



**SOUTHERN CONSORTIUM FOR RURAL CARE
ATHENS COUNTY**

INITIAL AUDIT

FOR THE YEARS ENDED JUNE 30, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Southern Consortium for Rural Care
Athens County
7990 Dairy Lane
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, 2000 and 1999. 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 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.

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, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2000, 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 management, the Governing Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

October 11, 2000

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**SOUTHERN CONSORTIUM FOR RURAL CARE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Receipts	\$ 77,918	\$ 458,313	\$ 536,231
Interest	3,914		3,914
	<u>81,832</u>	<u>458,313</u>	<u>540,145</u>
Cash Disbursements:			
Administration	59,085	11,232	70,317
Forensic Development	11,000		11,000
System Development	23,697	7,151	30,848
Treatment Capacity Expansion		243,283	243,283
Integrated Recovery		141,000	141,000
	<u>93,782</u>	<u>402,666</u>	<u>496,448</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(11,950)	55,647	43,697
Fund Cash Balances, July 1	<u>55,643</u>	<u>14,020</u>	<u>69,663</u>
Fund Cash Balances, June 30	<u>\$ 43,693</u>	<u>\$ 69,667</u>	<u>\$ 113,360</u>
Reserves for Encumbrances, June 30	<u>\$ 5,828</u>	<u>\$ 30,971</u>	<u>\$ 36,799</u>

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

**SOUTHERN CONSORTIUM FOR RURAL CARE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 111,133	\$ 261,955	\$ 373,088
Miscellaneous Income	8		8
Interest	4,365		4,365
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	115,506	261,955	377,461
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Administration	73,344		73,344
System Development	15,557	15,281	30,838
Treatment Capacity Expansion		238,654	238,654
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	88,901	253,935	342,836
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	26,605	8,020	34,625
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In		6,000	6,000
Transfers-Out	(6,000)		(6,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(6,000)	6,000	0
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,605	14,020	34,625
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	35,038		35,038
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, June 30	<u>\$ 55,643</u>	<u>\$ 14,020</u>	<u>\$ 69,663</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, June 30	<u>\$ 4,540</u>	<u>\$ 13,300</u>	<u>\$ 17,840</u>

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

**SOUTHERN CONSORTIUM FOR RURAL CARE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southern Consortium for Rural Care (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 member 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. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Consortium had the following significant Special Revenue Funds:

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

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

SOUTHERN CONSORTIUM FOR RURAL CARE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Collaborative Development Grant Fund - This is a grant from the Ohio Department of Mental Health to the ADAMH Board of Gallia, Jackson and Meigs Counties as the fiscal agent for the Southeast Psychiatric Collaborative, which consists of the state hospital in Athens and the four Consortium Board members. The Collaborative and the ADAMH Board of Gallia, Jackson and Meigs Counties agreed to transfer the funds and their management to the Consortium. The purpose of the grant is to increase the capacity and improve the effectiveness of the continuous quality improvement activities of the Consortium and the state hospital.

D. 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 to that position.

E. Contracted Services

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

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**SOUTHERN CONSORTIUM FOR RURAL CARE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 2000 and 1999 budgetary activity appears in Note 3.

G. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$ 113,360</u>	<u>\$ 69,663</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,919	\$81,832	(\$87)
Special Revenue	486,954	458,313	(28,641)
Total	<u>\$568,873</u>	<u>\$540,145</u>	<u>(\$28,728)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$133,281	\$99,610	\$33,671
Special Revenue	491,954	433,637	58,317
Total	<u>\$625,235</u>	<u>\$533,247</u>	<u>\$91,988</u>

**SOUTHERN CONSORTIUM FOR RURAL CARE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,191	\$115,506	\$315
Special Revenue	267,954	267,955	1
Total	\$383,145	\$383,461	\$316

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,191	\$99,441	\$50,750
Special Revenue	267,954	267,235	719
Total	\$418,145	\$366,676	\$51,469

4. RISK MANAGEMENT

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

- General Liability and Casualty
- Directors and Officers Liability
- Vehicle
- Property



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

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

To 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, 2000 and 1999, and have issued our report thereon dated October 11, 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 the Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Consortium's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Consortium in a separate letter dated October 11, 2000.

This report is intended for the information and use of the 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

October 11, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SOUTHERN CONSORTIUM FOR RURAL CARE

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 24, 2000**