



Mary Taylor, CPA  
Auditor of State



**BEHAVIORAL HEALTH GENERATIONS  
BUTLER COUNTY**

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# Mary Taylor, CPA

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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**Mary Taylor, CPA**  
Auditor of State

August 26, 2010

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# Mary Taylor, CPA

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, 2010 and 2009. 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, during 2010 and 2009, 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.

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 the Council 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of Behavioral Health Generations, Butler County, Ohio as of June 30, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 26, 2010, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 26, 2010



**BEHAVIORAL HEALTH GENERATIONS  
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Cash Receipts:</b>		
Membership Dues	\$462,022	\$461,272
Investment Income	6,692	14,891
Other Receipts - HIPAA Sales/Other	0	163
Total Cash Receipts	468,714	476,326
<b>Cash Disbursements:</b>		
Salaries and Fringe Benefits	342,920	423,284
Supplies	6,355	14,219
Rentals	32,736	34,113
Dues and Publications	560	578
Travel and Training	15,712	11,132
Insurance	3,554	3,633
Advertising	222	203
Utilities	19,901	20,259
Contracts - Services	46,612	59,853
Miscellaneous	139	951
Total Cash Disbursements	468,711	568,225
Total Receipts Over (Under) Disbursements	3	(91,899)
Fund Cash Balances, July 1	821,301	913,200
<b>Fund Cash Balances, June 30</b>	<b>\$821,304</b>	<b>\$821,301</b>

*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, 2010 AND 2009**

**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 2010 and 2009, 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 values its checking and sweep money market savings account at cost.

**D. Fund Accounting**

The Council accounts for all resources in the General Fund because for the fiscal year ended June 30, 2010, 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, 2010 AND 2009  
(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.

A summary of 2008 and 2007 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 Deposits**

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$30,202	\$17,823
Sweep Money Market Savings	<u>791,102</u>	<u>803,478</u>
Total deposits	<u><u>\$821,304</u></u>	<u><u>\$821,301</u></u>

**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.

**BEHAVIORAL HEALTH GENERATIONS  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending June 30, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$467,982	\$468,714	\$732

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$551,194	\$468,711	\$82,483

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$481,112	\$476,326	(\$4,786)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$615,952	\$568,225	\$47,727

**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 2008 and 2007, PERS members contributed 9.5% and 10%, respectively, of their gross salaries. The Council contributed an amount equal to 13.85% and 14%, respectively, of participants' gross salaries. The Board has paid all contributions required through June 30, 2008.

**5. 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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# Mary Taylor, CPA

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, 2010 and 2009, and have issued our report thereon dated August 26, 2010, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 matter that 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 did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated August 26, 2010.

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

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**Mary Taylor, CPA**  
Auditor of State

August 26, 2010



**BEHAVIORAL HEALTH GENERATIONS  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	ORC 135.12-Failure to designate a depository	Yes	





**Mary Taylor, CPA**  
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  
SEPTEMBER 16, 2010**