

To: Tooele County

As part of our 2015 Independent Financial Audit, it was brought to our attention that we need to receive an approval from the County that our Overhead fee rate for services provided by Valley Mental Health to the citizens of Tooele County, Utah is acceptable. As we prepare our billings to or in behalf of the County, we include the direct costs of providing the services and then add an Overhead cost based on a percentage of the cost. The total of the two are summed and included in the billing. Our auditors are instructing us to have Tooele County approve that Overhead percentage.

All costs that we can directly identify to a program, we post to the program. All other Administrative costs such as: Salaries, office supplies, building cost, utilities, etc. for the administrative programs: CEO, CFO, Accounting staff, payroll, etc., we calculate and determine a percentage to add on to the direct cost. Then, as we bill contracts, we take the direct cost for the program and add in the overhead costs to arrive at a total cost of the program. We are currently using the reasonable rate of 19% for all of our programs. The overhead fee is consistent with our prior agreements with the County. Your acceptance/confirmation of this Overhead rate would be most appreciated.

Sincerely,
Hal Beckstrand
Valley Behavioral Health



Approved – Tooele County