



Dave Yost • Auditor of State

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

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Dave Yost • Auditor of State

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

To the Board of Directors:

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 an 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 adverse 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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Dave Yost
Auditor of State

April 10, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of Behavioral Health Generations, Butler County, Ohio (the Council), as of and for the years ended June 30, 2012 and 2011. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. 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 years ended June 30, 2012 and 2011 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, 2012 and 2011, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2012 and 2011 of Behavioral Health Generations, Butler County and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Behavioral Health Generations adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2013, 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 "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

April 10, 2013

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED JUNE 30, 2012 & 2011**

	2012	2011
<u>Cash Receipts</u>		
Membership Dues	427,348	479,405
Interest Income	2,187	3,007
<i>Total Cash Receipts</i>	429,535	482,412
<u>Cash Disbursements</u>		
Salary and Fringe Benefits	332,020	347,673
Rentals	33,447	30,734
Supplies	9,949	6,799
Utilities	18,396	20,221
Insurance	4,685	4,284
Contracts - Services	53,321	54,355
Travel & Training	7,892	9,279
Miscellaneous	207	355
Dues & Publications	1,070	610
<i>Total Cash Disbursements</i>	460,987	474,310
<i>Excess of Receipts Over (Under) Disbursements</i>	(31,452)	8,102
<i>Fund Cash Balances, January 1</i>	829,406	821,305
<u>Fund Cash Balances, December 31</u>		
Nonspendable	0	0
Restricted	0	0
Committed	0	0
Assigned	0	0
Unassigned (Deficit)	797,954	829,407
<i>Fund Cash Balances, December 31</i>	\$797,954	\$829,407

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
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

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. Accounting Basis

During 2011 and 2012, the Council continued to use the accrual basis of accounting, but revised its financial statement presentation format to follow the accounting basis the Auditor of State prescribes or permits. 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 the Auditor of State prescribes or permits.

C. Cash and Deposits

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, 2012, 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
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fiscal Agent

The accounting overview for the Council is performed by its fiscal agent, Keelsra Business Services LLC. 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.

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.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the governing board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2012	2011
Demand deposits	17,012	41,334
Sweep Money Market Savings	780,942	788,073
Total deposits	797,954	829,407

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

The Council's financial institution transfers funds from the checking account to a higher interest savings account. The Sweep Money Market Savings is insured by the FDIC; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budget	Actual	Variances
General	\$464,533	\$429,535	\$34,998

2012 Budgeted vs. Actual Expenditures			
Fund Type	Budget	Actual	Variances
General	\$467,459	\$460,987	\$6,472

**BEHAVIORAL HEALTH GENERATIONS
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budget	Actual	Variances
General	\$472,193	\$482,412	\$(10,219)

2011 Budgeted vs. Actual Expenditures			
Fund Type	Budget	Actual	Variances
General	\$581,982	\$474,310	\$107,672

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 2011 and 2012, PERS members contributed 10% of their gross salaries. The Council contributed an amount equal to 14% of participants' gross salaries. The Board has paid all contributions required through June 30, 2012.

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.



Dave Yost • Auditor of State

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 Board of Directors:

We have audited the financial statements of Behavioral Health Generations, Butler County, Ohio (the Council), as of and for the years ended June 30, 2012 and 2011 and have issued our report thereon dated April 10, 2013 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. The Council also adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated April 10, 2013.

We intend this report solely for the information and use of management, the audit committee, Board of Directors, and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 10, 2013



Dave Yost • Auditor of State

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
MAY 9, 2013