



**Auditor of State
Betty Montgomery**

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Southern Consortium for Children
Athens County
507 Richland Avenue, Suite 107
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statements of the Southern Consortium for Children, Athens County, Ohio (the Consortium), as of and for the years ended December 31, 2003 and 2002. 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 of the Southern Consortium for Children, Athens County, as of December 31, 2003 and 2002, 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 April 7, 2004 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 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 7, 2004

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$563,574	\$342,220	\$905,794
Investment Income	1,586		1,586
Workshops	5,008		5,008
Other Receipts	28,299	12,000	40,299
	<u>598,467</u>	<u>354,220</u>	<u>952,687</u>
Total Cash Receipts			
	<u>598,467</u>	<u>354,220</u>	<u>952,687</u>
Cash Disbursements:			
Salaries	224,777	45,925	270,702
Fringe	80,492	13,515	94,007
Travel	12,825	625	13,450
Rent	11,735		11,735
Telephone	6,052	812	6,864
Equipment	12,151		12,151
Supplies	9,811	10,929	20,740
Legal	690		690
Insurance	3,728		3,728
Utilities and Cleaning	11,892		11,892
Training and Consultation	19,816	24,587	44,403
Hospital In-Patient	18,916		18,916
Outpatient Evaluations	6,622		6,622
Child Psychiatry	6,363		6,363
ALS, AHV, GJM, Wash. LPD	134,002		134,002
Public Relations and Marketing	21,427	2,454	23,881
Contract Agencies	10,009	259,332	269,341
Other	626		626
	<u>591,934</u>	<u>358,179</u>	<u>950,113</u>
Total Cash Disbursements			
	<u>591,934</u>	<u>358,179</u>	<u>950,113</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>6,533</u>	<u>(3,959)</u>	<u>2,574</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		20,000	20,000
Advances-In	562	562	1,124
Transfers-Out	(20,000)		(20,000)
Advances-Out	(562)	(562)	(1,124)
Advances-In (Prior Repayment)	12,000		12,000
Advances-Out (Prior Repayment)		(12,000)	(12,000)
	<u>(8,000)</u>	<u>8,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(8,000)</u>	<u>8,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(1,467)</u>	<u>4,041</u>	<u>2,574</u>
Fund Cash Balances, January 1	<u>112,728</u>	<u>57,221</u>	<u>169,949</u>
Fund Cash Balances, December 31	<u>\$111,261</u>	<u>\$61,262</u>	<u>\$172,523</u>

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

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$589,396	\$361,961	\$951,357
Investment Income	2,962		2,962
Workshops	4,210		4,210
Fee for Service		178,670	178,670
Physician Reimbursements	81,552		81,552
Other Receipts	13,403	4,581	17,984
	<u>691,523</u>	<u>545,212</u>	<u>1,236,735</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	199,955	61,195	261,150
Fringe	65,910	26,224	92,134
Travel	12,626	670	13,296
Rent	13,050		13,050
Telephone	6,325	610	6,935
Equipment	5,882		5,882
Supplies	13,620		13,620
Legal	900		900
Audit	8,484		8,484
Insurance	3,562		3,562
Utilities and Cleaning	10,519		10,519
Training and Consultation	7,120	15,635	22,755
Hospital In-Patient	30,559		30,559
Outpatient Evaluations	4,530		4,530
Child Psychiatry	116,803		116,803
ALS, AHV, GJM, Wash. LPD	166,878		166,878
Public Relations and Marketing		3,226	3,226
Contract Agencies	11,768	505,213	516,981
	<u>678,491</u>	<u>612,773</u>	<u>1,291,264</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,032</u>	<u>(67,561)</u>	<u>(54,529)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		117,085	117,085
Advances-In	78,996	78,996	157,992
Transfers-Out	(117,085)		(117,085)
Advances-Out	(78,996)	(78,996)	(157,992)
Advances-In (Prior Repayment)	83,649		83,649
Advances-Out (Prior Repayment)		(83,649)	(83,649)
	<u>(33,436)</u>	<u>33,436</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,404)	(34,125)	(54,529)
Fund Cash Balances, January 1	<u>133,132</u>	<u>91,346</u>	<u>224,478</u>
Fund Cash Balances, December 31	<u>\$112,728</u>	<u>\$57,221</u>	<u>\$169,949</u>

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

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southern Consortium for Children, Athens County, Ohio (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 Addition 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's management believes the 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.

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

C. Cash and Investments

The Consortium's investments are limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Investments in STAROhio are valued at STAROhio's share values.

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 required to be accounted for in another fund.

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

Early Childhood Fund - This fund receives grant money from the Ohio Department of Mental Health to provide mental health services for children participating in the Head Start Program.

Time Out Fund – This fund receives grant money from the Department of Health and Human Services, Administration for Children and Families, to provide host home facilities for children.

E. 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 statements.

F. Accumulated 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand Deposits	\$ 25,641	\$ 14,234
Total Deposits	25,641	14,234
STAROhio	146,882	155,715
Total Investments	146,882	155,715
Total Deposits and Investments	\$ 172,523	\$ 169,949

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book entry form.

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. RETIREMENT SYSTEMS

The Consortium's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their gross salary. The Consortium contributed an amount equal to 13.55% of OPERS participants' gross salaries for 2003 and 2002. The Consortium has paid all contributions required through December 31, 2003.

4. RISK MANAGEMENT

Commercial Insurance

The Consortium has obtained commercial insurance for the following risks:

- Comprehensive property
- General Liability
- Vehicle Liability
- Officers Liability

5. ADVANCES NOT REPAYED

The Consortium advanced monies from the General Fund to various Special Revenue Funds in anticipation of future receipts. At December 31, 2001, total advances in the amount of \$105,498 were outstanding and due to the Consortium's General Fund. During 2002, \$83,649 of these outstanding advances was repaid. At December 31, 2002, advances from 2001 in the amount of \$21,849 remained outstanding and due to the Consortium's General Fund. Of the advances made in 2002, all were repaid.

At December 31, 2002, total advances in the amount of \$21,849 were outstanding and due to the Consortium's General Fund. During 2003 \$12,000 of these outstanding advances were repaid. At December 31, 2003, advances made prior to December 31, 2002 totaling \$9,849 remained outstanding and due to the Consortium's General Fund. Of the advances made in 2003, all were repaid.

At December 31, 2003, total advances in the amount of \$9,849 were outstanding and due to the Consortium's General Fund.

6. 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 2003, the Consortium paid \$11,735 to this Board for rent on the office building between January and August, and in 2002 the Consortium paid \$13,050 to this Board for rent on the office building. The Consortium moved to a new location in July 2003.

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. CONTINGENT LIABILITIES

The Consortium is not party to any legal proceedings.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

Southern Consortium for Children
Athens County
507 Richland Avenue, Suite 107
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statements of the Southern Consortium for Children, Athens County, Ohio (the Consortium), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 7, 2004. 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.

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*.

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.

Southern Consortium for Children
Athens County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 7, 2004



**Auditor of State
Betty Montgomery**

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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
MAY 20, 2004**