. The lease agreements should at a minimum fully disclose what is being leased, including full descriptions, terms of the agreements, and full names of the parties involved. The Board should document its consideration that the payment of rent is at a fair market value and is not excessive. In the meantime, the I Believe In Me Ranch should evaluate the feasibility of purchasing the property at fair market value as opposed to the continued rental of the facilities to ensure the services provided to its clients with State funds are maximized. Further, we recommend the I Believe In Me Ranch Board implement procedures to formally review and approve any payments made to employees over their established salaries.

*I Believe In Me Ranch's Response: The IBIMR Board of Directors are fully aware of the various leases between the IBIMR's CEO and other entities referred to in the Auditor of Public Accounts' Report, and IBIMR's Board, Management and attorney all believe, contrary to the findings of the APA, that all such leases are binding. However, the IBIMR Board and Management agrees that it would be in everyone's best interest to implement procedures that all such agreements be in writing with sufficient detail to cover all material terms and provisions and ensure that such agreements are submitted to the Board for approval and properly reflected in Board minutes. Furthermore, IBIMR has been involved in an active and on-going process to purchase property and construct a new facility in order to re-locate its current facilities; much of which is a matter of public record with the Kearney City Council.*

**APA Response: The I Believe in Me Ranch Board of Directors should ensure they are fulfilling their fiduciary responsibility under the Nebraska Nonprofit Corporation Act. It is questionable whether these excessive lease arrangements are decisions that an ordinarily prudent person in a like position would exercise under similar circumstances. Therefore, the APA has referred this matter to the Nebraska Attorney General under the Nebraska Nonprofit Corporation Act. The APA also feels it is essential for the I Believe In Me Ranch Board to obtain an independent appraisal of the fair market rental value of the properties to ensure the rental payments are not excessive. The APA discussed the leases with several local real estate appraisers and real estate brokers, who agreed the leases seemed excessive. These are funds that could otherwise be used for the direct support of clients served. Additionally, many of the arrangements noted above did not involve written agreements between the I Believe In Me Ranch and its CEO; therefore, it is questionable whether these arrangements are binding. The lease agreement with Wilson & Son for the residential**

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treatment center property does not even disclose a physical description of the leased property; so again, it is questionable whether this agreement would be binding. **See Exhibits A and B** for examples of the lease documentation provided to the APA. Furthermore, Title 471 NAC 32-001.12B defines unallowable costs under the Medicaid program, and includes “Cost and portions of costs which are determined by the Department not to be reasonably related to the efficient production of service because either the nature or amount of the particular expenditure.” We recommend DHHS determine whether the rental expenses are unallowable costs under this regulation.

2. **Treatment Group Home**

The APA was initially told the TGH building was part of the \$9,000 per month, unwritten lease agreement between the I Believe In Me Ranch and Kyle Simodynes and Suzan Wilson. However, the COO later indicated the TGH building was actually purchased by the I Believe In Me Ranch, and the lease agreement included the two other buildings and 3 acres of land on which the TGH was situated.

In 1999, the I Believe In Me Ranch paid \$90,000 for a manufactured home to be used as the TGH. The home was placed, next to the main office of the I Believe In Me Ranch, on property owned by Kyle Simodynes and Suzan Wilson. When questioned about ownership of the building, the only supporting documentation the I Believe In Me Ranch could produce was a copy of the original purchase agreement for the manufactured home, which listed the I Believe In Me Ranch as the buyer.

Treatment Group Home:



Note: Recently, new siding and other updates were added to the outside of this building.

I BELIEVE IN ME RANCH, INC.  
ATTESTATION REVIEW

According to the Buffalo County Assessor and Register of Deeds' records, the 23 acres and 3 buildings, including the manufactured home in question, are owned by Kyle Simodynes and Suzan Wilson, and they pay the real estate taxes on this property. See **Exhibit E** for information from the Buffalo County Assessor's office and the Buffalo County Treasurer's office regarding this property. When asked about this, the COO responded that Kyle Simodynes and Suzan Wilson agreed to pay the taxes on the manufactured home pursuant to a provision of the unwritten lease agreement. We also believe this finding to be a significant deficiency.

Neb. Rev. Stat. § 77-1376 (Reissue 2003) authorizes the owner of leased land or the lessee to file "with the county assessor, on a form prescribed by the Tax Commissioner, a request stating that specifically designated improvements on such leased lands are the property of the lessee." The Nebraska Department of Property Assessment and Taxation has prescribed Form 402, Improvements on Leased Land Assessment Application, so that land owners or owners of the improvements may seek separate assessment for taxation of the real property improvements. This form is to be filed with the County Assessor. Neither the I Believe In Me Ranch nor the owners of the property have filed the appropriate form with the Buffalo County Assessor showing the I Believe In Me Ranch has ownership of the home.

Because the County tax rolls designate Kyle Simodynes and Suzan Wilson as the owners of the manufactured home and, by paying the property taxes on it, they appear to act in that capacity, the lack of any substantive documentation to indicate otherwise could prove problematic for the I Believe In Me Ranch. Should a dispute arise regarding actual title to the manufactured home, the I Believe In Me Ranch might have difficulty securing its claim to the property without proper proof of ownership.

We recommend the Board take immediate action to file the appropriate Form 402 with the Buffalo County Assessor so the official records of Buffalo County are changed to reflect this ownership.

*I Believe In Me Ranch's Response: IBIMR's attorney has reviewed the Bill of Sale for the purchase of the Treatment Group Home, a modular building, and discussed this situation with Management. Based upon this information and documentation, the attorney for IBIMR is of the legal opinion that this building is owned by IBIMR and that the payment of real estate taxes on this building by the owners of the real estate is proper and a matter of contract. In addition, any new or revised lease will state that IBIMR is the owner of this building.*

**APA Response: The I Believe In Me Ranch should also file Form 402 with the Buffalo County Assessor to reflect the proper ownership of the manufactured home.**

### **3. Outstanding Loans**

The I Believe In Me Ranch has considerable outstanding loans, which may be the result of cash flow issues. In addition to the \$16,000 loan received from Suzan Wilson, as noted above, the I Believe In Me Ranch has the following outstanding loans:



I BELIEVE IN ME RANCH, INC.  
 ATTESTATION REVIEW

| Purpose                                      | Loan Origination Date | Balance at January 13, 2009 | Monthly Payments |
|--|-----------------------|-----------------------------|------------------|
| Horse Trailer                                | 7/25/2007             | \$ 1,198                    | \$ 300           |
| Mini-van                                     | 5/13/2008             | \$ 3,488                    | \$ 218           |
| Treatment Group Home purchase and operations | 10/24/2002            | \$ 139,454                  | \$ 3,000         |
| Line of credit for operations                | 12/2007               | \$ 65,300                   | <b>Note 1</b>    |

**Note 1:** Currently, the I Believe In Me Ranch is only making the interest payments on this loan.

Without proper procedures to ensure cash flows are sufficient to support operations, there is a risk services provided will not be adequate.

We recommend the Board review the current arrangements with the CEO, as noted in Comment Number 1, and consider alternatives that would increase the amount of funds available for the operations of the I Believe In Me Ranch.

*I Believe In Me Ranch's Response: The Independent Auditor of IBIMR has recently completed the initial audit of the 2008 financial records and indicates that IBIMR's long-term financing is currently appropriate. IBIMR believes the current financial position does not inhibit or put at risk, in any way, the services provided to the clients of the IBIMR. IBIMR has always provided and will continue to provide the highest level of services to children and families in Nebraska and continues to operate under its current Mission, Strategic Plan and 5 Year Financial Plan, which were all reviewed and approved by the Board of Directors.*

**4. Incorrect Rates Paid**

The rates paid by Medicaid to the I Believe In Me Ranch were verified to the Medicaid fee schedules maintained by DHHS during individual client testing. It should be noted that the I Believe in Me Ranch has a third-party perform its billing to DHHS. We noted two billing and payment errors in the sample of five clients selected for testing, as follows:

- Client 4 was admitted to the I Believe In Me Ranch on November 2, 2006, to receive residential treatment center services through Medicaid Managed Care. The Medicaid Managed Care rate for residential treatment centers is a daily per diem based on the number of days the client received the service. The rate decreases as the number of days served increases at the following intervals: 1-90 days, 91-180 days, 181-270 days, and 271+ days.

Prior to fiscal year 2008, Client 4 had already received 221 days of residential treatment center services. The I Believe In Me Ranch was paid the appropriate rate for the fiscal year tested until February 2008. On February 17, 2008, the I Believe In Me Ranch recorded an incorrect admission date for the client on the claim, which is used to determine the rate paid. As a result, Client 4's services were paid at the higher 1-90 days rate (\$237.90 per day) rather than the 271+ days rate (\$210.77 per day) from February 17, 2008, through October 15, 2008, when the APA brought this to the attention of DHHS.

I BELIEVE IN ME RANCH, INC.  
ATTESTATION REVIEW

DHHS corrected this on that date; however, this resulted in an overpayment to the I Believe In Me Ranch of \$2,685 during fiscal year 2008. As of February 23, 2009, \$2,508 has been recouped from the I Believe in Me Ranch's payments by DHHS due to this error. DHHS did not request the correct amount from the I Believe in Me Ranch; therefore, the remaining \$177 is still owed and will be recouped by DHHS.

- According to DHHS, Medicaid pays for the entering day of service; however, does not pay for the exiting day of service. On January 8, 2008, Client 3's level of care was reduced from residential treatment center to treatment group home. Therefore, January 8, 2008, was the exiting day for the residential treatment center and the entering day for the treatment group home. The I Believe In Me Ranch billed January 8<sup>th</sup> at the residential treatment center rate (\$216.04 per day) rather than the treatment group home rate (\$162.11 per day). This created an overpayment of \$54 to the I Believe In Me Ranch.

Without adequate procedures to ensure amounts billed to DHHS are accurate, there is an increased risk of overpayment to the I Believe In Me Ranch.

We recommend the I Believe In Me Ranch implement procedures to ensure all services are billed correctly. We also recommend the I Believe In Me Ranch reimburse Medicaid for the overpayment of services.

*I Believe In Me Ranch's Response: IBIMR billing is outsourced to a third party service and has been assured that all billing is conducted in accordance with state regulations. In an attempt to eliminate or reduce any inadvertent mistakes by the outside billing service, IBIMR will implement a new level of review and oversight procedures. Through the APA client testing, an instance was found that resulted in an underpayment to IBIMR and IBIMR believes that corrections to both the overpayments and underpayments are in process.*

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COMMENT AND RECOMMENDATION RELATED TO DHHS

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**5. DHHS Noncompliance with Rules and Regulations and State Plan**

The I Believe in Me Ranch is a licensed mental health and substance abuse provider for the following specialized treatment services:

Day Treatment  
Residential Treatment Center  
Treatment Group Home

Title 471 NAC 32-001.12 and the State Plan under Title XIX of the Social Security Act, Attachment 4.19-8 describes the payments from DHHS for these specialized services. **(See Exhibits F and G)** Payment rates are based on a unit basis, are set annually from July 1 through June 30, and are not adjusted during the rate period. These rules and regulations also require providers to report their costs for each specialized mental health and substance abuse treatment service on an annual basis. Financial and statistical records for the period covered by the cost

I BELIEVE IN ME RANCH, INC.  
ATTESTATION REVIEW

report must be accurate and sufficiently detailed to substantiate the data reported. If a provider fails to file a cost report as due, DHHS has the authority to suspend payment.

According to the rules and regulations and State Plan, DHHS will consider the costs that are reasonable and necessary for the active treatment of clients being served in setting payment rates. DHHS does not guarantee that all costs will be reimbursed. Actual costs incurred by the providers may not entirely be reimbursed.

Instead of paying on a cost basis, as described in the rules and regulations and State Plan, DHHS paid these specialized services based on the Nebraska Medicaid Practitioner Fee Schedule or the Medicaid Managed Care rates determined by Magellan. (Magellan is the managed care administrative service provider for mental health and substance abuse services for certain Medicaid-eligible clients whose eligibility assistance case is managed by DHHS and includes clients participating in the Aid to Dependent Children Program, Aid to the Aged, Blind, and Disabled Program, and Child Welfare Payments and Medical Services Program – i.e., IV-E, non-IV-E, former wards, and subsidized guardianship.)

The rates paid by DHHS for these specialized services are not based on cost reports submitted by providers, as expected by the rules and regulations and State Plan noted above. DHHS has not required these specialized service providers to submit cost reports for several years.

DHHS is not in compliance with its own rules and regulations and State Plan for the payment of these specialized mental health and substance abuse treatment services. This issue is not limited to the I Believe in Me Ranch, but may affect any specialized mental health and substance abuse treatment service provider. From December 2008 through February 2009, DHHS paid over 50 providers for these specialized services. These 50 providers received an estimated \$50 million per year.

We recommend DHHS implement procedures to ensure rate setting and provider payment practices comply with the rules and regulations and the State Plan.

*DHHS Response: DHHS plans to amend rule and State Plan to accurately reflect the way these providers are reimbursed.*

**APA Response: The APA recommends the amended rules and regulations and State Plan continue to specify costs that are unallowable, including alcohol, personal expenses, and any other unreasonable costs not associated with the provision of services to the clients. Without such prohibitions, the risk of improper use of public funds increases significantly.**

**Overall Conclusion**

The I Believe In Me Ranch is making several payments to its CEO over and above her salary. These payments appear to be for arrangements that were not formally approved by the Board and did not include written agreements detailing the conditions and terms. The rental payments appear excessive, so the APA has referred the matter to the Nebraska Attorney General under the

I BELIEVE IN ME RANCH, INC.  
ATTESTATION REVIEW

Nebraska Nonprofit Corporation Act. The I Believe In Me Ranch Board should take immediate action to obtain binding agreements at fair market value for the property they are leasing and purchases of materials disclosing full descriptions, terms of the agreements, and full names of parties involved. These arrangements also seem to hinder the amount of cash available for the operations of the I Believe In Me Ranch, leaving it with considerable loan payments. Therefore, we also recommend the Board ensure the uses of funds are properly authorized and being spent in the best interest of the clients served. In the meantime, the I Believe In Me Ranch should evaluate the feasibility of purchasing the property at fair market value as opposed to the continued rental of the facilities to ensure the services provided to its clients with State funds are maximized. In addition, the I Believe In Me Ranch was not able to provide documentation to verify its ownership of the residence. The official records of Buffalo County do not indicate the I Believe in Me Ranch is the owner of any building for the properties in question. We recommend the Board take immediate action to properly document ownership of this property by the I Believe in Me Ranch. We further recommend the Board ensure billing information provided to DHHS is accurate and that the I Believe in Me Ranch corrects the overpayment received from DHHS.

The APA staff involved in this attestation review were:

Cindy Janssen, Audit Manager  
Julie Smith, CPA, CFE, Auditor-In-Charge  
Jennifer Cromwell, Investigation Examiner  
Peggy Graham, Investigation Examiner  
Mary Avery, Special Audits and Finance Manager

If you have any questions regarding the above information, please contact our office.

I BELIEVE IN ME RANCH, INC.  
SEPTEMBER 2001 BOARD MEETING MINUTES

EXHIBIT A

**I Believe In Me Ranch, Inc.**  
Board Meeting Minutes: September 4, 2001  
(Kearney, Nebraska)

**BOARD MEMBERS:**

Present: Ann Carlson, Shannon Murry, Kyle Simodynes, Suzan Wilson,  
Scott Gronewoller

Absent: Deb Littler

Quorum Present? Yes

❖ **PROCEEDINGS:**

- Meeting called to order at 7:00pm by Chairperson, Ann Carlson
  - Previous meeting minutes were read. Motion to approve minutes by SW, second by AC. Vote unanimous. Motion passed.

❖ **OLD BUSINESS:**

- Structure of Board of Directors as Defined by Bylaws: CEO, Suzan Wilson, conducted A review of the bylaws. Brought to the attention of all present of some terminology errors. Should read as follows:

President, CEO-----Suzan Wilson  
Vice President, COO-----Kyle Simodynes  
Secretary-----Shannon Murry  
Treasurer-----Kyle Simodynes  
Chairperson -----Ann Carlson  
Vice Chairperson -----Scott Gronewoller

Motion by SW for resolution to be true as stated in the Bylaws, second by AC. Vote unanimous. Motion passed.

- New Board Members: CEO, Suzan Wilson has been in contact with the following people to join the Board of Directors at our October meeting; Paul Brungardt, Jr., Shawn Engberg, Jacki Refior, and Lori Marshall. Jeff Wirth committed to join at the April 2002 meeting. Motion to accept all new Board Members by SM, second by SG. Vote unanimous. Motion passed.
- Board Overview: CEO, Suzan Wilson, handed out an overview of our mission, programs and the job description for Board Members. In addition, a thank you to all current Board Members. See attached.
- Director's & Officers Insurance: Discussion that we need to purchase. Motion to approve the purchase of D&O insurance by SG, seconded by AC. Vote unanimous. Motion passed.
- Vacation Policy Change: Suggestion brought to CEO by employee that we add more days to our vacation policy. Reviewed current policy.

I BELIEVE IN ME RANCH, INC.  
SEPTEMBER 2001 BOARD MEETING MINUTES

EXHIBIT A

Motion to leave policy as is by AC, seconded by SG. Vote unanimous.  
Motion passed.

- Paid Time Off for Supervisors: Discussion about previous change in PTO policy. New policy to give DCII, S, and SS the opportunity to accrue 8 hours every four weeks. DCI PTO accrual has not changed. For new employees that are hired as a DCII, S, or SS will have a 90-day waiting period before being able to accrue PTO. Information needed for clarification. Motion for DCII, S, and SS to accrue 8 hours of PTO every four weeks and for new DCII, S, or SS there will be a 90-day waiting period by AC, second by SG. Vote unanimous. Motion passed.
- Sick Leave Accumulation: Policy change consideration. Suggestion by CEO to change that employees can accumulate up to 40 days of sick leave and get reimbursed for up to 40 days. Reason for change, to encourage employees to use sick days only if they need them. Discussion to leave policy as is. Motion by AC and seconded by SM to leave policy as is. Vote unanimous. Motion passed.
- Five-Year Celebration: CEO made the executive decision to move this due to busy season this fall. Is taking suggestions for events in the spring to celebrate five years at that time. The event that is picked will become an annual event.

❖ **NEW BUSINESS:**

- Fundraiser: An update of the current fund-raiser in progress, the House Raffle. See attached. Discussion about additional sponsors. Currently \$7,000 has been secured in sponsorships. Discussion about who to make ineligible for drawing. The State has no guidelines regarding this matter. Talked with Bruce Blankenship of the Kearney Catholic Foundation about how they conduct the Duck Race. Only those in his office are disqualified from the race. Motion to disqualify administrative employees and the board of directors and their immediate family plus the accounting firm's employees and builder by AC, seconded by SG. Vote unanimous. Motion passed. Motion for definition of immediate family to read as those who you are financially responsible for and that are under your same roof by AC, seconded by SM. Vote unanimous. Motion passed. Challenge issued to all Board Members by CEO to sell 50 raffle tickets.
- Flex Time Policy: Discussion about whether or not to have a formal flex time policy. This would affect salaried employees, not teachers or the Supervising Practitioner. Any days would have to be approved by the CEO and could not be used before or after a Holiday and must be requested at least two weeks in advance. Pertains mainly to on-call staff when they get called into work a shift. Motion by AC to add an On-Call Policy. Policy should read for every week that employee is on call they will receive one day off during a week where they are not on-call. This

I BELIEVE IN ME RANCH, INC.  
SEPTEMBER 2001 BOARD MEETING MINUTES

EXHIBIT A

day needs to be a scheduled day and cannot be a Monday or Friday. Seconded by SM. Vote unanimous. Motion passed. Any other flextime will be granted at the discretion of the CEO as usual.

- Day Program Client Handbook and Medication Policy: These are in process of being reviewed. Will mail to each Board Member. Decision of the Board to either Table issue or vote by proxy. Motion to vote by proxy by AC, second by SG. Vote unanimous. Motion passed.
- Amendments to Articles of Incorporation: Need to change address, update purpose and the number of directors. Motion by AC to approve by resolution the amendments of the Articles of Incorporation. Second by SM. Vote unanimous. Motion passed.
- Amendments to Bylaws: Need to update objectives, date and time of meetings (3<sup>rd</sup> Thursday, 7:00pm, Jan, Apr, July, Dec.) and that minimum number of board members will be ten. Motion to approve by resolution the amendments of the Bylaws. Second by SM. Vote unanimous. Motion passed.
- Leases: With the new expansion, in order to receive the operating loan, the bank would like to see a long term lease with the option to purchase two 2.5-3 acre parcels of land. Discrepancy in the amounts of two different leases. The minutes reflected the wrong amount and the signed lease reflected the correct amount. The correct amount was in the budget. Discussion to increase at 3 year increments. Can we increase lease ½% based on the revenue? COO will ask accountant. Long term lease to have a rider that every rent stream break the BOD will review to consider increasing amount based on budgetary assessment. Another rider to include the option to buy (buyouts). Motion to pay the corrected amount of the lease in the amount of \$7,600.00 retroactive from Jan. 1, 2001, by AC and seconded by SG. Vote unanimous. Motion passed. Motion on new 10-year lease effective January 1, 2002, to include all properties and buildings. Lease amount \$9,000.00. Two riders to lease: 1) At every rent stream break, the Board will review to consider increasing amount based on budgetary assessment. (break between 3<sup>rd</sup> & 4<sup>th</sup> year of lease and 6<sup>th</sup> & 7<sup>th</sup> year of lease), 2) Option to buy property and buildings. Motion by AC, seconded by SG. Vote unanimous. SW & KS abstain. Motion passed.
- Request for Special Meeting Time and Change of Location for October 18<sup>th</sup> Meeting: Reason for request to meet with new Board Members and have a short meeting to follow. Motion by SM to hold a special meeting on October 18<sup>th</sup>, 2001 at 6:00pm at the Alley Rose in downtown Kearney, Nebraska. Second by AC. Vote unanimous. Motion passed.
- Expansion Update: Everything on schedule.
- Salary Increase: Member Shannon Murry stepped out of meeting at this time. CEO recommends an increase to Deputy Director's salary to

I BELIEVE IN ME RANCH, INC.  
SEPTEMBER 2001 BOARD MEETING MINUTES

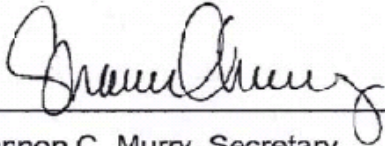
EXHIBIT A

amount that it should have been in August of 2000. CEO has approval to change anyone's salary except her own. Her position puts her as the number 3 in charge of the Ranch. This increase would reflect a 5% increase for August 1999 and a 5% increase for August of 2000. This would be an increase of \$3,900 for a total of \$39,900. Motion to increase Deputy Director's salary to \$39,900 by AC, seconded by SG. Vote unanimous. SM abstains. Motion passed.

❖ **ADJOURNMENT:**

Since there was no further business to come before the meeting, on motion duly made and seconded and unanimous vote, the meeting was adjourned.

*Minutes submitted by:*



Shannon C. Murry, Secretary

9/14/01

Date



I BELIEVE IN ME RANCH, INC.  
LEASE AGREEMENT

EXHIBIT B

Fax from : 3082370908

10-02-00 10:00 19. 4

LEASE AGREEMENT  
I BELIEVE IN ME RANCH INC.

ABC  
06 29 01

This Lease is made this 10TH day of OCTOBER, 2001, between the I Believe In Me Ranch Inc. and DICK AND JOHN WILSON.

1. Definitions. The following terms as used in this lease will have the meanings hereinafter set forth:

- (a) "Landlord": Wilson & Son (Richard D. "Dick" & John M. Wilson)
- (b) "Tenant": I Believe In Me Ranch Inc.
- (c) "Leased Premises": The Physical Structures or "Home premise", and the land associated with this structure.

2. Leased Premises - Inclusions. The following items are included in the leased premises: Kitchen Stove and Refrigerator. Black Desk.

3. Term and Rent. Landlord hereby leases and Tenant hereby rents the leased premises for a term of two years, commencing on the 10th day of Oct, 2001, and terminating on the 31st day of Dec, 2003.

Rent shall consist of a monthly rental of \$6,000.00 payable in advance on the 1st and the 15th day (1/2 the total amount paid respectively ((\$3,000.00)) of each and every month during the term of this Lease. Until changed by notice from landlord in writing, rental payments shall be paid and mailed or delivered to the landlord at the following address:

1519 E 44th St. Kearney, NE 68847

4. Grace Period. A Grace Period does not apply.

5. Care of Leased Premises. Tenant will take good care of the leased premises and keep them free from filth, from danger or fire or any nuisance.

6. Cleaning and Damage Deposit. At any time deemed necessary by the landlord or the tenant, during the time period of this Lease, the tenant agrees to reimburse Landlord for the costs of repairing the leased premises. All Cleaning will be done by the tenant so that said premises are returned to the landlord in the same condition in which they are at the commencement of this lease, except ordinary wear and tear. For the purposes of securing any reimbursement so required, tenant hereby deposits with Landlord the sum of \$0.00 as a cleaning and damage deposit, which deposit will be returned to tenant, or a portion thereof, upon tenant's surrendering possession to the Landlord.

7. Reporting of Damage. Tenant agrees to promptly notify Landlord of any major damage caused by wind, hail or other storms, or occupants, or any other major damage to the leased premises.

8. Pets. Tenant agrees that a cat will be allowed to remain on the leased premises.

9. Assignment and Subletting. Tenant will not sublet or assign this Lease in whole or in part without the prior written consent of the Landlord.

10. Right to Sell. Landlord reserves the right to sell the leased premises.

10.5 Utilities. Utilities shall be paid by the tenant.

I BELIEVE IN ME RANCH, INC.  
LEASE AGREEMENT

EXHIBIT B

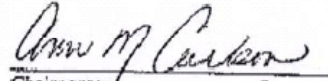
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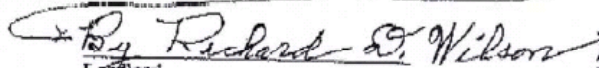
11. Termination. Tenant agrees to give Landlord thirty (30) days notice from the first of the month, of his intention to terminate this Lease and surrender said leased premises upon the expiration of said thirty (30) day period, if prior to expiration of this Lease, Tenant agrees to reimburse Landlord for all damages arising out of the early termination.

12. Default. Upon Tenant's default of any of the provisions of this Lease, Landlord may decree the term of this Lease ended and enter the leased premises with or without process of law. The remedies in this paragraph do not exclude any other remedies provided by law.

IN WITNESS WHEREOF, the said parties have executed this Lease on the date first above written.

  
Chairperson

  
Vice Chairperson  
Richard D. (Dick) & John M. Wilson

\* By  10-15-08  
Landlord

I BELIEVE IN ME RANCH, INC.  
ALFALFA INVOICE

EXHIBIT C

**Suzan Wilson**  
**1719 E 44<sup>th</sup> St Place**  
**Kearney, NE 68847**

**Alfalfa Bill**

**June 2007**

**300 small square bails @ \$3.50**

**Fuel Surcharge @ 81.74**

**=1131.74**

**August 2007**

**300 small square bails @ \$3.50**

**Fuel Surcharge @ 81.74**

**=1131.74**

*Suzan K. Wilson*





I BELIEVE IN ME RANCH, INC.  
**EXPENSE REPORTS AND MILEAGE REPORT**

EXHIBIT D



**MILEAGE REPORT**

Employee Name: Suzan Wilson Month/Year: Jan through August 2007

| Date      | From | To           | Re        | Total Miles |
|-----------|------|--------------|-----------|-------------|
| Jan - 07  | Keny | Gibbon x 5   | Education | 120         |
| to        |      | G.I x 6      |           | 300         |
| Aug 31-07 |      | Lincoln x 1  |           | 270         |
|           |      | SEM x 1      |           | 56          |
|           |      | Holdrege x 1 |           | 70          |
|           |      | Minden x 3   |           | 150         |
|           |      |              | Total     | 966 Miles   |
|           |      |              |           | \$1347.76   |

Suzan K. Wilson  
 Employee Signature

8.23.07  
 Date

\_\_\_\_\_  
 Program/Residential Manager Signature

\_\_\_\_\_  
 Date

| Office Use Only |           |               |
|-----------------|-----------|---------------|
| Date Submitted  | Date Paid | Signature COO |

I BELIEVE IN ME RANCH, INC. EXHIBIT E  
 BUFFALO COUNTY ASSESSOR/TREASURER INFORMATION

BUFFALO COUNTY ASSESSOR'S OFFICE



Real Property Record Card

TerraScan Inc.

Data Provided By: JOSIAH WOODWARD County Assessor. Printed on 10/29/2008 at 02:35:37P

| Parcel Information |                             | Ownership Information |                                |
|--------------------|-----------------------------|-----------------------|--------------------------------|
| Parcel Number      | 620358000                   | Current Owner         | SIMODYNES, KYLE & SUSAN WILSON |
| Parcel Number      | 3545-30-2-00411-000-0000    | Address               | 2041 E 56TH ST                 |
| Situs              | 2041 E 56TH ST              | City ST. Zip          | KEARNEY, NE 68847-0000         |
| Legal              | 30-9-15 PT TX LT 2 (22.56A) | Cadastral #           |                                |

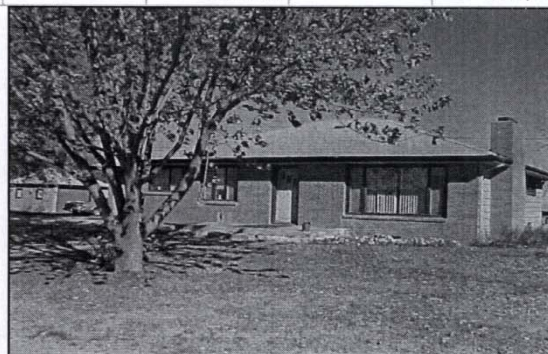
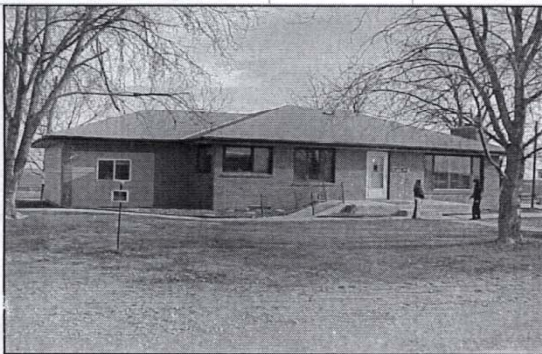
| Current Valuation |         | Assessment Data   |                   | Property Classification |                    |
|-------------------|---------|-------------------|-------------------|-------------------------|--------------------|
| Land Value        | 75,190  | District/TIF Fund | 1140              | Status                  | 01 Improved        |
| Impr. Value       | 202,210 | School Base       | 10-0007 KEARNEY 7 | Use                     | 01 Single Family   |
| Outbuildings      | 740     | Affiliated Code   |                   | Zoning                  | 01 Single Family   |
| Total Value       | 278,140 | Neighborhood      | 411               | Location                | 02 Suburban        |
| Exemptions        |         | Greenbelt Area    |                   | City Size               | 03 12,001-100,000  |
| Taxable Value     | 278,140 | Greenbelt Loss    |                   | Lot Size                | 08 20.00-40.00 ac. |

| Sales History |           |                      |         | Multiple Owner Information |              |  |
|---------------|-----------|----------------------|---------|----------------------------|--------------|--|
| Date          | Book/Page | Grantor              | Price   | Ownrshp. %                 | Owner's Name |  |
| 09/23/1994    | 94-15429  | BROOKE, HARRY O & WF | 200,000 |                            |              |  |

| Boe Appeal History |      |             |        | Building Permits |            |                  |         |
|--------------------|------|-------------|--------|------------------|------------|------------------|---------|
| Appeal #           | Year | Appealed By | Status | Permit #         | Date       | Description      | Amount  |
|                    |      |             |        | 12639            | 01/07/2005 | SCOTT CK BK >7/0 |         |
|                    |      |             |        | 7273             | 05/06/2003 | SCOTT APRIL 2003 | 8,000   |
|                    |      |             |        | 7273             | 12/22/1999 | JEAN YOU WANTED  |         |
|                    |      |             |        | 7273             | 06/04/1999 | JEAN CHECK FOR M | 130,000 |
|                    |      |             |        | 7242             | 05/05/1999 | JEAN I THINK THI |         |

| Assessment Milestones |             |       |         |        |         |          |         |         |
|-----------------------|-------------|-------|---------|--------|---------|----------|---------|---------|
| Year                  | Description | Class | Ex Code | Land   | Impr.   | Outbldg. | Total   | Taxable |
| 2007                  | CTL         | 1000  |         | 73,780 | 197,945 | 910      | 272,635 | 272,635 |
| 2003                  | 2003 RCPT   | 1000  |         | 55,865 | 187,320 | 395      | 243,580 | 243,580 |
| 1999                  | CTL         | 1000  |         | 35,030 | 101,135 | 880      | 137,045 | 137,045 |

| Historical Valuation Information |                         |        |         |          |         |        |         |          |
|----------------------------------|-------------------------|--------|---------|----------|---------|--------|---------|----------|
| Year                             | Billed Owner            | Land   | Impr.   | Outbldg. | Total   | Exempt | Taxable | Taxes    |
| 2007                             | SIMODYNES, KYLE & SUSAN | 73,780 | 197,945 | 910      | 272,635 |        | 272,635 | 4,677.80 |
| 2006                             | SIMODYNES, KYLE & SUSAN | 74,080 | 191,505 | 815      | 266,400 |        | 266,400 | 4,693.48 |
| 2005                             | SIMODYNES, KYLE & SUSAN | 73,080 | 191,490 | 420      | 264,990 |        | 264,990 | 4,585.42 |
| 2004                             | SIMODYNES, KYLE & SUSAN | 63,375 | 191,945 | 420      | 255,740 |        | 255,740 | 4,390.32 |
| 2003                             | SIMODYNES, KYLE & SUSAN | 55,865 | 187,320 | 395      | 243,580 |        | 243,580 | 4,206.94 |
| 2002                             | SIMODYNES, KYLE & SUSAN | 47,115 | 193,740 | 475      | 241,330 |        | 241,330 | 4,142.52 |
| 2001                             | SIMODYNES, KYLE & SUSAN | 43,115 | 195,065 | 470      | 238,650 |        | 238,650 | 4,156.94 |
| 2000                             | SIMODYNES, KYLE & SUSAN |        | 225,190 |          | 225,190 |        | 225,190 | 3,726.06 |
| 1999                             | SIMODYNES, KYLE & SUSAN |        | 137,045 |          | 137,045 |        | 137,045 | 2,234.34 |
| 1998                             | SIMODYNES, KYLE & SUSAN |        | 118,700 |          | 118,700 |        | 118,700 | 2,057.92 |



I BELIEVE IN ME RANCH, INC. EXHIBIT E  
 BUFFALO COUNTY ASSESSOR/TREASURER INFORMATION

JAN-29-2009 10:07 AM BUFFALO CO ASSESSOR 3082333713

P. 03/06

191

BUFFALO COUNTY ASSESSOR'S OFFICE

Farm Property Record Card

TerraScan Inc.

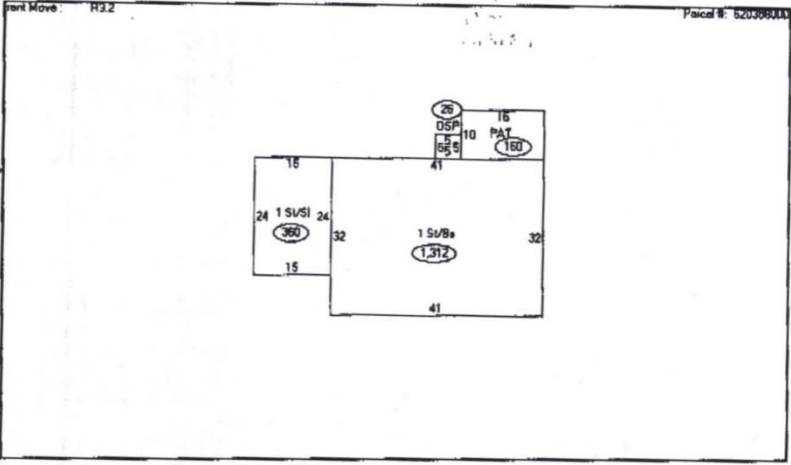
Data Provided By: JOSIAH WOODWARD County Assessor. Printed on 03/18/2008 at 08:02:32P

|               |                             |               |                                |
|---------------|-----------------------------|---------------|--------------------------------|
| Parcel Number | 620358000                   | Current Owner | SIMODYNES, KYLE & SUSAN WILSON |
| Map Number    | 3545-30-2-00411-000-0000    | Address       | 2041 E 56TH ST                 |
| Situs         | 2041 E 56TH ST              | City St. Zip  | KEARNEY, NE 68847-0000         |
| Cadastral #   |                             | Neighborhood  | 411                            |
| Legal         | 30-9 15 FT TX LT 2 (22.56A) |               |                                |

|             |                     |            |                    |               |      |               |   |
|-------------|---------------------|------------|--------------------|---------------|------|---------------|---|
| Condition   | Average             | Base Area  | 1,672              | Foundation    |      | Fixtures      | 9 |
| Type        | Single Family       | Total Area | 1,672              | Slab Area     | 360  | Bedrooms      | 4 |
| Quality     | Average+            | Style 1    | 100% One-Story     | Crawl Area    |      | Bathrooms     | 2 |
| Arch. Type  |                     | Style 2    | 0%                 | Basement Area | 1312 | Garage Type   |   |
| Ext. Wall 1 | 80% SIDING-MASONITE | Roofing    | Comp-Shingle       | Min Finish    |      | Garage Area   |   |
| Ext. Wall 2 | 20% MASONRY-VENEER  | HVAC 1     | 100% Warm&Cool Air | Rec Finish    | 984  | No. of Stalls |   |
|             |                     | HVAC 2     | 0%                 | Part Finish   |      |               |   |

|                    |     |          |       |                    |      |
|--------------------|-----|----------|-------|--------------------|------|
| OPEN SLAB PORCH    | 25  | 5.20     | 130   | Year Built         | 1950 |
| PATIO - CONCRETE   | 160 | 4.17     | 665   | Actual Age         | 58   |
| OPEN SLAB PORCH    | 25  | 5.20     | 130   | Remodel Year       |      |
| SINGLE 1/5 FIRE-PL | 1   | 2,207.96 | 2,210 | Remodel Type       |      |
|                    |     |          |       | Effective Age      | 41   |
|                    |     |          |       | Physical Depr.     | 33%  |
|                    |     |          |       | Functional Depr.   | 15%  |
|                    |     |          |       | Economic Depr.     | 15%  |
|                    |     |          |       | Total Depreciation | 52%  |

|  |          |
|--|----------|
| Land Value                             | 75,190   |
| Adjusted Square Foot Cost              | 138,025  |
| Total Area                             | 1,672    |
| Miscellaneous Improvements             | 3,135    |
| Garage Cost                            |          |
| Total Replacement Cost New             | 141,160  |
| Less Depreciation                      | (72,830) |
| Replacement Cost New Less Depreciation | 68,330   |
| Site Improvements <b>OUT BIDS</b>      | 740      |
| Lump Sums                              |          |
| Estimate of Value                      | 144,260  |



\*DATA USED FOR COST CALCULATIONS SUPPLIED BY MARSHALL & SWIFT which hereby reserves all right herein.



I BELIEVE IN ME RANCH, INC. EXHIBIT E  
**BUFFALO COUNTY ASSESSOR/TREASURER INFORMATION**

JAN-29-2009 10:08 AM BUFFALO CO ASSESSOR 3082333713

P. 05/06 19K/

**BUFFALO COUNTY ASSESSOR'S OFFICE**



Farm Property Record Card

**TerraScan Inc.**

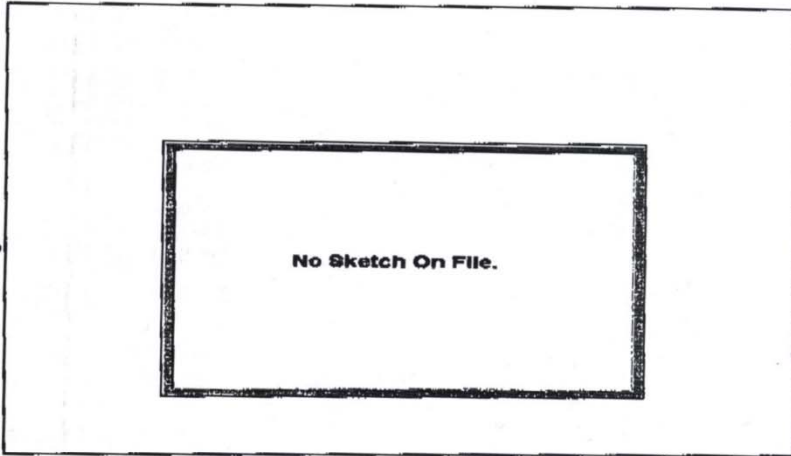
Data Provided By: JOSIAH WOODWARD County Assessor. Printed on 03/18/2008 at 08:02:43P

|   |   |
|---|---|
| <b>Parcel Number</b> 620358000<br><b>Map Number</b> 3545-30-2-00411-000 0000<br><b>Situs</b> 2041 E 56TH ST<br><b>Cadastral #</b><br><b>Legal</b> 30-9-15 PT TX LT 2 (22.56A) | <b>Current Owner</b> SIMODYNES, KYLE & SUSAN WILSON<br><b>Address</b> 2041 E 56TH ST<br><b>City St. Zip</b> KEARNEY, NE 68847-0000<br><b>Neighborhood</b> 411 |
|---|---|

|   |                               |                        |                      |
|---|-------------------------------|------------------------|----------------------|
| <b>Condition</b> Average                | <b>Base Area</b> 1,280        | <b>Foundation</b>      | <b>Fixtures</b> 8    |
| <b>Type</b> Single Family               | <b>Total Area</b> 1,280       | <b>Slab Area</b>       | <b>Bedrooms</b> 2    |
| <b>Quality</b> Fair                     | <b>Style 1</b> 100% One-Story | <b>Crawl Area</b> 1280 | <b>Bathrooms</b> 2   |
| <b>Arch. Type</b>                       | <b>Style 2</b> 0%             | <b>Basement Area</b>   | <b>Garage Type</b>   |
| <b>Ext. Wall 1</b> 100% SIDING-MASONITE | <b>Roofing</b> Comp-Shingle   | <b>Min Finish</b>      | <b>Garage Area</b>   |
| <b>Ext. Wall 2</b> 0%                   | <b>HVAC 1</b> 100% Forced-Air | <b>Rec Finish</b>      | <b>No. of Stalls</b> |
|   | <b>HVAC 2</b> 0%              | <b>Part Finish</b>     |                      |

|                 |      |       |       |                               |
|-----------------|------|-------|-------|-------------------------------|
| SOLID WL POR    | 48   | 53.58 | 2,570 | <b>Year Built</b> 1905        |
| DET GAR FAIR QL | 1946 | 7.92  | 375   | <b>Actual Age</b> 103         |
|                 |      |       |       | <b>Remodel Year</b>           |
|                 |      |       |       | <b>Remodel Type</b>           |
|                 |      |       |       | <b>Effective Age</b> 72       |
|                 |      |       |       | <b>Physical Depr.</b> 63%     |
|                 |      |       |       | <b>Functional Depr.</b> 40%   |
|                 |      |       |       | <b>Economic Depr.</b> 15%     |
|                 |      |       |       | <b>Total Depreciation</b> 81% |

|   |          |
|---|----------|
| <b>Land Value</b>                             |          |
| <b>Adjusted Square Foot Cost</b>              | 59,570   |
| <b>Total Area</b>                             | 1,280    |
| <b>Miscellaneous Improvements</b>             | 2,570    |
| <b>Garage Cost</b>                            |          |
| <b>Total Replacement Cost New</b>             | 62,140   |
| <b>Less Depreciation</b>                      | (50,415) |
| <b>Replacement Cost New Less Depreciation</b> | 11,725   |
| <b>Site Improvements</b>                      |          |
| <b>Lump Sums</b>                              | 375      |
| <b>Estimate of Value</b>                      | 12,100   |



\*DATA USED FOR COST CALCULATIONS SUPPLIED BY MARSHALL & SWIFT which hereby reserves all right herein.

I BELIEVE IN ME RANCH, INC.  
 BUFFALO COUNTY ASSESSOR/TREASURER INFORMATION

EXHIBIT E

JAN-29-2009 10:07 AM BUFFALO CO ASSESSOR

3082333713

P. 04/06

19/1

**BUFFALO COUNTY ASSESSOR'S OFFICE**



Farm Property Record Card

TerraScan Inc.

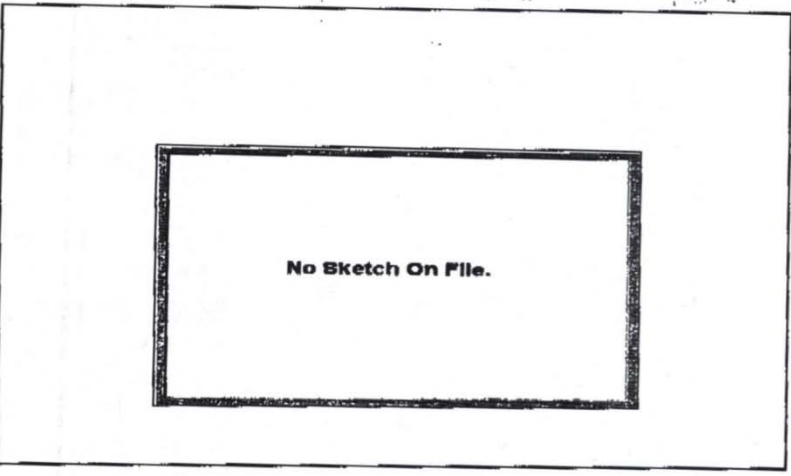
Data Provided By: JOSIAH WOODWARD County Assessor. Printed on 03/18/2008 at 08:02:48P

|                      |                             |                      |                                |
|----------------------|-----------------------------|----------------------|--------------------------------|
| <b>Parcel Number</b> | 620358000                   | <b>Current Owner</b> | SIMODYNES, KYLE & SUSAN WILSON |
| <b>Map Number</b>    | 3545 30-2-00411-000-0000    | <b>Address</b>       | 2041 E 56TH ST                 |
| <b>Situs</b>         | 2041 E 56TH ST              | <b>City St. Zip</b>  | KEARNEY, NE 68847 0000         |
| <b>Cadastral #</b>   |                             | <b>Neighborhood</b>  | 411                            |
| <b>Legal</b>         | 30-9-15 PT TX LT 2 (22.56A) |                      |                                |

|                    |                   |                   |                    |                      |      |                      |    |
|--------------------|-------------------|-------------------|--------------------|----------------------|------|----------------------|----|
| <b>Condition</b>   | Good              | <b>Base Area</b>  | 2,128              | <b>Foundation</b>    |      | <b>Fixtures</b>      | 10 |
| <b>Type</b>        | Single-Family     | <b>Total Area</b> | 2,128              | <b>Slab Area</b>     |      | <b>Bedrooms</b>      | 4  |
| <b>Quality</b>     | Average           | <b>Style 1</b>    | 100% One-Story     | <b>Crawl Area</b>    |      | <b>Bathrooms</b>     | 2  |
| <b>Arch. Type</b>  |                   | <b>Style 2</b>    | 0%                 | <b>Basement Area</b> | 2128 | <b>Garage Type</b>   |    |
| <b>Ext. Wall 1</b> | 100% VINYL-SIDING | <b>Roofing</b>    | Comp-Shingle       | <b>Min Finish</b>    |      | <b>Garage Area</b>   |    |
| <b>Ext. Wall 2</b> | 0%                | <b>HVAC 1</b>     | 100% Warm&Cool-Air | <b>Rec Finish</b>    |      | <b>No. of Stalls</b> |    |
|                    |                   | <b>HVAC 2</b>     | 0%                 | <b>Part Finish</b>   | 2128 |                      |    |

|                     |    |       |       |                           |      |
|---------------------|----|-------|-------|---------------------------|------|
| <b>SOLID WL POR</b> | 70 | 62.75 | 4,395 | <b>Year Built</b>         | 1999 |
| <b>WOOD DECK</b>    | 28 | 19.78 | 555   | <b>Actual Age</b>         | 9    |
| <b>WOOD DECK</b>    | 24 | 20.09 | 480   | <b>Remodel Year</b>       |      |
| <b>WOOD DECK</b>    | 28 | 19.78 | 555   | <b>Remodel Type</b>       |      |
|                     |    |       |       | <b>Effective Age</b>      | 5    |
|                     |    |       |       | <b>Physical Depr.</b>     | 3%   |
|                     |    |       |       | <b>Functional Depr.</b>   | 27%  |
|                     |    |       |       | <b>Economic Depr.</b>     | 15%  |
|                     |    |       |       | <b>Total Depreciation</b> | 40%  |

|   |          |
|---|----------|
| <b>Land Value</b>                             |          |
| <b>Adjusted Square Foot Cost</b>              | 196,350  |
| <b>Total Area</b>                             | 2,128    |
| <b>Miscellaneous Improvements</b>             | 5,985    |
| <b>Garage Cost</b>                            |          |
| <b>Total Replacement Cost New</b>             | 202,335  |
| <b>Less Depreciation</b>                      | (80,555) |
| <b>Replacement Cost New Less Depreciation</b> | 121,780  |
| <b>Site Improvements</b>                      |          |
| <b>Lump Sums</b>                              |          |
| <b>Estimate of Value</b>                      | 121,780  |



\*DATA USED FOR COST CALCULATIONS SUPPLIED BY MARSHALL & SWIFT which hereby reserves all right herein.

I BELIEVE IN ME RANCH, INC. EXHIBIT E  
 BUFFALO COUNTY ASSESSOR/TREASURER INFORMATION

JAN-29-2009 10:08 AM BUFFALO CO ASSESSOR 3082333713

P. 06/06 194

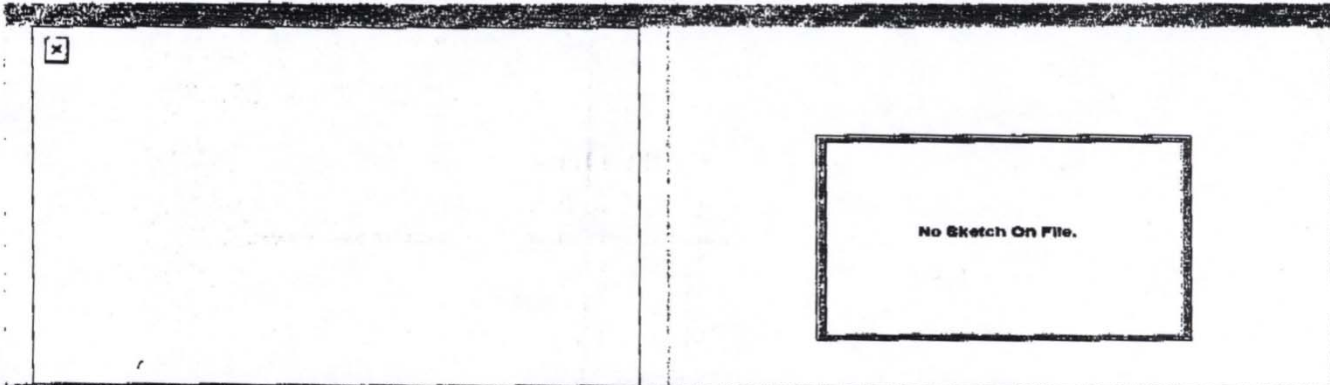
**BUFFALO COUNTY ASSESSOR'S OFFICE**

Ag Land & Imp. Property Record Card



Data Provided By: JOSIAH WOODWARD County Assessor. Printed on 03/18/2008 at 08:02:37P

Parcel Number 620358000  
 Map Number 3545 30-2-00411 000-0000  
 Current Owner SIMODYNES, KYLE & SUSAN WILSON  
 Situs 2041 E 56TH ST  
 Cadastral #  
 Legal 30-9-15 PT TX LT 2 (22.56A)



|                           |                  |      |    |    |              |      |       |     |     |     |     |
|---------------------------|------------------|------|----|----|--------------|------|-------|-----|-----|-----|-----|
| 1                         | UTILITY BUILDING | 1938 | 30 | 20 | 18x16x8 HIP  | CONC | 5,803 | 91% |     | 520 |     |
| 2                         | CHICKEN HOUSE    | 1936 | 20 | 10 | 48x24x5 GAMB | DIRT | 1,302 | 91% | 65% | 40  |     |
| 3                         | FRAME BARN       | 1920 | 30 | 10 | 40x37x7 GABL | DIRT | 1,421 | 91% | 65% | 45  |     |
| 4                         | LEAN-TO          | 1920 | 30 | 10 | 30x8x7 SHED  | DIRT | 470   | 91% | 50% | 20  |     |
| 5                         | WOOD YARD SHED   | 1920 | 30 | 10 | 24x18x8 HIP  | DIRT | 963   | 88% |     | 115 |     |
| Market Adjustment :       |                  |      |    |    |              |      |       |     |     |     |     |
| Total Outbuilding Value : |                  |      |    |    |              |      |       |     |     |     | 740 |

|                    |                      |                      |  |        |  |       |        |        |        |
|--------------------|----------------------|----------------------|--|--------|--|-------|--------|--------|--------|
| HA                 | HALL S L 0-1         | DRY                  |  | 1D1    |  | 1.00  | 1,500  | 1,500  | 1,500  |
| HQ                 | HOLDREGE HALL SL     | DRY                  |  | 1D     |  | 4.00  | 1,400  | 5,600  | 5,600  |
| HDA                | HORD S L, 1-3        | DRY                  |  | 1D     |  | 10.06 | 1,400  | 14,090 | 14,090 |
| UHC2               | ULY HOLD COLY        | DRY                  |  | 4D1    |  | 3.00  | 500    | 1,500  | 1,500  |
| FS1                | FARM SITE - ACREAGE  | FARM                 |  | FS1    |  | 1.00  | 5,000  | 5,000  | 5,000  |
| HSS                | HOME SITE -EX LANDSC | HOME                 |  | HSS    |  | 1.00  | 23,500 | 23,500 | 23,500 |
| HS                 | HOME SITE            | HOME                 |  | HS     |  | 2.00  | 12,000 | 24,000 | 24,000 |
| RD                 | ROADS                | ROAD                 |  | RDS    |  | 0.50  |        |        |        |
| Total Acres: 22.56 |                      | Total Agland Value : |  | 75,190 |  |       |        |        |        |



32-001.12 Payment for Specialized Mental Health and Substance Abuse Treatment Services:  
Payment for specialized treatment services will be based upon rate setting by the Department.

These regulations define a system of payment for all specialized mental health and substance abuse treatment programs (Day Treatment, Treatment Crisis Intervention, Treatment Foster Care, Treatment Group Home, and Residential Treatment Center) participating in NMAP.

Payment rates for specialized treatment services for children and adolescents will be on a unit basis. Rates are set annually, for the period July 1 through June 30. Rates are set prospectively for this period, and are not adjusted during the rate period.

Providers are required to report their costs for each specialized mental health and substance abuse treatment service on an annual basis. Providers may choose any fiscal year end that they desire. Providers desiring to enter the program who have not previously reported their costs, or that are newly operated, are to submit a budgeted cost report, estimating their anticipated annual costs.

Providers shall submit cost and statistical data on Form FA-20 for each specialized mental health and substance abuse treatment service. The provider shall submit one original Form FA-20 to the Department within 90 days of the close of fiscal year, or change in ownership or management. One 15-day extension may be granted under extenuating circumstances if requested in writing prior to the date. Providers shall compile data based on generally accepted accounting principles and the accrual method of accounting based on the provider's fiscal year. Financial and statistical records for the period covered by the cost report must be accurate and sufficiently detailed to substantiate the data reported. All records must be readily available upon request by the Department for verification. If the provider fails to file a cost report as due, the Department will suspend payment. At the time the suspension is imposed, the Department will send a letter informing the provider that no further payment will be made until a proper cost report is filed.

In setting payment rates, the Department will consider those costs which are reasonable and necessary for the active treatment of the clients being served. Such costs will include those necessary for licensure and accreditation, meeting all staffing standards for participation, meeting all service standards for participation, meeting all requirements for active treatment, maintaining medical records, conducting utilization review, meeting inspection of care and discharge planning.

The Department does not guarantee that all costs will be reimbursed. The Form FA-20 cost reporting document is used by the Department only as a guide in the rate setting process. Actual costs incurred by the providers may not be entirely reimbursed.

32-001.12A Payment Rates for Specialized Treatment Services Provided by State-Operated Facilities: Specialized treatment services operated by the State of Nebraska will be reimbursed for all reasonable and necessary costs of operation, excluding educational services. State-operated centers will receive an interim payment rate, with an adjustment to actual costs following the cost reporting period.

32-001.12B Unallowable Costs: The following costs are not allowable:

1. Provisions for income tax;
2. Fees paid board of directors;
3. Non-working officers' salaries;
4. Promotion expense, except for promotion and advertising as allowed in HIM-15. Yellow Page display advertising is not allowable; one Yellow Page informational listing is allowable;
5. Travel and entertainment, other than for professional meetings and direct operations of the treatment program. This may include costs of motor homes, boats, and other recreational vehicles, including operation and maintenance expenses; real property used as vacation facilities; etc.;
6. Donations;
7. Expenses of non-related facilities and operations included in expense;
8. Insurance and/or annuity premiums on the life of officer or owner;
9. Bad debts, charity, and courtesy allowances;
10. Cost and portions of costs which are determined by the Department not to be reasonably related to the efficient production of service because of either the nature or amount of the particular expenditure;
11. Education costs as defined in 471 NAC 32-004.01C, 471 NAC 32-006.05J, and 471 NAC 32-007.05J;
12. Services provided by the client's physicians or dentists, drugs, laboratory services, radiology services, or services provided by similar independent licensed providers, except services provided by state operated facilities. These exclusions are paid separately;
13. Return on equity;
14. Costs for services which occurred in a prior or subsequent fiscal year are unallowable;
15. Expenses for equipment, facilities, and programs (e.g., recreation, trips) provided to clients which are determined by the Department not to be reasonably related to the efficient production of service because of either the nature or amount of the particular service;
16. Costs of amusements, social activities, and related expenses for employees and governing body members are unallowable, except when part of an authorized client treatment program;
17. Costs of alcoholic beverages are unallowable;
18. Costs resulting from violations of, or failure to comply with federal, state, and local laws and regulations are unallowable;
19. Costs relating to lobbying or attempts to influence/promote legislative action by local, state, or federal government are unallowable; and
20. Costs of lawsuits or other legal or court proceedings against the Department, or its employees, or State of Nebraska are unallowable.

I BELIEVE IN ME RANCH, INC. EXHIBIT G  
STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
ATTACHMENT 4.19-8

Attachment 4.19-8  
Item 4b, Page 2 of 3

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nebraska

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

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The Department reserves the right to adjust the fee schedule to:

1. Comply with changes in state or federal requirements;
2. Comply with changes in nationally-recognized coding systems, such as HCPCS and CPT;
3. Establish an initial allowable amount for a new procedure based on information that was not available when the fee schedule was established for the current year; and
4. Adjust the allowable amount when the Medicaid Division determines that the current allowable amount is:
  - a. Not appropriate for the service provided; or
  - b. Based on errors in data or calculation.

The Department may issue revisions of the Nebraska Medicaid Practitioner Fee Schedule during the year that it is effective. Providers will be notified of the revisions and their effective dates.

Other services covered as EPSDT follow-up services will be paid according to currently established payment methodologies, i.e., inpatient hospital treatment for substance abuse treatment services will be paid according to the methodology in Attachment 4.19-A.

Specialized mental health and substance abuse treatment services include day treatment, treatment crisis intervention, treatment foster care, treatment group home and residential treatment center services, provided to children and adolescents under the EPSDT program. Payment rates for specialized mental health and substance abuse services are established on a unit (per day) basis. Rates are set annually. Rates are set prospectively for the annual rate period and are not adjusted during the rate period. Providers are required to submit annual cost reports on a uniform cost reporting form. In determining payment rates, the Department will consider those costs that are reasonable and necessary for the active treatment of the clients being served. Those costs include costs necessary for licensure and accreditation, meeting all staffing standards for participation, meeting all service standards for participation, meeting all requirements for active treatment, maintaining medical records, conducting utilization review, meeting inspection of care, and discharge planning. The Department does not guarantee that all costs will be reimbursed. The submitted cost reports are used only as a guide in the rate-setting process. Payment rates do not include the costs of providing educational services.

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Transmittal # MS-00-06

Supersedes

Approved

MAR 10 2001

Effective

JUL 1 2000

Transmittal # M8-95-13