



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To Members of the Board:

We have audited the accompanying financial statements of the Behavioral Health Generations (the Council) as of and for the year ended June 30, 2002. 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 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.

As discussed in Note 1, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Council as of June 30, 2002, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2002 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 audit committee, management, the 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

September 19, 2002

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**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Dues	\$286,353		\$286,353
Investment Income	33,689		33,689
Total Cash Receipts	<u>320,042</u>		<u>320,042</u>
Cash Disbursements:			
Current:			
Salaries and Fringe Benefits	293,614		293,614
Supplies	3,197		3,197
Rentals	12,722		12,722
Dues and Publications	633		633
Travel and Training	12,477		12,477
Insurance	3,442		3,442
Advertising	874		874
Utilities	4,908		4,908
Contracts - Services	38,548		38,548
Multiple Agency Client Service Information Systems (MACSIS)	65,468		65,468
Detox Expenses	15,619		15,619
Miscellaneous	1,880		1,880
Total Disbursements	<u>453,382</u>		<u>453,382</u>
Total Receipts Over/(Under) Disbursements	<u>(133,340)</u>		<u>(133,340)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	5,585		5,585
Advances-In	64,987		64,987
Transfers-Out		(\$5,585)	(5,585)
Advances-Out		(64,987)	(64,987)
Reimbursements		64,987	64,987
Total Other Financing Receipts/(Disbursements)	<u>70,572</u>	<u>(5,585)</u>	<u>64,987</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(62,768)	(5,585)	(68,353)
Fund Cash Balances, as restated, July 1, see Note 4	<u>1,160,342</u>	<u>5,585</u>	<u>1,165,927</u>
Fund Cash Balances, June 30	<u>\$1,097,574</u>	<u>\$0</u>	<u>\$1,097,574</u>

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

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**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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, Hancock, Logan-Champaign, Union, Warren-Clinton, and Wyandot-Seneca-Sandusky Counties. 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 and;
- 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.

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.

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

C. Cash

During the year, BHG entered into a depository agreement with the Champaign National Bank and Trust. Under this agreement, BHG'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.

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Board 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 are the primary source of funding for carrying out the purpose of BHG.

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes

Consumer Quality Review Teams Grant is a restricted state grant with 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.

E. 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. Certain other services are performed by member Boards on a fee for service basis.

F. Budgetary Process

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

A summary of 2002 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under Council's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

BHG maintains a cash and investment 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:

Demand deposits	\$865,721
Savings account	231,853
Total deposits	<u>\$1,097,574</u>

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

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$349,853	\$325,627	(\$24,226)
Special Revenue	0	64,987	64,987
Total	\$349,853	\$390,614	\$40,761

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$624,853	\$453,382	\$171,471
Special Revenue	0	5,585	(5,585)
Total	\$624,853	\$458,967	\$165,886

4. PRIOR PERIOD ADJUSTMENT

The ending fund balances of the General Fund and Special Revenue fund were restated due to a prior period adjustment for an advance in and out. The effect of the restatement is as follows:

	General	Special Revenue
Fund Cash Balance as previously reported, June 30	\$1,225,329	(\$59,402)
Prior Period Advance In/(Out)	(64,987)	64,987
Fund Cash Balance as restated, June 30	\$1,160,342	\$5,585

5. RETIREMENT SYSTEMS

The Council's full-time 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 2002, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through June 30, 2002.

6. RISK MANAGEMENT

BHG has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;

BHG also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**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 Members of the Board:

We have audited the accompanying financial statements of Behavioral Health Generations (the Council) as of and for the year ended June 30, 2002, and have issued our report thereon dated September 19, 2002. 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.

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 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Council in a separate letter dated September 19, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Council in a separate letter dated September 19, 2002.

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 solely for the information and use of the audit committee, management and the 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", written in a cursive style.

Jim Petro
Auditor of State

September 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BEHAVIORAL HEALTH GENERATIONS

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 7, 2002