



**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Alternatives for Children and Teens
Franklin County
3520 Snouffer Road, Suite 105
Columbus, Ohio 43235

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of Alternatives for Children and Teens, Franklin County, Ohio, (ACT) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of ACT's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Alternative for Children and Teens, Franklin County, as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2000 on our consideration of ACT'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.

JIM PETRO
Auditor of State

October 13, 2000

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>		<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
ASSETS AND OTHER DEBITS					
Cash and Investments	\$1,436,597	\$0	\$0	\$0	\$1,436,597
Accounts Receivable	35	0	0	0	35
Due From Other Governments	445,570	102,688	0	0	548,258
Prepaid Items	1,864	0	0	0	1,864
Fixed Assets	0	0	14,906	0	14,906
Amount to be Provided	0	0	0	13,146	13,146
TOTAL ASSETS AND OTHER DEBITS	<u>1,884,066</u>	<u>102,688</u>	<u>14,906</u>	<u>13,146</u>	<u>2,014,806</u>
LIABILITIES					
Accounts Payable	549,655	102,688	0	0	652,343
Compensated Absences	0	0	0	13,146	13,146
Accrued Payroll	4,651	0	0	0	4,651
TOTAL LIABILITIES	<u>554,306</u>	<u>102,688</u>	<u>0</u>	<u>13,146</u>	<u>670,140</u>
FUND EQUITY AND OTHER CREDITS					
Investment in General Fixed Assets	0	0	14,906	0	14,906
Fund Balance					
Reserved	58,358	0	0	0	58,358
Unreserved	1,271,402	0	0	0	1,271,402
TOTAL FUND BALANCE	<u>1,329,760</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,329,760</u>
TOTAL EQUITY AND OTHER CREDITS	<u>1,329,760</u>	<u>0</u>	<u>14,906</u>	<u>0</u>	<u>1,344,666</u>
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	<u>\$1,884,066</u>	<u>\$102,688</u>	<u>\$14,906</u>	<u>\$13,146</u>	<u>\$2,014,806</u>

See accompanying notes to the general purpose financial statements.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
REVENUES:			
Ohio Department of Mental Health	\$891,149	\$0	\$891,149
Federal Block Grant	0	102,688	102,688
Interest Income	70,537	0	70,537
TOTAL REVENUES	961,686	102,688	1,064,374
EXPENDITURES:			
Health and Welfare			
Hospitalization	157,575	0	157,575
Community Alternative Allocations	370,500	102,688	473,188
Total Health and Welfare	528,075	102,688	630,763
Management and Support Services:			
Office Operations	211,373	0	211,373
Consultants	3,450	0	3,450
Total Management and Support	214,823	0	214,823
TOTAL EXPENDITURES	742,898	102,688	845,586
Excess of Revenues over Expenditures	218,788	0	218,788
Fund Balance at Beginning of Year	1,110,972	0	1,110,972
Fund Balance at End of Year	\$1,329,760	\$0	\$1,329,760

See accompanying notes to the general purpose financial statements.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

On August 25, 1988, Alternative Care for Teens, Inc. was incorporated as an Ohio nonprofit corporation. The Corporation was created by the Organizing Members for the purpose of acting in a coordinated and cooperative fashion in providing care for severely emotionally disturbed adolescents. Since its incorporation, the entity has pursued those purposes. In December of 1992 the Corporation desired to restructure the operations and pursue its operations and purposes through a Council of Government organized under Section 167 of the Ohio Revised Code.

Alternative Care for Teens now continues as Alternatives for Children and Teens (ACT). ACT still focuses on serving the needs of children and youth in Central Ohio but has also expanded its role to inter-Board planning and expanded stabilization services.

The ACT Board is made up of seven Mental Health Boards which cover fifteen counties. The seven boards are: Crawford-Marion, Delaware-Morrow, Fairfield, Franklin, Licking-Knox, Madison, and Paint Valley. The fifteen counties are: Crawford, Delaware, Fairfield, Fayette, Franklin, Highland, Knox, Licking, Madison, Marion, Morrow, Pickaway, Pike, Richland and Ross.

ACT services and funding are available for hospital care for children and teens needing stabilization due to an acute psychiatric emergency placing them at eminent risk of substantial harm to themselves or others. In addition, ACT also provides funding to the participating Boards for Community Alternative programs for the troubled children and teens.

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

B. Basis of Accounting

The modified accrual basis of accounting is followed for governmental funds. Revenues are recognized in the period when measurable and available to finance expenditures of the current period. Expenditures are recognized in the period in which the fund liability is incurred, except for the cost of accumulated unpaid vacation and sick leave which is reported in the general long-term obligations account group.

C. Revenues

ACT receives its funding through the Ohio Department of Mental Health (ODMH) through two separate grants. The first grant which makes up approximately 85% of the total receipts is state funding that is used for operational expenses, hospitalization, and the remainder is allocated to the participating boards for community alternative services. The second source of funding is a Federal Block Grant, CFDA 93.958, which is also received through ODMH. The federal funding can only be used for community alternatives.

D. Cash and Investments

Monies received by ACT are pooled in a central bank account. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The financial statements of ACT have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. ACT's significant accounting policies are described below.

ACT uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management. The following funds and account groups are used by ACT.

Governmental Funds:

Governmental funds are those through which ACT's functions are financed. The acquisition, use and balances of ACT's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are ACT's governmental fund 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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

Federal Block Grant Fund - This fund accounts for the Federal Block Grant receipts and expenditures.

Account Groups:

1. General Fixed Asset Account Group

This account group is established to account for all general fixed assets of ACT.

2. General Long Term Obligations Account Group

This account group is established to account for all long-term obligations of ACT.

F. Budgetary Process

ACT adopts an annual budget to monitor its financial activity. However, this budget is not restricted by force of law.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant and Equipment

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Asset Account Group. Contributed fixed assets are recorded at their fair market value as of the date donated. No depreciation is recognized for assets in the account group.

H. Unpaid Vacation and Sick Leave

Vested and accumulated vacation and sick leave that is expected to be liquidated with expendable financial resources is reported as an expenditure and a fund liability of its respective governmental fund. Amounts of vested and accumulated vacation and sick leave that are not expected to be liquidated with expendable financial resources are reported in the General Long Term Obligation Account Group. No expenditure is reported for these amounts.

ACT follows GASB No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued for sick leave if it is probable that the employees will be compensated through cash payment. Upon separation or termination, ACT employees are paid 100% of their vacation accumulated balances and 50% of their sick leave accumulated balances.

I. Fund Balance Reserve

ACT records a reserve for the portion of fund equity to account for funds administered by ACT on behalf of Franklin County based on criteria developed in conjunction with the Franklin County ADAMH Board and on jointly agreed upon plans for the use of the funds. These funds are to be used for children that do not meet the strict guidelines established by ACT, but still require hospital care. The allocation of these funds is approved and administered by ACT.

J. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operations in conformity with GAAP. Such data is not comparable to a consolidation because interfund eliminations have not been made.

K. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

A. Cash

The investment and deposit of ACT's monies is governed by the provisions of the Ohio Revised Code. In accordance with these statutes, ACT is authorized to invest in United States, federal government agencies, and State of Ohio bonds, notes, and other obligations; Certificates of deposit; savings or deposit accounts, including passbook accounts; no-load money market mutual funds secured by United States or State of Ohio obligations; repurchase agreements secured by United States and State of Ohio obligations through eligible institutions; and STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in ACT's name.

During 2000, ACT and public depositories complied with the provisions of these statutes.

B. Deposits with Financial Institutions

As of June 30, 2000, the carrying amount of ACT's deposits was \$75,790 and the bank balance was \$84,349, the difference comprised primarily of outstanding checks. The bank balance was covered by federal depository insurance, or by collateral held by a third party trustee pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

C. Investments

ACT's investments are categorized to give an indication of the level of risk assumed by ACT at June 30, 2000. Category 1 includes investments that are insured or registered or for which the securities are held by ACT or its agent in ACT's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in ACT's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in ACT's name. ACT's only investment at year end was STAR Ohio, which is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The balance in STAR Ohio at year end was \$1,360,808.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. COMMUNITY ALTERNATIVE SERVICES

ACT expended Federal block grant funds totaling \$102,688 for fiscal year 2000 on community alternative services. In addition, ODMH funds totaling \$370,500 for fiscal year 2000 was also spent on community alternative services. The Catalog of Federal Domestic Assistance number for the Federal block grant is 93.958.

Community alternative services expenditures represent monies paid by ACT to area Alcohol, Drug Addiction and Mental Health Boards. The funding was used by these boards for residential alternatives to hospital services for children and teens with serious emotional disturbances.

4. PROPERTY, PLANT AND EQUIPMENT

A summary of the changes in the General Fixed Asset Account Group for the fiscal year follows:

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Equipment	\$9,720	\$7,986	\$6,742	\$10,964
Furniture/Fixtures	5,540	2,399	3,997	3,942
Total General Fixed Assets	<u>\$15,260</u>	<u>\$10,385</u>	<u>\$10,739</u>	<u>14,906</u>

5. GENERAL LONG TERM OBLIGATIONS

A summary of the changes in the General Long Term Obligations Account Group for the fiscal year follows:

<u></u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Balance at 6/30/00</u>
Accrued Vacation and Sick Leave	<u>\$6,692</u>	<u>\$6,454</u>	<u>\$13,146</u>
Total General Long Term Obligations Account Group	<u>\$6,692</u>	<u>\$6,454</u>	<u>\$13,146</u>

Additions and deductions of accrued vacation and sick leave are shown net, since it is impracticable for ACT to determine these amounts separately. ACT employees are granted vacation and sick leave in varying amounts.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. DEFINED BENEFIT PENSION PLANS

ACT contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and ACT is required to contribute 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. ACT's contributions to PERS for the year ended June 30, 2000, was \$28,028. ACT also pays 5 percent of the covered salary for part of the employees' share of contribution.

7. POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care for 2000.

For 1999, benefits are funded on a pay-as-you-go basis. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. ACT's actual contributions for 1999 which were used to fund OPEB were \$6,937.

8. RISK MANAGEMENT

ACT has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

ACT maintains directors and officers liability insurance. ACT also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Alternatives for Children and Teens
Franklin County
3520 Snouffer Road, Suite 105
Columbus, Ohio 43235

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of Alternatives for Children and Teens, Franklin County, Ohio (ACT), as of and for the year ended June 30, 2000, and have issued our report thereon dated October 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether ACT'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 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 ACT'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.

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

JIM PETRO
Auditor of State

October 13, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ALTERNATIVES FOR CHILDREN AND TEENS

FRANKLIN 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 5, 2000