



**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Behavioral Health Generations
Logan County
7372 Kingsgate Way
West Chester, Ohio 45069

To the Members of the Council:

We have audited the accompanying financial statements of the Behavioral Health Generations, Logan County, Ohio, (the Council) as of and for the year ended June 30, 2000. These financial statements are the responsibility of the Council'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 2, the Council 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.

As described in Note 4 to the accompanying financial statements, the Council changed its basis of accounting from generally accepted accounting principles to the cash basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Council as of June 30, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2000 on our consideration of the Council'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 finance committee, management, the Council, 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.

Jim Petro
Auditor of State

September 20, 2000

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER JUNE 30, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Dues	\$391,179	\$0	\$391,179
Consumer Quality Review Team Grant (CQRT)		411,947	411,947
Chemical Dependency Capacity Expansion Grant		486,552	486,552
Quality Review Team Grant Enhancement		141,850	141,850
Investment Income	68,018		68,018
Other Receipts	11		11
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	459,208	1,040,349	1,499,557
Cash Disbursements:			
Current:			
Salaries and Fringes	263,926		263,926
Supplies	8,457		8,457
Contracts - Services	69,477		69,477
Travel	9,999		9,999
Utilization Management/Quality Improvement (UM/QI) Expenses	25,355		25,355
Multitple Infomration Systems Expenses	38,629		38,629
Chemical Dependency Expansion Expenses	20,000		20,000
Chemical Dependency Ancillary/Detox Expenses	42,520		42,520
Consumer Quality Review Team Grant (CQRT) Expenses		411,947	411,947
Chemical Dependency Capacity Expansion Grant Expenses		463,619	463,619
Quality Review Team Grant Enhancement Expenses		2,438	2,438
	<hr/>	<hr/>	<hr/>
Total Disbursements	478,363	878,004	1,356,367
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(19,155)	162,345	143,190
Fund Cash Balances, July 1, as restated, see Note 4	<hr/>	<hr/>	<hr/>
	1,125,407	0	1,125,407
Fund Cash Balances, June 30	<hr/>	<hr/>	<hr/>
	<u>\$1,106,252</u>	<u>\$162,345</u>	<u>\$1,268,597</u>

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

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**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. DESCRIPTION OF THE ENTITY

Behavioral Health Generations (BHG) is a Regional Council of Governments, established pursuant to Chapter 167 of the Ohio Revised Code. The membership of the Council consists of the Alcohol, Drug Addiction and Mental Health Services (ADAMHS) Board systems representing Brown, Clermont, Defiance-Fulton-Henry-Williams, Hancock, Logan-Champaign, Union, Warren-Clinton, and Wyandot-Seneca-Sandusky Counties (hereinafter referred to as "systems"). BHG is dependent upon the participation and financial stability of the member ADAMHS Boards. The purpose of the Council shall be the development among Members of BHG of such knowledge and resources as may be necessary and appropriate to promote the design, implementation and management of an integrated system of Behavioral health care for persons served by Members of BHG and to ensure that this system of care:

- a. Provides the highest quality care which is necessary and appropriate for persons served by Members of BHG;
- b. Is accessible to the maximum degree which is possible within available resources;
- c. Is carried out in an efficient, coordinated and cost-effective manner;
- d. Is coordinated with other health care services available to persons receiving services through Members of BHG;
- e. Conforms to all applicable requirements of Federal and State law.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. Cash

During fiscal year 1999, BHG entered into an agreement with Champaign National Bank and Trust. Under this agreement, the Organization's cash is invested and collateralized by segregated government securities. All amounts are invested by the Bank in instruments eligible under the Ohio Revised Code for Ohio governments.

C. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council 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. Membership dues from the ADAMHS Boards is the primary source of funding for carrying out the purpose of BHG.

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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 Council had the following significant Special Revenue Funds:

Consumer Quality Review Teams (CQRT) Grant is a restricted state grant monies to be used to work in partnership with consumers, families, and professionals to systematically assess the quality of mental health services and supports within the community mental health system, and to collaborate in improving quality and consumers' voice and choice within the system. BHG has contracted with Quality Service Review Services, Inc. to conduct this grant.

Chemical Dependency Capacity Expansion Grant (formerly the Treatment Capacity Expansion Funds) was awarded to the member boards and allocated through BHG. These funds are to expand community-based treatment for non-violent offenders, rural treatment services and treatment services to persons 100% of the federal poverty guidelines.

Quality Review Team Grant Enhancement is a state grant in which BHG proposes to purchase a computer and printer and install them in the facility of selected providers for client and family use. In addition to internet access, the computer would be provided with purchased and "home grown," software to provide for the needs identified in the CQRT interview process.

D. Fiscal Agent

The accounting for BHG is performed by its fiscal agent, the Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties (the Board). Certain other services are performed by member Boards on a fee for service basis.

E. Budgetary Process

The Bylaws of the Association require the Chief Executive Officer (the CEO) to prepare an annual budget and present it to the Governing Board for approval.

A summary of 2000 budgetary activity appears in Note 5.

F. 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.

G. Unpaid Vacation and Sick Leave

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

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

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

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Council maintains a cash and investments pool used by all funds. The policies and procedures manual for BHG prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 was as follows:

	<u>2000</u>
Demand deposits	<u>\$ 1,268,597</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Council.

4. RESTATEMENT OF BALANCES

As of July 1, 1999, the beginning fund balances of the General Fund and Special Revenue was restated to reflect fund balances on a cash basis. The effect of this restatement is as follows:

	General Fund	Special Revenue
Fund Balance as previously reported, June 30, 1999	\$1,086,814	\$ 67,497
Net change in prior year cash receipts and expenditures	<u>38,593</u>	<u>(67,497)</u>
Fund Balance as restated, July 1, 1999	<u>\$1,125,407</u>	<u>\$ 0</u>

5. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2000 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$391,179	\$459,208	\$68,029
Special Revenue	<u>1,040,349</u>	<u>1,040,349</u>	<u>0</u>
Total	<u>\$1,431,528</u>	<u>\$1,499,557</u>	<u>\$68,029</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$885,867	\$478,363	\$407,504
Special Revenue	<u>975,499</u>	<u>878,004</u>	<u>97,495</u>
Total	<u>\$1,861,366</u>	<u>\$1,356,367</u>	<u>\$504,999</u>

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

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

6. RETIREMENT SYSTEMS

The Council's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through June 30, 2000.

7. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

The Council 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*

Behavioral Health Generations
Logan County
7372 Kingsgate Way
West Chester, Ohio 45069

To the Members of the Council:

We have audited the accompanying financial statement of Behavioral Health Generations, Logan County, Ohio (the Council), as of and for the year ended June 30, 2000, and have issued our report thereon dated September 20, 2000, wherein we noted that the Council changed its accounting basis from generally accepted accounting principles to a cash basis of accounting. 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 Council'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 Council'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. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-60346-001.

Behavioral Health Generations
Logan County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the finance committee, management, the Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

September 20, 2000

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-60346-001

Contract Expenditures

During the fiscal year, it was noted that several contracts had expired; however, the Council was still incurring expenditures, and 54 % of tested expenditures for the contracts indicated the expenditures were made from these expired contracts. The lack of updated and current contracts could result in violations with contract provisions, terms and/or activity occurring without Council approval or knowledge. For increased control and accountability of contracts and contractual expenditures, all information included in contracts should be reviewed on a regular basis. To facilitate the maintenance of obligations and to help maintain contractual activity, Council should maintain a list of all active contracts with time provisions, as well as, expired and active contracts.



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BEHAVIORAL HEALTH GENERATION

LOGAN 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 28, 2000