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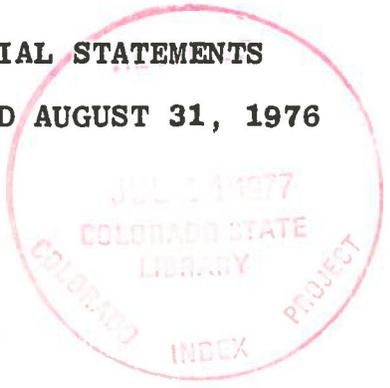
Report of the

State Auditor

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FORT LOGAN MENTAL HEALTH CENTER
ESEA TITLE I
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 1976



STATE of COLORADO
Denver

STATE OF COLORADO
V FORT LOGAN MENTAL HEALTH CENTER

ESEA TITLE I
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 1976
WITH
REPORT OF STATE AUDITOR "

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STATE OF COLORADO
FORT LOGAN MENTAL HEALTH CENTER
ESEA TITLE I
FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 1976
WITH
REPORT OF STATE AUDITOR

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OFFICE OF STATE AUDITOR

SUITE 2410, 1660 LINCOLN STREET
DENVER, COLORADO 80264

February 28, 1977

Legislative Audit Committee
1660 Lincoln Street, Suite 2410
Denver, Colorado 80264

Members of the Legislative Audit Committee:

We have examined the balance sheet of the Fort Logan Mental Health Center Elementary and Secondary Education Act Title I Program at August 31, 1976, and the related statements of revenues and expenditures and changes in investment in fixed assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and with audit requirements set forth by the Colorado Department of Education - Compensatory Education Services Unit and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Fort Logan Mental Health Center Elementary and Secondary Education Act Title I Program as of August 31, 1976, and the revenues and expenditures and changes in the investment in fixed assets for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

ROBERT J. SCOTT, CPA
State Auditor

STATE OF COLORADO
FORT LOGAN MENTAL HEALTH CENTER
ESEA TITLE I
YEAR ENDED AUGUST 31, 1976

INTRODUCTION

Elementary and Secondary Education Act (ESEA) funds are Federal funds disbursed under Title I for the education of the handicapped, Public Law 89-313. The funds are disbursed to the Fort Logan Mental Health Center by the Colorado Department of Education through the Colorado Department of Institutions.

The purpose of this grant is the education of emotionally handicapped children and adolescents in the areas of reading, language arts and math. The funds are to be used as an enrichment to the basic education provided by the Fort Logan Mental Health Center - Rene A. Spitz Children's Adolescent Division.

The funds provided are based on an annual project application submitted by the Fort Logan Mental Health Center through the Colorado Department of Institutions to the Colorado Department of Education. The contract written for the grant is between Fort Logan Mental Health Center and the Colorado Department of Education. The project application is based on the total student enrollment, impacted specifically for those emotionally disturbed students who, by grade, score below a pre-determined level.

The State Auditor's Office reviewed the ESEA Title I grant at the Fort Logan Mental Health Center for compliance with criteria established by the Colorado Department of Education - Compensatory Education Services. The following comments and recommendations resulted from our review.

Allocation of Salaries

The allowable portion of the project director's salary was not fully charged to the ESEA Program. Only five months of the salary was charged instead of six months as allowed by the grant provisions. Failure to charge the allowable portion of the project director's salary to the ESEA Program resulted in an overcharge to the State General Fund of approximately \$1,900.

Recommendation

1. Charge to the ESEA Title I grant the full cost of allowable expenses.

AGENCY RESPONSE: Implemented fully by 8/31/77 and during each succeeding year. During and at the conclusion of each grant year, every effort will be made to insure all allowable expenses have been charged to the grant.

Agency Billings

Billings for reimbursement of grant expenditures were not made on a quarterly basis as allowed by grant guidelines. Instead, one request for the total grant amount of \$20,309 was made late in the fiscal year and the funds were actually received in August 1976.

The Colorado Department of Education draws funds, as needed, for ESEA Title I expenditures from the Department of Health, Education and Welfare. When State agencies fail to request funds on a timely basis, the State General Fund is financing federal programs and loses the opportunity to earn interest on money that could otherwise be invested by the State Treasurer.

Recommendation

2. Draw ESEA funds in advance on a quarterly basis as allowed by the Department of Education.

AGENCY RESPONSE: Implemented. Pursuant to this recommendation, total funds (cash) for 1977 were requested on an interagency voucher dated 5/6/77. During grant FY 1978 and each year thereafter, cash will be requested on a quarterly basis.

* * * * *

We appreciate the cooperation of the Center's personnel during our examination.

STATE OF COLORADO
 FORT LOGAN MENTAL HEALTH CENTER
 ESEA TITLE I
 BALANCE SHEET
 AUGUST 31, 1976

	<u>Operating</u>	<u>Investment in Fixed Assets</u>
<u>ASSETS</u>		
Due from State General Fund.....	\$6,943	
Equipment.....	_____	\$12,653
	<u>\$6,943</u>	<u>\$12,653</u>
 <u>LIABILITIES AND DEFERRED REVENUE</u>		
Due to federal government.....	\$ 61	
Deferred revenue.....	6,882	
Investment in fixed assets.....	_____	\$12,653
	<u>\$6,943</u>	<u>\$12,653</u>

See notes to financial statements.

STATE OF COLORADO
 FORT LOGAN MENTAL HEALTH CENTER
 ESEA TITLE I
 STATEMENT OF REVENUES AND EXPENDITURES
 YEAR ENDED AUGUST 31, 1976

	Title I 1974-1975			Title I 1975-1976		
	Budget	Actual	(Over) Under	Budget	Actual	(Over) Under
		Carry Over				
Revenues.....	<u>\$637</u>	<u>\$576</u>	<u>\$61</u>	<u>\$20,309</u>	<u>\$13,427</u>	<u>\$6,882</u>
 Expenditures:						
Instruction.....	\$637	\$576	\$61	\$19,862	\$13,164	\$6,698
Fixed charges.....	_____	_____	_____	447	263	184
	<u>\$637</u>	<u>\$576</u>	<u>\$61</u>	<u>\$20,309</u>	<u>\$13,427</u>	<u>\$6,882</u>

See notes to financial statements.

STATE OF COLORADO
FORT LOGAN MENTAL HEALTH CENTER
ESEA TITLE I
STATEMENT OF CHANGES IN INVESTMENT IN FIXED ASSETS
YEAR ENDED AUGUST 31, 1976

Balance, September 1, 1975.....	\$12,653
Additions.....	0
Deletions.....	<u>0</u>
Balance, August 31, 1976.....	<u>\$12,653</u>

See notes to financial statements.

STATE OF COLORADO
FORT LOGAN MENTAL HEALTH CENTER
ESEA TITLE I
AUGUST 31, 1976

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Fort Logan Mental Health Center - ESEA Title I, conform to generally accepted accounting principles as applicable to governmental units.

Basis of Accounting

The accompanying financial statements have been prepared on the modified accrual basis of accounting. Revenue is recognized only to the extent of expenditures.

Source of Funds

Upon an approved application, funds are available September 1, of each year.

Unused funds at year-end may be applied for and used in the succeeding fiscal year.

Equipment

Acquisition of equipment is recorded as Capital Outlay expenditure at time of purchase. ESEA Title I equipment is included on the records of the Fort Logan Mental Health Center and is tagged with both State and ESEA identification numbers. A separate listing of ESEA Title I equipment is maintained. It is the policy to capitalize all items having a useful life in excess of one year. Depreciation is not recognized.

2. Due From State General Fund

The amount due from the State General Fund represents the cash advance from ESEA which was unexpended at August 31, 1976.

PAGE	NO.	FORT LOGAN MENTAL HEALTH CENTER TITLE I, ESEA	Comments	Account	*COMMENTS	
3	1	Charge to the ESEA Title I grant the full cost of allowable expense	*		Fully by 8/31/77 and during each succeeding year	During and at the conclusion of each grant year, every effort will be made to insure all allowable expenses have been charged to the grant.
3	2	Draw ESEA Funds in advance on a quarterly basis as allowed by the Department of Education	*		Pursuant to this recommendation, total funds (cash) for 1977 were requested on an interagency voucher dated 5/6/77	*During grant FY 1978 and each year thereafter, cash will be requested on a quarterly basis.

FORT LOGAN MENTAL HEALTH CENTER

5-6-77

(date)

5/6/77

(date)

John B. Aycrigg
 John B. Aycrigg, M.D., Director

Ivan C. Hines
 Ivan C. Hines, Controller

cc: T. H. Lewis