



**Auditor of State
Betty Montgomery**

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

September 30, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Council:

We have audited the accompanying financial statements of Behavioral Health Generations, Butler County, Ohio (the Council), as of and for the year ended June 30, 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require the Council to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the General Fund cash balance of Behavioral Health Generations, Butler County, as of June 30, 2004, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1B describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended June 30, 2004. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005, 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 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.

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

Betty Montgomery
Auditor of State

September 30, 2005

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

Cash Receipts:	
Membership Dues	\$495,147
Investment Income	13,183
Other Receipts - HIPAA Sales/Other	<u>1,042</u>
Total Cash Receipts	<u>509,371</u>
Cash Disbursements:	
Salaries and Fringe Benefits	342,478
Supplies	5,693
Rentals	13,311
Dues and Publications	1,310
Travel and Training	10,933
Insurance	4,789
Advertising	300
Utilities	6,625
Contracts - Services	55,851
Multiple Agency Client Service Information Systems (MACSIS)	56,648
Miscellaneous	3,349
HIPAA Expense	<u>2,891</u>
Total Cash Disbursements	<u>504,179</u>
Total Receipts Over Disbursements	5,193
Fund Cash Balances, July 1	<u>1,027,036</u>
Fund Cash Balances, June 30	<u><u>\$1,032,229</u></u>

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

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**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Behavioral Health Generations, Butler County, Ohio (the Council), is a Regional Council of Governments, established under the authority of the Ohio Revised Code Chapter 1702 and 167. 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, Licking Knox, and Wyandot-Seneca-Sandusky Counties. The Council 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 the Council 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 the Council;
- 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 the Council 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

The Council has a depository agreement with Champaign National Bank and Trust. Under these agreements, the Council'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 accounts for all resources in the General Fund because for the fiscal year ended June 30, 2004, the Council had no resources that were required to be restricted as to use. Membership dues are the primary source of funding.

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fiscal Agent

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

A summary of 2004 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 the Council's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Council maintains a cash and investment pool used by all accounts within the General Fund. The policies and procedures manual for the Council prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 was as follows:

	2004
Demand deposits	<u>\$794,133</u>
Savings account	238,096
Total deposits	<u><u>\$1,032,229</u></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 the Council.

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2004 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$507,147	\$509,371	\$2,225

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$592,635	\$504,179	\$88,456

4. 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 2004, PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through June 30, 2004.

5. RISK MANAGEMENT

Commercial Insurance

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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**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***

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

To the Council:

We have audited the financial statements of the Behavioral Health Generations, Butler County, Ohio (the Council), as of and for the year ended June 30, 2004, and have issued our report thereon dated September 30, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council'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 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 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 the Council'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*.

Behavioral Health Generations
Butler 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 audit committee, management, and Council. 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

September 30, 2005



**Auditor of State
Betty Montgomery**

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BEHAVIORAL HEALTH GENERATIONS

BUTLER 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 17, 2005**