



Mary Taylor, CPA
Auditor of State

**SOUTHERN CONSORTIUM FOR CHILDREN
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government – Wide Financial Statements – 2007:	
Statement of Net Assets – Modified Cash Basis – December 31, 2007	9
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2007	10
Fund Financial Statements – 2007:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2007	11
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2007	12
Government – Wide Financial Statements – 2006:	
Statement of Net Assets – Modified Cash Basis – December 31, 2006	13
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2006.....	14
Fund Financial Statements – 2006:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2006	15
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2006.....	16
Notes to the Basic Financial Statements	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27

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Mary Taylor, CPA

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Consortium for Children, Athens County, Ohio (the Consortium), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Consortium's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Consortium for Children, Athens County, Ohio, as of December 31, 2007 and 2006, and the respective changes in modified cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 30, 2008

Southern Consortium for Children, Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Southern Consortium for Children's (the Consortium) financial performance provides an overall review of the Consortium's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Consortium's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Consortium's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$31,925 or 9 percent. The decrease in cash and cash equivalents was primarily due to timing of fund receipts for the Early Childhood Mental Health Initiative program.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$78,207 or 26 percent. The increase in cash and cash equivalents was primarily due to timing of fund receipts for the Early Childhood Mental Health Initiative program.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Consortium's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Consortium as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Consortium as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Consortium has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Consortium's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Southern Consortium for Children, Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Consortium as a Whole

The statement of net assets and the statement of activities reflect how the Consortium did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Consortium at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Consortium's general receipts.

These statements report the Consortium's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Consortium's financial health. Over time, increases or decreases in the Consortium's cash position is one indicator of whether the Consortium's financial health is improving or deteriorating.

In the statement of net assets and the statement of activities, the Consortium reports only one type of activity:

Governmental activities. The Consortium's basic services are reported here. State and federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Consortium's Most Significant Funds

Fund financial statements provide detailed information about the Consortium's major funds – not the Consortium as a whole. The Consortium establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Consortium are all governmental funds.

Governmental Funds - All of the Consortium's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Consortium's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Consortium's programs. The Consortium's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Consortium's major governmental funds are the General Fund, Rural Care Fund, Runaway and Homeless Youth Fund (2006 only), the Early Childhood Mental Health Initiative Fund, and Rural Health Telemedicine Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Southern Consortium for Children, Athens County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 and 2006
 Unaudited

The Consortium as a Whole

Table 1 provides a summary of the Consortium's net assets for 2007 compared to 2006 compared to 2005.

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 162,353	\$ 46,186	\$ 296,946
Investments	180,875	328,967	
Total Assets	\$ 343,228	\$ 375,153	\$ 296,946
Net Assets			
Restricted for:			
Rural Care	\$ 112,392	\$ 102,332	\$ 83,343
Early Childhood Mental Health	20,855	92,081	53,552
Other Purposes	11,690		
Unrestricted	198,291	180,740	160,051
Total Net Assets	\$ 343,228	\$ 375,153	\$ 296,946

As mentioned previously, net assets of governmental activities decreased \$31,925 or 9 percent during 2007. The primary reason contributing to the decrease in cash balances is as follows:

- The General Fund received the Notice of Financial Awards for 2007 late which made the drawdowns behind schedule.
- In 2006, revenue from the Ohio Department of Mental Health exceeded expenditures. This balance was fully expended in 2007 when all the local program development funds were expended.

Southern Consortium for Children, Athens County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007 and 2006 and the comparisons to 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 36,456	\$ 6,396	\$ 4,884
Operating Grants and Contributions	883,513	882,581	900,904
Total Program Receipts	<u>919,969</u>	<u>888,977</u>	<u>905,788</u>
General Receipts:			
Grants and Entitlements Not Restricted to Specific Programs	572,303	587,687	513,156
Interest	14,983	16,533	6,603
Miscellaneous	1,541	2,205	3,472
Total General Receipts	<u>588,827</u>	<u>606,425</u>	<u>523,231</u>
Total Receipts	<u>1,508,796</u>	<u>1,495,402</u>	<u>1,429,019</u>
Disbursements:			
General Government	610,447	598,680	453,116
Rural Care	198,559	153,601	184,824
Early Childhood Mental Health Initiative	215,400	335,861	375,443
Rural Health Telemedicine Network	243,380	147,675	
Runaway and Homeless Youth		146,378	131,147
Other	272,935	35,000	179,953
Total Disbursements	<u>1,540,721</u>	<u>1,417,195</u>	<u>1,324,483</u>
Increase (Decrease) in Net Assets	(31,925)	78,207	104,536
Net Assets, January 1	375,153	296,946	192,410
Net Assets, December 31	<u>\$ 343,228</u>	<u>\$ 375,153</u>	<u>\$ 296,946</u>

In 2007, governmental activities program receipts represent 61% of total governmental receipts and are primarily comprised of state and federal grant receipts.

In 2006, governmental activities program receipts represent 59% of total governmental receipts and are primarily comprised of state and federal grant receipts.

In 2007, governmental activities general receipts represent 39% of the Consortium's total governmental receipts, and of this amount, 97% are state subsidies. Other receipts such as miscellaneous receipts and interest are somewhat unpredictable revenue sources.

In 2006, governmental activities general receipts represent 41% of the Consortium's total governmental receipts, and of this amount, 97% are state subsidies. Other receipts such as miscellaneous receipts and interest are somewhat unpredictable revenue sources.

In 2007 and 2006, disbursements for General Government represent the overhead costs of running the Consortium and the support services provided for the other Consortium activities. These include all or a portion of the costs of salaries, fringe benefits, audit expense, utilities and maintenance, as well as the costs of providing hospitalization and psychiatric services to children.

Southern Consortium for Children, Athens County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 and 2006
 Unaudited

Rural Care is the cost of providing Detox services to adults in the 10 county area. Early Childhood Mental Health Initiative is the cost of working with local agencies to facilitate the Early Childhood Mental Health Initiative. Rural Health Telemedicine Network is the cost of installing and providing support for the Telepsychiatric Network. Runaway and Homeless Youth is the cost of operating the Time Out network for youth in the ten county area.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Consortium. The next column identifies the costs of providing these services. In 2007 and 2006, the major program disbursements for governmental activities are for General Government. The next column of the Statement entitled Charges for Services and Sales reflects income from the purchase of continuing education units by individuals viewing education videos on our website, www.cbhed.com. The column entitled Operating Grants and Contributions identifies grants received by the Consortium that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006	2005	2005
General Government	\$ 610,447	\$ 573,991	\$ 598,680	\$ 592,284	\$ 453,116	\$ 448,232
Rural Care	198,559	(12,775)	153,601	(25,537)	184,824	(72,523)
Early Childhood Mental Health Initiative	215,400	9,976	335,861	(38,529)	375,443	27,574
Rural Health Telemedicine Network	243,380		147,675			
Runaway and Homeless Youth			146,378		131,147	
Other	272,935	49,560	35,000		179,953	15,412
Total Expenses	<u>\$ 1,540,721</u>	<u>\$ 620,752</u>	<u>\$ 1,417,195</u>	<u>\$ 528,218</u>	<u>\$ 1,324,483</u>	<u>\$ 418,695</u>

The Consortium's Funds

In 2007, total governmental funds had receipts of \$1,508,796 and disbursements of \$1,540,721. The balance in the General Fund increased \$17,551 in 2007.

In 2006, total governmental funds had receipts of \$1,495,402 and disbursements of \$1,417,195. The balance in the General Fund increased \$20,689 in 2006.

Contacting the Consortium's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the Consortium's finances and to reflect the Consortium's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to: Jenny Metts, Fiscal Officer, P.O. Box 956, Athens, Ohio 45701.

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Southern Consortium for Children, Athens County

Statement of Net Assets - Modified Cash Basis

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 162,353
Investments	<u>180,875</u>
Total Assets	<u>\$ 343,228</u>
Net Assets	
Restricted for:	
Rural Care	\$ 112,392
Early Childhood Mental Health	20,855
Other Purposes	11,690
Unrestricted	<u>198,291</u>
Total Net Assets	<u>\$ 343,228</u>

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2007

	Disbursements	Program Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
				Governmental Activities
Governmental Activities				
General Government	\$ 610,447	\$ 36,456	\$	\$ (573,991)
Rural Care	198,559		211,334	12,775
Early Childhood Mental Health Initiative	215,400		205,424	(9,976)
Rural Health Telemedicine Network	243,380		243,380	0
Other	272,935		223,375	(49,560)
Total Governmental Activities	\$ 1,540,721	\$ 36,456	\$ 883,513	(620,752)
		General Receipts		
		Grants and Entitlements not Restricted to Specific Programs		572,303
		Interest		14,983
		Miscellaneous		1,541
		Total General Receipts		588,827
		Change in Net Assets		(31,925)
		Net Assets Beginning of Year		375,153
		Net Assets End of Year		\$ 343,228

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Rural Care	Early Childhood	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 93,745	\$ 53,246	\$ 10,002	\$ 5,360	\$ 162,353
Investments	104,546	59,146	10,853	6,330	180,875
Total Assets	<u>\$ 198,291</u>	<u>\$ 112,392</u>	<u>\$ 20,855</u>	<u>\$ 11,690</u>	<u>\$ 343,228</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 198,291				\$ 198,291
Special Revenue Funds		\$ 112,392	\$ 20,855	\$ 11,690	144,937
Total Fund Balances	<u>\$ 198,291</u>	<u>\$ 112,392</u>	<u>\$ 20,855</u>	<u>\$ 11,690</u>	<u>\$ 343,228</u>

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Rural Care	Early Childhood	Rural Health Telemedicine	Other Governmental Funds	Total Governmental Funds
Receipts						
Intergovernmental	\$ 572,303	\$ 211,334	\$ 205,424	\$ 243,380	\$ 223,375	\$ 1,455,816
Investment Income	14,983					14,983
Workshops	6,456					6,456
Consulting	30,000					30,000
Miscellaneous	1,541					1,541
Total Receipts	625,283	211,334	205,424	243,380	223,375	1,508,796
Disbursements						
Salaries	228,301	(71)	7,461	15,028	27,025	277,744
Fringe	95,374	(49)	3,442	6,826	8,649	114,242
Travel	9,747		370	4,011	1,483	15,611
Rent	14,025					14,025
Telephone	17,943				198	18,141
Equipment	32,334			52,369		84,703
Supplies	26,709			2,274	1,675	30,658
Legal	870					870
Insurance	4,032					4,032
MACSIS Collaborative Development		(1,209)				(1,209)
Other Office	67		1,414			1,481
Training and Consultation	31,626		14,045		118,308	163,979
Research and Development	1,281					1,281
Hospital In-Patient	17,334					17,334
Outpatient Evaluations	8,400					8,400
Planned Respite	2,457					2,457
ALS, AHV, GJM, Wash. LPD	121,437					121,437
ALS, AHV, Wash Detox		121,900				121,900
AHV, GJM, Wash Forensic Monitoring		77,988				77,988
Public Relations and Marketing					2,646	2,646
Contract Agencies	(1,490)		188,668	162,872	112,951	463,001
Total Disbursements	610,447	198,559	215,400	243,380	272,935	1,540,721
Excess of Receipts Over (Under) Disbursements	14,836	12,775	(9,976)	0	(49,560)	(31,925)
Other Financing Sources (Uses)						
Transfers In					61,250	61,250
Advance In	68,675		2,092		8,168	78,935
Transfers Out			(61,250)			(61,250)
Advance Out	(65,960)	(2,715)	(2,092)		(8,168)	(78,935)
Total Other Financing Sources (Uses)	2,715	(2,715)	(61,250)	0	61,250	0
Net Change in Fund Balances	17,551	10,060	(71,226)	0	11,690	(31,925)
Fund Balances Beginning of Year	180,740	102,332	92,081	0	0	375,153
Fund Balances End of Year	<u>\$ 198,291</u>	<u>\$ 112,392</u>	<u>\$ 20,855</u>	<u>\$ 0</u>	<u>\$ 11,690</u>	<u>\$ 343,228</u>

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County

Statement of Net Assets - Modified Cash Basis

December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 46,186
Investments	328,967
	<hr/>
Total Assets	\$ 375,153
	<hr/> <hr/>
Net Assets	
Restricted for:	
Rural Care	\$ 102,332
Early Childhood Mental Health	92,081
Unrestricted	180,740
	<hr/>
Total Net Assets	\$ 375,153
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2006

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 598,680	\$ 6,396	\$	\$ (592,284)
Rural Health Telemedicine Network	147,675		147,675	0
Rural Care	153,601		179,138	25,537
Runaway and Homeless Youth	146,378		146,378	0
Early Childhood Mental Health Initiative	335,861		374,390	38,529
Other	35,000		35,000	0
Total Governmental Activities	<u>\$ 1,417,195</u>	<u>\$ 6,396</u>	<u>\$ 882,581</u>	<u>(528,218)</u>
		General Receipts		
		Grants and Entitlements		
		not Restricted to Specific Programs		587,687
		Interest		16,533
		Miscellaneous		2,205
		Total General Receipts		<u>606,425</u>
		Change in Net Assets		78,207
		Net Assets Beginning of Year		<u>296,946</u>
		Net Assets End of Year		<u>\$ 375,153</u>

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Rural Care	Early Childhood	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 22,178	\$ 12,524	\$ 11,484	\$ 46,186
Investments	158,562	89,808	80,597	328,967
Total Assets	\$ 180,740	\$ 102,332	\$ 92,081	\$ 375,153
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	\$ 180,740			\$ 180,740
Special Revenue Funds		\$ 102,332	\$ 92,081	194,413
Total Fund Balances	\$ 180,740	\$ 102,332	\$ 92,081	\$ 375,153

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Rural Care	Runaway and Homeless Youth	Early Childhood	Rural Health Telemedicine	Other Governmental Funds	Total Governmental Funds
Receipts							
Intergovernmental	\$ 587,687	\$ 179,138	\$ 146,378	\$ 374,390	\$ 147,675	\$ 35,000	\$ 1,470,268
Investment Income	16,533						16,533
Workshops	6,396						6,396
Miscellaneous	2,205						2,205
Total Receipts	612,821	179,138	146,378	374,390	147,675	35,000	1,495,402
Disbursements							
Salaries	220,191	1,954	32,630	10,042	15,645		280,462
Fringe	91,935	959	11,313	4,538	7,432		116,177
Administrative Compensation	1,382						1,382
Travel	14,266		2,284	736	2,523		19,809
Rent	15,150						15,150
Telephone	2,601		264				2,865
Equipment	7,459				39,730		47,189
Supplies	27,625				2,527		30,152
Legal	1,929						1,929
Audit	8,840						8,840
Insurance	4,003						4,003
MACSIS Collaborative Development		14,666					14,666
Other Office	(42)						(42)
Training and Consultation	13,080			86,677		35,000	134,757
Research and Development	(670)						(670)
Hospital In-Patient	31,879						31,879
Outpatient Evaluations	16,800						16,800
ALS, AHV, GJM, Wash. LPD	143,623						143,623
ALS, AHV, GJM, Wash. Detox		49,598					49,598
AHV, GJM, Wash Forensic Monitoring		74,424					74,424
Public Relations and Marketing			280				280
Contract Agencies	(1,371)	12,000	99,607	233,868	79,818		423,922
Total Disbursements	598,680	153,601	146,378	335,861	147,675	35,000	1,417,195
Excess of Receipts Over (Under) Disbursements	14,141	25,537	0	38,529	0	0	78,207
Other Financing Sources (Uses)							
Advance In	28,139	19,529		2,062			49,730
Advance Out	(21,591)	(26,077)		(2,062)			(49,730)
Total Other Financing Sources (Uses)	6,548	(6,548)	0	0	0	0	0
Net Change in Fund Balances	20,689	18,989	0	38,529	0	0	78,207
Fund Balances Beginning of Year	160,051	83,343	0	53,552	0	0	296,946
Fund Balances End of Year	<u>\$ 180,740</u>	<u>\$ 102,332</u>	<u>\$ 0</u>	<u>\$ 92,081</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 375,153</u>

See accompanying notes to the basic financial statements

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 1 - Reporting 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 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 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 basic financial statements present all activities for which the Consortium is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Consortium's accounting policies.

A. Basis of Presentation

The Consortium's basic financial statements consist of government-wide financial statements, including a statement of activities and a statement of net assets, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets – modified cash basis displays information about the Consortium as a whole. The statement of activities – modified cash basis compares disbursements with program receipts for each function or program of the Consortium. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts or other non-exchange transactions. The statement of activities presents the cash balance of the governmental activities of the Consortium at year end and compares disbursements and program receipts for each program or function of the Consortium's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Consortium is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational requirements of a particular program.

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

Receipts which are not classified as program receipts are presented as general receipts of the Consortium, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a modified cash basis or draws from the general receipts of the Consortium.

Fund Financial Statements

During the year, the Consortium segregates transactions related to certain Consortium functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Consortium at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Consortium uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Consortium are all governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Consortium are financed. The following are the Consortium's major governmental funds

General – The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Consortium for any purpose provided it is expended or transferred according to the general laws of Ohio.

Runaway and Homeless Youth (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.

Rural Health Telemedicine (OAT) Fund – This fund receives grant money from the Department of Health and Human Services, Health Resources and Services Administration for the development of a telemedicine network.

Early Childhood Mental Health Initiative (ECMHI) 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.

Rural Care Fund – This fund receives money from the four participating Alcohol, Drug Addiction and Mental Health Services Boards to fund detoxification programs for adults, forensic monitoring, and to support collaborative development for MACSIS among the four participating boards.

The other governmental funds of the Consortium account for grants and other resources whose use is restricted for a particular purpose.

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Consortium's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Consortium's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Consortium are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The Consortium prepares its annual operating budget under the provisions of the Ohio Administrative Code on a fund-by-fund basis. In accordance with those provisions, the following process is used to adopt the annual budgets:

1. Prior to June 1, the Executive Director submits to the Board a proposed operating budget for the Ohio Department of Mental Health Fund and the Early Childhood Mental Health Initiative, both of which operate on a July-to-June fiscal year. Prior to August 1, the Executive Director submits to the Board a proposed operating budget for the Rural Health Telemedicine Grant which operates on a September-to-August federal fiscal year. Prior to September 1, the Executive Director submits to the Board a proposed operating budget for the Runaway and Homeless Youth grant which operates on an October-to-September federal fiscal year. Expenditures from the Special Projects fund require Board approval and occur on a project-by-project basis.
2. The Board adopts the proposed budget by resolution.

All transfers of appropriations between funds and between object categories require Board approval. Advances between funds require the approval of the Executive Director.

The budgets are prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

Revenue from interest earned, sale of the Ohio Scales assessment tool, and workshop fees are reported in Special Projects. Because total revenue from workshop fees is not considered material, a proprietary fund has not been established to report revenue and expenditures separately. All advances originate in Special Projects with approval of the Executive Director. As of December 31, 2007, there were no outstanding advances. As of December 31, 2006, advances of \$2,715 were outstanding.

All funds are legally required to be budgeted and appropriated. A budget is prepared for each fund on the budgetary basis of accounting. The legal level of control has been established by the Executive Board at the fund level for all funds. The Consortium is not subject to Ohio Revised Code Chapter 5705. Consequently, an entity-wide fund by fund budget is not prepared. Budgets are prepared for the grant period, rather than calendar year. As such, budget to actual comparisons are not included in this report.

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

To improve cash management, cash received by the Consortium is pooled and invested. Individual fund integrity is maintained through Consortium records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2006 and 2007, the Consortium invested in 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. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Interest earnings are allocated to Consortium funds according to State statutes. Interest receipts credited to the General Fund during 2006 were \$16,533 and during 2007, \$14,983.

F. Inventory and Prepaid Items

The Consortium reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Consortium reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Consortium's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Consortium recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving various mental health services, funding set aside for use by one of the contribution ADAMHS boards, and match required by federal grants. The Consortium's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Fund Balance Reserves

The Consortium reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

The Consortium is not required by Ohio Revised Code Chapter 5705 to adopt an entity-wide budget. Consequently, budget to actual comparisons are not included in this report.

Note 4 - Deposits and Investments

Monies held by the Consortium are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the Consortium treasury. Active monies must be maintained either as cash in the Consortium treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the Consortium which are not considered active are classified as inactive. Beginning June 15, 2004, inactive monies could be deposited or invested with certain limitations in the following securities provided the Consortium has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 4 - Deposits and Investments (Continued)

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the Consortium. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Consortium will not be able to recover deposits or collateral securities that are in the possession of an outside party. At the end of 2007, \$174,312 of the Consortium's bank balance of \$274,312 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Consortium's name. At the end of 2006, there was no risk as the Consortium's bank balance was \$87,990.

The Consortium has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Consortium or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Consortium's investment policy addresses interest rate risk by requiring that the Consortium's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

As of December 31, 2007 and 2006, the Consortium had an investment in STAROhio. The carrying and fair value of this investment was \$180,875 and \$328,967, respectively, with an average maturity of sixty days. This investment is in an internal investment pool.

STAROhio carries a rating of AAA by Standard and Poor's. The Consortium has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment custodial credit risk is the risk that, in the event of the failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Consortium has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Rev. Code Section 135.35(J)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 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. In 2007 and 2006, Franchise Insurance Agency, Inc. was the insuring agent for the Consortium, providing coverage through Philadelphia Insurance Companies. The policy had a \$1,000 deductible. Coverage provided by was as follows:

Directors and Officers Liability	\$2,000,000
Employment Practices Liability	\$2,000,000
Aggregate Limit, All Parts	\$2,000,000

With the exceptions of medical coverage, life insurance coverage, dental coverage, and worker's compensation, insurance was held with Franchise. There has been no significant reduction in insurance coverage from 2006 or 2007, although there was some realignment, and there have been no claims in the past three years.

Since 2004, the Consortium has participated in the Ohio Rural Water Association, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating entities calculated as one experience and a common premium rate is applied to all entities in the Plan. Each entity pays its workers' compensation premium to the State based on the rate for the Plan rather than the Consortium's individual rate.

In order to allocate the savings derived by the formation of the Plan and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year the Consortium pays an enrollment fee to the Plan to cover the costs of administering the program.

The Consortium may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the Consortium is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any entity leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The Consortium provides employee medical coverage through Medical Mutual of Ohio and employee dental coverage through Medical Benefits Companies. The Consortium pays all but \$1 of each employee's premium.

Note 6 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Consortium participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Southern Consortium for Children, Athens County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 6 - Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Consortium's contribution rate for pension benefits for 2007 was 13.85 percent. For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Consortium's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Consortium's required contribution for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$37,485, \$39,502, and \$37,955 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 7 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care from January 1, 2007 to June 30, 2007; 6% was the portion that was used from July 1, 2007 to December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 to 8 percent annually for the next eight years and 4 percent annually beyond that.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Southern Consortium for Children, Athens County

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 7 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans in the December 31, 2006 actuarial valuation was 362,130. The actual contributions for 2007 and 2006 which were used to fund postemployment benefits were \$9,427 and \$7,302, respectively. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Note 8 - Interfund Transfers

During 2007, a transfer was made to transfer DECA and Triple P funds into their own fund (Early Childhood Mental Health Block Grant Fund). The transfer was approved by the Board.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Consortium are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Directors:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Consortium for Children, Athens County, Ohio (the Consortium), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated September 30, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Consortium's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Consortium's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Consortium's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Consortium's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Consortium's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Consortium's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

September 30, 2008



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 18, 2008**