



**Auditor of State
Betty Montgomery**

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended June 30, 2004	3
Notes to the Financial Statements	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

THIS PAGE INTENTIONALLY LEFT BLANK



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Alternatives for Children and Teens
Franklin County
447 East Broad Street
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the accompanying financial statements of the Alternatives for Children and Teens, Franklin County, Ohio, (ACT), as of and for the fiscal year ended June 30, 2004. These financial statements are the responsibility of ACT's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Alternative for Children and Teens, Franklin County, Ohio, as of June 30, 2004, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

As discussed in Note 2, during the year ended June 30, 2004, ACT changed its method of accounting for financial reporting from accounting principles generally accepted in the United States of America to a basis of accounting prescribed or permitted by the Auditor of State.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005, on our consideration of the ACT'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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

We intend this report solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code. No one else should use it.

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

Betty Montgomery
Auditor of State

March 31, 2005

**ALTERNATIVE FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue</u>	
Cash Receipts:			
Ohio Department of Mental Health	\$ 876,838	\$ -	\$ 876,838
Federal Block grant	-	102,688	102,688
Interest Income	11,211	-	11,211
CMAF Grant Income	2,859	-	2,859
	<u>890,908</u>	<u>102,688</u>	<u>993,596</u>
Total Cash Receipts			
Cash Disbursements:			
Health and Welfare:			
Hospitalization	115,034	-	115,034
Community Alternative Allocations	2,799,486	102,688	2,902,174
Total Health and Welfare	<u>2,914,520</u>	<u>102,688</u>	<u>3,017,208</u>
Management and Support Services:			
Office Operations	135,862	-	135,862
Total Management and Support	<u>135,862</u>	<u>-</u>	<u>135,862</u>
Total Cash Disbursements	<u>3,050,382</u>	<u>102,688</u>	<u>3,153,070</u>
Excess of Cash Receipts Under Cash Disbursements	(2,159,474)	-	(2,159,474)
Fund Balances at Beginning of Year	<u>2,242,266</u>	<u>-</u>	<u>2,242,266</u>
Fund Balances at End of Year	<u>\$ 82,792</u>	<u>\$ -</u>	<u>\$ 82,792</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004**

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 Governments 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 six Mental Health Boards which cover thirteen counties. The six boards are: Crawford-Marion, Delaware-Morrow, Fairfield, Franklin, Licking-Knox, and Paint Valley. The thirteen counties are: Crawford, Delaware, Fairfield, Fayette, Franklin, Highland, Knox, Licking, Marion, Morrow, Pickaway, Pike, 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.

In June 2004, ACT reorganized its operations to transfer responsibility for primary ACT operations from a centralized function performed by ACT personnel to each individual Mental Health Board. The ACT Board structure and membership, as well as ACT bylaws, have not changed. ACT funds are provided to the ADAMH Board of Franklin County, who serves as fiscal agent, and distributed to each individual Board in accordance with a plan determined by the ACT Board of Trustees.

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

B. Basis of Accounting

ACT prepared its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

ACT's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. ACT reports gains or losses at the time of sales as receipts or disbursements, respectively.

Monies received by ACT are pooled in a central bank account. During the year, ACT invested in STAR Ohio (the State Treasurer's investment pool). ACT held no investments at June 30, 2004.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain ACT activities.

1. Governmental Fund Types:

The following are the ACT's governmental fund types:

General Fund - The General Fund is the operating fund of ACT and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to ACT for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Fund – The Special revenue fund is used to account for the Federal Block Grant.

E. Budgetary Process

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

F. Property, Plant and Equipment

Property, Plant, and Equipment are recorded as expenditures when purchased. The accompanying financial statement does not report these items as assets.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstance, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by ACT.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

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

2. CHANGE IN ACCOUNTING PRINCIPLES

A. Restatement of fund balance

For fiscal year 2004, ACT changed its method of accounting for financial reporting from accounting principles generally accepted in the United States of America to a basis of accounting prescribed or permitted by the Auditor of State. This basis of accounting 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 incurred.

The effect of this change in accounting principle to the general fund balance as of June 30, 2003 is as follows:

	Fund Balance June 30, 2003	Accrual Adjustments	Restated Fund Cash Balance June 30 2003
General	\$1,398,409	\$843,856	\$2,242,265

3. EQUITY IN POOLED CASH AND INVESTMENTS

A. Cash and Investments

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 operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

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 105% of the total value of public monies on deposit at the institution. State law does not require security for public deposits and investments to be maintained in ACT's name.

During 2004, ACT and public depositories complied with the provisions of these statutes.

B. Deposits with Financial Institutions

As of June 30, 2004, the carrying amount of ACT's deposits was \$82,792 and the bank balance was \$1,416,632, the difference comprised of outstanding checks. Deposits are collateralized by the Federal Depository Insurance Corporation (FDIC) up to \$100,000 and the remainder by the financial institution's public entity deposit pool.

**ALTERNATIVES FOR CHILDREN AND TEENS
FRANKLIN COUNTY**

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

4. COMMUNITY ALTERNATIVE SERVICES

ACT expended Federal block grant funds totaling \$102,688 for fiscal year 2004 on community alternative services. In addition, ODMH funds totaling \$876,838 for fiscal year 2004 were also spent on community alternative services. The Catalog of Federal Domestic Assistance number for the Federal block grant is 93.958.

Community alternative allocation 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.

5. RETIREMENT SYSTEM

ACT's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5 percent of their gross salaries. ACT contributed an amount equaling 13.55 percent of participants' gross salaries. ACT has paid all contributions required through June 30, 2004.

6. 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.



Auditor of State Betty Montgomery

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

Alternatives for Children and Teens
Franklin County
447 East Broad Street
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the financial statements of the Alternatives for Children and Teens, Franklin County, Ohio, (ACT) as of and for the year ended June 30, 2004, wherein we noted ACT changed methods of financial statement reporting from accounting principles generally accepted in the United States of America to a basis of accounting prescribed or permitted by the Auditor of State, and have issued our report thereon dated March 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ACT's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether ACT'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 we must report under *Government Auditing Standards*.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Alternatives for Children and Teens
Franklin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 31, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
JUNE 7, 2005**