



**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



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 the Members of the Board:

We have audited the accompanying financial statements of the Behavioral Health Generations (the BHG), Logan County, as of and for the year ended June 30, 2001. These financial statements are the responsibility of the BHG'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 2, the BHG 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the BHG as of June 30, 2001, 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 December 3, 2001 on our consideration of the BHG'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 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.

Jim Petro
Auditor of State

December 3, 2001

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**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Membership Dues	\$552,538		\$552,538
Quality Review Team Grant Enhancement		134,751	134,751
Chemical Dependency Capacity Expansion Grant		486,552	486,552
Consumer Quality Review Team Grant (CQRT)		451,277	451,277
Investment Income	76,136		76,136
Other Receipts	432		432
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	629,106	1,072,580	1,701,686
Cash Disbursements:			
Current			
Salaries and Fringes	256,406		256,406
Supplies	5,792		5,792
Rentals	10,390		10,390
Dues and Publications	615		615
Travel and Training	9,256		9,256
Insurance	3,245		3,245
Advertising	876		876
Equipment and Furniture	8,136		8,136
Utilities	5,258		5,258
Contracts - Service	66,497		66,497
Utilization Management/Quality Improvement (UM/QI) Expenses	7,732		7,732
Multiple Information Systems Expenses (MIS)	107,463		107,463
Brown County Expansion Expense	10,000		10,000
Detox Expenses	12,630		12,630
Quality Review Team Grant Enhancement Expense		153,822	153,822
CD Capacity Expansion Grant Expense		509,484	509,484
Consumer Quality Review Team Grant (CQRT) Expense		476,931	476,931
Miscellaneous	5,733		5,733
	<hr/>	<hr/>	<hr/>
Total Disbursements	510,029	1,140,237	1,650,266
Total Receipts Over/(Under) Disbursements	119,077	(67,657)	51,420
Other Financing (Disbursements):			
Non-Operating Expenses		(154,090)	(154,090)
	<hr/>	<hr/>	<hr/>
Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	119,077	(221,747)	(102,670)
Fund Cash Balances, July 1	1,106,252	162,345	1,268,597
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, June 30	<u>\$1,225,329</u>	<u>(\$59,402)</u>	<u>\$1,165,927</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
FOR THE YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE ENTITY

Behavioral Health Generation (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, Logan-Champaign, Union, Warren-Clinton and Wyandot-Seneca-Sandusky Counties (hereinafter referred to as "systems"). Clermont and Defiance-Fulton-Henry-Williams withdrew their membership during the audit period. 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 probe 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 BHG's management believes these financial statements present all activities for which the BHG 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.

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 BHG uses fund accounting to segregate cash and investments that are restricted as to use. The BHG 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 the BHG.

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 BHG had the following significant Special Revenue Funds:

Consumer Quality Review Teams (CQRT) 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.

Chemical Dependency Capacity Expansion Grant 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 meeting 100% of the federal poverty guidelines.

Quality Review Team Grant Enhancement is a state grant in which BHG proposes to purchase computers and printers 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 for the General Fund and present it to the Governing Board for approval.

A summary of 2001 budgetary activity appears in Note 4.

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 BHG.

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS

The 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:

<u>2001</u>	
Demand deposits	\$ 1,052,241
Savings account	<u>113,686</u>
Total	<u>\$ 1,165,927</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 BHG.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2001 follows:

<u>2001 Budgetary vs. Actual Receipts</u>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$613,546	\$629,106	\$15,560
Special Revenue	<u> </u>	<u>1,072,580</u>	<u>1,072,580</u>
Total	<u>\$613,546</u>	<u>\$1,701,686</u>	<u>\$1,088,140</u>

<u>2001 Budgetary vs. Actual Basis Expenditures</u>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,044,278	\$510,029	\$534,249
Special Revenue	<u> </u>	<u>1,294,327</u>	<u>(1,294,327)</u>
Total	<u>\$1,044,278</u>	<u>\$1,804,356</u>	<u>(\$760,078)</u>

5. NEGATIVE FUND BALANCES

The Special Revenue Consumer Quality Review Teams (CQRT) Fund has a negative fund balance of \$64,993 due to an advance to Quality Review Services, a subrecipient of the BHG. The negative fund balance will be eliminated when the BHG is reimbursed with grant money.

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

6. RETIREMENT SYSTEMS

The BHG'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 post retirement 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 2001, PERS members contributed 8.5% of their gross sales. Because of a temporary reduction, the BHG contributed an amount equal to 8.13% of participants' gross salaries during the period of July 1, 2000 through December 31, 2000. During the period of January 1, 2001 through June 30, 2001 the contribution rate was 13.55%. The BHG has paid all contributions required through June 30, 2001.

7. RISK MANAGEMENT

The BHG has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

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



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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 the Members of the Board:

We have audited the financial statements of the Behavioral Health Generations, Logan County, Ohio (the BHG), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. 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 BHG'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the BHG'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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the BHG in a separate letter dated December 3, 2001.

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 management and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 3, 2001

**BEHAVIORAL HEALTH GENERATIONS
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid;</u> <u>Explain:</u>
2000- 60346-001	Contract Expenditures	Yes	Fully Corrected



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
DECEMBER 27, 2001