



**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Southern Consortium for Children
Athens County
8044 Dairy Lane
P.O. Box 956
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statement of the Southern Consortium for Children, Athens County, (the Consortium) as of and for the year ended December 31, 1999. This financial statement is the responsibility of the Consortium's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Consortium prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances of the Southern Consortium for Children, Athens County, as of December 31, 1999, and its combined cash receipts and cash disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2000, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statement of the Consortium taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

February 10, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:			
Intergovernmental	\$606,096	\$619,408	\$1,225,504
Miscellaneous/Other	(4,717)	0	(4,717)
Interest	18,681	0	18,681
Workshops	4,275	0	4,275
Physician Reimbursements	114,153	0	114,153
Fee for Service	0	153,625	153,625
	<u>738,488</u>	<u>773,033</u>	<u>1,511,521</u>
CASH DISBURSEMENTS:			
Salary	121,901	145,869	267,770
Fringe	42,450	53,085	95,535
Travel	5,913	3,973	9,886
Expenses	69,604	5,740	75,344
Rent	10,820	3,491	14,311
Telephone	4,539	2,046	6,585
Supplies	11,188	5,056	16,244
Equipment	2,210	3,480	5,690
Insurance	3,214	104	3,318
Legal	3,545	0	3,545
Audit	4,550	2,799	7,349
Administrative	0	5,746	5,746
Utilities/Cleaning	5,778	3,050	8,828
Training/Consultation	7,890	42,104	49,994
Evaluations	0	1,223	1,223
PR/Marketing	744	10,375	11,119
Outcome Measures	0	107	107
Program Development	0	260	260
MIS Development	0	5,919	5,919
Hospital In-patient	57,271	0	57,271
Outpatient Evaluation	840	0	840
Child Psychiatry	272,396	0	272,396
ALS, AHV, GJM, Wash. LPD	245,104	0	245,104
Contract Agencies	4,095	869,869	873,964
	<u>874,052</u>	<u>1,164,296</u>	<u>2,038,348</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>(135,564)</u>	<u>(391,263)</u>	<u>(526,827)</u>
OTHER FINANCING SOURCES/(USES):			
Transfers-in	0	47,600	47,600
Advances-in (Not repaid)	0	58,896	58,896
Transfers-out	(47,600)	0	(47,600)
Advances-out (Not repaid)	(58,896)	0	(58,896)
	<u>(106,496)</u>	<u>106,496</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	<u>(242,060)</u>	<u>(284,767)</u>	<u>(526,827)</u>
Fund Cash Balances, January 1	<u>292,512</u>	<u>575,756</u>	<u>868,268</u>
Fund Cash Balances, December 31	<u><u>\$50,452</u></u>	<u><u>\$290,989</u></u>	<u><u>\$341,441</u></u>

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999**

1. DESCRIPTION OF THE ENTITY

The Southern Consortium for Children (the Consortium) is a Regional Council of Governments, authorized by Chapter 167 of the Ohio Revised Code. The Consortium serves as a program planning, development and coordination arm of four (4) Alcohol, Drug Addiction and Mental Health Services Boards (Athens-Hocking-Vinton, Gallia-Jackson-Meigs, Adams-Lawrence-Scioto and Washington Counties) for youth who are severely emotionally disturbed (SED).

The Consortium is an outcome of Ohio's Mental Health Act of 1988, which put into motion an expansion of the decentralization of the state's mental health system, providing local communities more control over service delivery to the SED population. Direct funding is received from the Ohio Department of Mental Health (ODMH). ODMH funding was derived through the closure of a children's psychiatric hospital whose otherwise operating budget was distributed, on a per capita basis, to the counties which historically had admitting privileges.

The Consortium operates under an appointed four (4) member board, consisting of the Executive Director of each of the above mentioned Alcohol, Drug Addiction and Mental Health Services Boards, and is responsible for planning, developing, implementing, maintaining, and monitoring children's mental health service programs within the service district.

The Consortium management believes the financial statement included in this report represents all activities for which the Consortium is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

The financial statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 1999. The Consortium maintains an interest bearing account at the Hocking Valley Bank.

C. FUND ACCOUNTING

The Consortium uses fund accounting to segregate cash that is restricted as to use. The Consortium classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUND ACCOUNTING (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Consortium had the following significant Special Revenue Funds:

Runaway and Homeless Youth Grant Fund - This fund utilizes grant money to provide shelter for runaway and homeless youths as well as an 800 number for the region.

Substance Abuse and Mental Health Services Administration (SAMHSA) Fund - This fund utilizes grant money to supply development services for helping area youths to remain in the community.

Early Childhood - This fund utilizes grant money from the state to offer early childhood intervention.

Telemedicine Fund - This fund utilizes grant money designed to offer psychiatry services through the use of computers.

Vocational Fund - This fund utilizes grant money for the development of vocational services.

Rural Care Fund - This fund is used to provide local treatment for alcohol, drug addiction and detoxification services.

Ohio Rehabilitation Services Commission Fund - This fund utilizes grant money to provide vocational rehabilitation services to individuals who are alcohol and/or other drug addicted.

Integrated Services Systems (ISS) - This fund is used to provide clerical and fiscal support services for staff of this new agency, during its transitional period.

D. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

E. ACCUMULATED UNPAID VACATION, SICK LEAVE, AND PERSONAL LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Consortium.

3. EQUITY IN POOLED CASH

The Consortium maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>
Demand Deposits	\$341,441

Deposits: The Consortium's deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)

4. RETIREMENT SYSTEM

The Consortium's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer defined-benefit pension plan. This plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employees and employer contributions. For 1999, members of PERS contributed 8.5% of their gross salaries. The Consortium contributed an amount equal to 13.55% of participants' gross salaries. The Consortium has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ending December 31, 1999, the Consortium contracted with various insurance companies for comprehensive property, general liability and inland marine, vehicle liability (comprehensive and collision), public officials liability and wrongful acts and dishonesty coverages.

Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The Consortium pays the State Workers' Compensation System a premium based on a rate per \$100 salaries. The rate is calculated based on accident history and administrative costs.

6. ADVANCES NOT REPAID

The Consortium advanced monies from the General Fund to various Special Revenue Funds in anticipation of future receipts. At December 31, 1998, advances, in the amount of \$194,845, were outstanding and due to the Consortium's General Fund. Of these advances, \$117,267 were made in 1998 and \$77,578 were made in 1997. During 1999 these outstanding advances were repaid.

At December 31, 1999, advances, in the amount of \$58,896, were outstanding and due to the Consortium's General Fund.

7. CHANGE IN ACCOUNTING PRINCIPLE - DEFERRED COMPENSATION ASSETS

GASB Statement No. 32 establishes accounting and reporting guidelines for eligible deferred compensation plans that are now required to be held in trust for the exclusive benefit of plan participants and their beneficiaries. As such, the amounts withheld from employees participating in the Ohio Deferred Compensation Program are no longer contingent assets of the Consortium.

8. RELATED PARTY TRANSACTIONS

As described in Note 1, the Executive Director of the Alcohol Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties serves on the Consortium's Board. In 1999 the Consortium paid \$17,400 to this Board for rent on the office building.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Program	CFDA #	Pass-through Agency Awarding Number	Expenditures
U.S. Department of Health and Human Services			
Passed through the Ohio Department of Mental Health:			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances Grant Project #98-G047	93.104	N/A	<u>\$265,427</u>
Subtotal			265,427
Direct Program:			
Runaway and Homeless Youth Program Grant Project #05CY6198/01 Project #05CY6198/02	93.623	N/A	109,281 <u>26,487</u>
Subtotal			135,768
Direct Program:			
Rural Health Outreach Program Grant Project #CSDR00009-02-0 Project #CSDR00009-03-0	93.912	N/A	123,330 <u>10,835</u>
Subtotal			134,165
Passed through the ADAMHS Board of Athens, Hocking & Vinton Counties:			
Alcohol, Drug Abuse and Mental Health Services Block Grants SFY '99 Allocation SFY '00 Allocation	93.958	N/A	(31,151) <u>22,222</u>
Subtotal			(8,929)
Passed through the ADAMHS Board of Adams, Lawrence & Scioto Counties:			
Alcohol, Drug Abuse and Mental Health Services Block Grants SFY '99 Allocation	93.958	N/A	<u>21,495</u>
Subtotal			<u>21,495</u>
Total U.S. Department of Health and Human Services			547,926
U.S. Department of Education			
Passed through the Ohio Department of Alcohol, and Drug Addiction Services			
Vocational Rehabilitation Program Grant RSC/ODADAS 98-5 RSC/ODADAS 99-5 RSC/ODADAS 00-5	84.126	N/A	53,137 23,403 <u>19,599</u>
Subtotal			<u>96,139</u>
Total U.S. Department of Education			<u>96,139</u>
Total Federal Awards Expenditures			<u><u>\$644,065</u></u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures summarizes activity of the Consortium's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - PRIOR PERIOD ADJUSTMENT

The Southern Consortium for Children receives its general ODMH operating money from the Athens-Hocking-Vinton 317 Board and the ADAMHS Board of Adams, Lawrence, and Scioto Counties. These monies are tracked in funds 903, 904, and 905.

In their 1998 Schedule of Federal Financial Award Expenditures, they included disbursements in the amount of \$87,341.28 (CFDA #93.958 SFY '99 Allocation). In March 1999, they discovered that the expenditures were incorrectly posted within the general operating funds. An expense adjustment was made on March 30, 1999 to correct funds 903, 904, and 905 (Batch 1034) resulting in a decrease in 903 (federal) expenditures and an increase in 904 (state) expenditures. The reduction of expenditures adjusted in 1999 were greater than actual 1999 expenditures resulting in a negative expenditure amount on the 1999 Schedule of Federal Financial Award Expenditures.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Southern Consortium for Children
Athens County
8044 Dairy Lane
P.O. Box 956
Athens, Ohio 45701

To the Board of Directors:

We have audited the financial statement of the Southern Consortium for Children, Athens County, (the Consortium) as of and for the year ended December 31, 1999, and have issued our report thereon dated February 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Consortium's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Consortium's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Southern Consortium for Children
Athens County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

February 10, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Southern Consortium for Children
Athens County
8044 Dairy Lane
P.O. Box 956
Athens, Ohio 45701

To the Board of Directors:

Compliance

We have audited the compliance of Southern Consortium for Children, Athens County, (the Consortium) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Consortium's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Consortium's management. Our responsibility is to express an opinion on the Consortium's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Consortium's compliance with those requirements.

In our opinion, the Consortium complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Consortium is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Consortium's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

February 10, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Comprehensive Community Mental Health Services for Children and Serious Emotional Disturbances Grant CFDA #93.104
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

There were no findings related to the financial statements that were required to be reported herein.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards that were required to be reported herein.



STATE OF OHIO
OFFICE OF THE AUDITOR

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SOUTHERN CONSORTIUM FOR CHILDREN

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 21, 2000**