



**Auditor of State
Betty Montgomery**

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Southern Consortium for Rural Care
Athens County
7990 Dairy Lane
P.O. Box 130
Athens, Ohio 45701

To the Governing 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, 2004 and 2003. 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, 2004 and 2003, 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 September 9, 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 Governing Board, 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

September 9, 2004

**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, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 164,771	\$ 86,027	\$ 250,798
Earnings on Investments	751		751
Other Revenue	152		152
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	165,674	86,027	251,701
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Administration	112,078		112,078
Forensic Development	53,754		53,754
System Development	15,543	3,722	19,265
Treatment Capacity Expansion		64,656	64,656
Integrated Recovery		12,076	12,076
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	181,375	80,454	261,829
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(15,701)	5,573	(10,128)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	119,375	64,126	183,501
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 103,674</u>	<u>\$ 69,699</u>	<u>\$ 173,373</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 15,461</u>	<u>\$ 5,722</u>	<u>\$ 21,183</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, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 192,965	\$ 82,130	\$ 275,095
Earnings on Investments	2,097		2,097
Other Revenue	94		94
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	195,156	82,130	277,286
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Administration	115,309	23,180	138,489
Forensic Development	63,044		63,044
System Development	19,113	10,000	29,113
Treatment Capacity Expansion		93,185	93,185
Integrated Recovery		2,208	2,208
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	197,466	128,573	326,039
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,310)	(46,443)	(48,753)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	121,685	110,569	232,254
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 119,375</u>	<u>\$ 64,126</u>	<u>\$ 183,501</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 13,179</u>	<u>\$ 12,251</u>	<u>\$ 25,430</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, 2004 AND 2003**

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

All cash assets are maintained in an interest-bearing checking account.

D. 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:

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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Consortium had the following significant Special Revenue Fund:

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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.

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 24-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 Rev. 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 presented 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, 2004 AND 2003
(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 2004 and 2003 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:

	2004	2003
Demand deposits	\$ 173,373	\$ 183,501

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 167,771	\$ 165,674	\$ (2,097)
Special Revenue	82,655	86,027	3,372
Total	\$ 250,426	\$ 251,701	\$ 1,275

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 245,600	\$ 196,836	\$ 48,764
Special Revenue	150,323	86,176	64,147
Total	\$ 395,923	\$ 283,012	\$ 112,911

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 196,571	\$ 195,156	\$ (1,415)
Special Revenue	82,130	82,130	0
Total	\$ 278,701	\$ 277,286	\$ (1,415)

**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 268,360	\$ 210,645	\$ 57,715
Special Revenue	192,698	140,824	51,874
Total	\$ 461,058	\$ 351,469	\$ 109,589

4. RISK MANAGEMENT

The Athens, Hocking and Vinton Alcohol, Drug Addiction and Mental Health Services Board (the Board) maintains all the insurance for the Consortium. The Board has commercial coverage for their insurance needs. Other commercial coverage carried by the Consortium includes directors and officers' liability insurance.



Auditor of State Betty Montgomery

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

Southern Consortium for Rural Care
Athens County
7990 Dairy Lane
P.O. Box 130
Athens, Ohio 45701

To the Governing Board:

We have audited the financial statements of the Southern Consortium for Rural Care, Athens County, Ohio (the Consortium), as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 9, 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the Consortium's management in a separate letter dated September 9, 2004.

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 a material weakness. 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 the Consortium's management in a separate letter dated September 9, 2004.

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Southern Consortium for Rural Care
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 Governing 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 9, 2004



**Auditor of State
Betty Montgomery**

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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 4, 2004**