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State Auditor



COLORADO STATE HOSPITAL

ESEA TITLE I

YEAR ENDED AUGUST 31, 1976

STATE of COLORADO
Denver

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

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STATE OF COLORADO
COLORADO STATE HOSPITAL
ESEA TITLE I
FINANCIAL STATEMENTS
WITH
REPORT OF STATE AUDITOR

CONTENTS

	<u>PAGE</u>
Report of State Auditor.....	1
Auditor's Comments.....	2
Financial Statements:	
Balance Sheet, August 31, 1976.....	4
Statement of Revenues and Expenditures Year Ended August 31, 1976.....	5
Notes to Financial Statements.....	6
Agency Response.....	7

ROBERT J. SCOTT, C P. A.
State Auditor



OFFICE OF STATE AUDITOR

SUITE 2410, 1660 LINCOLN STREET
DENVER, COLORADO 80264

April 28, 1977

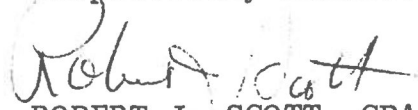
Legislative Audit Committee
1660 Lincoln Street, Suite 2410
Denver, Colorado 80264

Members of the Legislative Audit Committee:

We have examined the financial statements of the Operating Account of the ESEA Title I grant for the Colorado State Hospital for the year ended August 31, 1976. 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 Operating Account for the ESEA Title I grant at the Colorado State Hospital as of August 31, 1976 and the revenues and expenditures 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
COLORADO STATE HOSPITAL
ESEA TITLE I
YEAR ENDED AUGUST 31, 1976

AUDITOR'S COMMENTS

Introduction

Elementary and Secondary Education Act (ESEA) funds are funds distributed under Title I for the education of the handicapped, Public Law 89-313. The funds are disbursed to the Colorado State Hospital by the Colorado Department of Education through the Colorado Department of Institutions.

The purpose of this grant is to improve the program of special education available to the neglected or delinquent and handicapped children committed to the Colorado State Hospital.

The funds provided are based on an annual project application submitted by the Colorado State Hospital to the Colorado Department of Education. The project application is based on the total patient population under the age of 21 committed to the Colorado State Hospital. The contract written for the grant is between the Colorado State Hospital and the Colorado Department of Education.

The State Auditor's Office reviewed the ESEA Title I grant at the Colorado State Hospital for compliance with criteria established by the Colorado Department of Education - Compensatory Education Services Unit. The following comment and recommendation resulted from our review.

Allocation of Salaries

During the audit, we interviewed three of six employees funded by the ESEA grant. We found that one employee, assigned 100% to ESEA Title I, was providing services to both eligible patients (under the age of 21) and ineligible patients (over the age of 21). Therefore, only a portion of the salary should be charged to the grant.

Recommendation

1. Institute procedures that will ensure time spent by Title I personnel serving both eligible and ineligible patients can be documented and properly prorated.

AGENCY RESPONSE: We will institute procedures that only instructors who are paid from ESEA Funds are teaching primarily eligible patients under ESEA Grants. This will be done retroactively to September 1, 1976. To insure that the classroom ratio is primarily ESEA eligible recipients, we will institute a time reporting system.

* * * * *

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

STATE OF COLORADO
COLORADO STATE HOSPITAL
ESEA TITLE I
BALANCE SHEET
AUGUST 31, 1976

Operating
Account

ASSETS

Due from State General Fund.....\$434

LIABILITIES

Deferred revenue.....\$434

See notes to financial statements.

STATE OF COLORADO
 COLORADO STATE HOSPITAL
 ESEA TITLE I
 STATEMENT OF REVENUES AND EXPENDITURES
 YEAR ENDED AUGUST 31, 1976

	Title I 1974-1975 Carry-Over			Title I 1975-1976		
	Budget	Actual	(Over) Under	Budget	Actual	(Over) Under
<u>Revenues</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 0</u>	<u>\$96,937</u>	<u>\$96,503</u>	<u>\$434</u>
 <u>Expenditures</u>						
Instruction.....	\$ 36	\$ 36	\$ 0	\$95,517	\$95,517	\$ 0
Fixed Charges.....	_____	_____	_____	<u>1,420</u>	<u>986</u>	<u>434</u>
	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 0</u>	<u>\$96,937</u>	<u>\$96,503</u>	<u>\$434</u>

See notes to financial statements.

STATE OF COLORADO
COLORADO STATE HOSPITAL
ESEA TITLE I
AUGUST 31, 1976

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Colorado State Hospital - 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.

2. Due From State General Fund

The amount due from the State General Fund represents the remaining cash balance for the ESEA Title I program on deposit in the State General Fund.

Report Page Ref.		Recommendations	Check Appropriate Boxes (*Include Date) (**If checked-explain in comments)					
No.			See Comments	Requires Legislative Action **	Implemented*	To Be Implemented*	Deferred **	Rejected **
1		<p>COLORADO STATE HOSPITAL ESEA TITLE I</p> <p>Institute procedures that will ensure time spent by Title I personnel serving both eligible and ineligible patients can be documented and properly prorated.</p> <p>*a We will institute procedures that only instructors who are paid from ESEA Funds are teaching primarily eligible patients under ESEA Grants. This will be done retroactively to September 1, 1976. To insure that the classroom ratio is primarily ESEA eligible recipients, we will institute a time reporting system.</p>			9-1-76 *a			