



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Southern Consortium for Rural Care
Athens County
7990 Dairy Lane
Athens, Ohio 45701

To Members of the Board:

We have audited the accompanying financial statements of the Southern Consortium for Rural Care, Athens County, Ohio (the Consortium), as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Southern Consortium for Rural Care, Athens County, as of June 30, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

October 11, 2002

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$322,793	\$230,317	\$553,110
Interest	3,388		\$3,388
Other receipts	6,246	3,148	9,394
Total Cash Receipts	<u>332,427</u>	<u>233,465</u>	<u>565,892</u>
Cash Disbursements:			
Administration	200,324		200,324
Forensic Development	59,983		59,983
System Development	17,916	7,845	25,761
Treatment Capacity Expansion		106,714	106,714
Integrated Recovery		113,757	113,757
Total Cash Disbursements	<u>278,223</u>	<u>228,316</u>	<u>506,539</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>54,204</u>	<u>5,149</u>	<u>59,353</u>
Other Financing Receipts/(Disbursements):			
Advances-In	9,600	7,000	16,600
Advances-Out	(7,000)	(9,600)	(16,600)
Total Other Financing Receipts/(Disbursements)	<u>2,600</u>	<u>(2,600)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	56,804	2,549	59,353
Fund Cash Balances, July 1	<u>64,881</u>	<u>108,020</u>	<u>172,901</u>
Fund Cash Balances, June 30	<u>\$121,685</u>	<u>\$110,569</u>	<u>\$232,254</u>
Reserves for Encumbrances, June 30	<u>\$16,588</u>	<u>\$411</u>	<u>\$16,999</u>

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

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$205,364	\$575,596	\$780,960
Interest	5,020		5,020
Other receipts	12,547		12,547
Total Cash Receipts	<u>222,931</u>	<u>575,596</u>	<u>798,527</u>
Cash Disbursements:			
Administration	138,097	10,500	148,597
System Development	12,689	60,551	73,240
Forensic Development	50,958		50,958
Integrated Recovery		210,218	210,218
Treatment Capacity Expansion		255,974	255,974
Total Cash Disbursements	<u>201,744</u>	<u>537,243</u>	<u>738,987</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>21,187</u>	<u>38,353</u>	<u>59,540</u>
Fund Cash Balances, July 1	<u>43,694</u>	<u>69,667</u>	<u>113,361</u>
Fund Cash Balances, June 30	<u>\$64,881</u>	<u>\$108,020</u>	<u>\$172,901</u>
Reserves for Encumbrances, June 30	<u>\$21,059</u>	<u>\$20,768</u>	<u>\$41,827</u>

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

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southern Consortium for Rural Care, Athens County (the Consortium), is a Council of Governments created pursuant to Chapter 167 of the Ohio Revised Code on June 10, 1998. The Consortium was created and organized by the Alcohol, Drug Addiction and Mental Health Services Boards of Athens, Hocking, and Vinton Counties, Gallia, Jackson, and Meigs Counties, and Adams, Lawrence, and Scioto Counties and the Washington County Mental Health and Addiction Recovery Board. Each board is a member of the Consortium. The Executive Director of each Board is that respective member's representative to the Consortium's Governing Board. The Consortium coordinates, plans, develops and/or implements collaborative efforts toward, and manages pooled resources for, managed care for behavioral health services for residents of the members' service area.

The Consortium's management believes these financial statements present all activities for which the Consortium is financially accountable.

B. Basis of Accounting

These financial statements follow 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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

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

2. 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:

Treatment Capacity Expansion Grant Fund - This fund receives state monies that are intended to fill gaps in service for the target population of the medically indigent and/or persons involved in the criminal justice system. Most of the funds are prioritized for detoxification services for medically indigent persons.

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Integrated Recover Grant (SAMI) Fund - This fund receives state and federal monies intended to implement and evaluate a specific "best practices" model of service for adults with severe mental disabilities and co-occurring substance abuse disorders.

E. Fiscal Agent

The Alcohol, Drug Addiction and Mental Health Service Board (317 Board) of Athens, Hocking and Vinton Counties is the designated fiscal agent. However, the Consortium maintains its own bank account. In the shared services agreement with the 317 Board, it states that the 317 Board shall commit 90% of one of its employees to serve as Executive Director of the Consortium. The Executive Director is responsible to the Governing Board and he/she performs all duties related to that position.

F. Contracted Services

The Consortium contracted with three hospitals to provide a 23 hour observation bed and acute hospital detoxification. The Consortium also contracted with a physician to provide medical detoxification services appropriate to the needs of adult Consortium clients.

G. Budgetary Process

The Consortium is not subject to Ohio Revised Code Section 5705; however, the Consortium does adopt a budget and estimates revenue for each fiscal year.

1. Appropriations

The Executive Director of the Consortium prepares a budget for the next fiscal year at the end of the current fiscal year. The budget is brought to the Governing Board in their June meeting. Amendments to the budget are also brought to the Governing Board for their approval. Budgetary expenditures are compared to actual expenditures at the end of each month. This information is presented to the Governing Board for their approval.

2. Estimated Resources

The Executive Director prepares the estimated receipts for the next fiscal year at the end of the current fiscal year. Estimated receipts are prepared based on what the Executive Director feels is appropriate based on the prior year's actual revenue and any new sources of funds for the next fiscal year. Estimated receipts are compared to actual receipts at the end of each month. This information is brought to the Governing Board for their approval.

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budgetary Process (Continued)

3. Encumbrances

The Consortium reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

2. EQUITY IN POOLED CASH

The Consortium maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at June 30 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 232,254	\$ 172,901

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Consortium.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2002 and 2001 follows:

<u>Fund Type</u>	<u>2002 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 326,043	\$ 342,027	\$ 15,984
Special Revenue	<u>116,817</u>	<u>240,465</u>	<u>123,648</u>
Total	<u>\$ 442,860</u>	<u>\$ 582,492</u>	<u>\$ 139,632</u>

<u>Fund Type</u>	<u>2002 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 388,532	\$ 301,811	\$ 86,721
Special Revenue	<u>258,704</u>	<u>238,327</u>	<u>20,377</u>
Total	<u>\$ 647,236</u>	<u>\$ 540,138</u>	<u>\$ 107,098</u>

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Fund Type	<u>2001 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 194,519	\$ 222,931	\$ 28,412
Special Revenue	<u>546,954</u>	<u>575,596</u>	<u>28,642</u>
Total	<u>\$ 741,473</u>	<u>\$ 798,527</u>	<u>\$ 57,054</u>

Fund Type	<u>2001 Budgeted vs. Actual Budgetary Basis Expenditures</u>		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$ 256,999	\$ 222,803	\$ 34,196
Special Revenue	<u>585,261</u>	<u>558,011</u>	<u>27,250</u>
Total	<u>\$ 842,260</u>	<u>\$ 780,814</u>	<u>\$ 61,446</u>

4. RISK MANAGEMENT

The Athens, Hocking and Vinton Counties ADAMH Board maintains all the insurance for the Consortium. The ADAMH Board has commercial coverage for their insurance needs. Other commercial coverage carried by the Consortium includes:

- Directors and Officers Liability



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

Southern Consortium for Rural Care
Athens County
7990 Dairy Lane
Athens, Ohio 45701

To Members of the Board:

We have audited the accompanying financial statements of the Southern Consortium for Rural Care, Athens County, Ohio (the Consortium), as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated October 11, 2002. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Consortium's financial statements are 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*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Consortium in a separate letter dated October 11, 2002.

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 statements 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Consortium in a separate letter dated October 11, 2002.

This report is intended solely for the information and use of the audit committee, management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

October 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SOUTHERN CONSORTIUM FOR RURAL CARE

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
NOVEMBER 7, 2002**