



**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2000	3
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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REPORT OF INDEPENDENT ACCOUNTANTS

Multi-County Juvenile Attention System
Stark County
815 Faircrest Street S.W.
Canton, Ohio 44706

To the Board of Trustees:

We have audited the accompanying financial statements of the Multi-County Juvenile Attention System, Stark County, (the Attention System) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Attention System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 Attention System 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 combined fund cash balances and reserves for encumbrances of the Attention System as of December 31, 2000, and its combined 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 April 30, 2001 on our consideration of the Attention System'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 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

April 30, 2001

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**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Intergovernmental	\$986,291	\$217,898	\$3,455,689	\$4,659,878
Gifts and Donations	1,720			1,720
Refunds and Reimbursements	126,092			126,092
Tuition	686,888			686,888
Sales	988			988
Board and Care	408,466			408,466
Contract Services	5,094,997			5,094,997
Other	65,725			65,725
	<u>7,371,167</u>	<u>217,898</u>	<u>3,455,689</u>	<u>11,044,754</u>
Total Cash Receipts				
Cash Disbursements:				
Salaries	4,013,067			4,013,067
Supplies	583,403	217,898		801,301
Contract Services	1,119,904		721,910	1,841,814
Public Employees' Retirement	651,124			651,124
Worker's Compensation	112,444			112,444
Group Insurance	779,593			779,593
Capital Outlay	159,368		3,336,059	3,495,427
Other	57,263			57,263
	<u>7,476,166</u>	<u>217,898</u>	<u>4,057,969</u>	<u>11,752,033</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(104,999)</u>	<u>0</u>	<u>(602,280)</u>	<u>(707,279)</u>
Fund Cash Balances, January 1	<u>1,471,897</u>	<u>0</u>	<u>1,811,993</u>	<u>3,283,890</u>
Fund Cash Balances, December 31	<u>\$1,366,898</u>	<u>\$0</u>	<u>\$1,209,713</u>	<u>\$2,576,611</u>
Reserve for Encumbrances, December 31	<u>\$527,221</u>	<u>\$0</u>	<u>\$1,654,451</u>	<u>\$2,181,672</u>

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

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**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Multi-County Juvenile Attention Center, Stark County, (the Attention System) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Attention System is directed by an appointed nineteen-member Board of Trustees from Carroll, Columbiana, Holmes, Stark, Tuscarawas and Wayne counties. The Attention System provides facilities to juveniles for training, treatment and rehabilitation as directed by the Juvenile Courts.

The Attention System's management believes these financial statements present all activities for which the Attention System 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Stark County Auditor acts as the fiscal agent for the Attention System, and the County Treasurer maintains a cash and investment pool, including all funds for which the County Auditor is the fiscal agent. The Attention System also maintains a money market account at Key Trust Bank for the self-insurance program, and the balance is reported at cost, which is the same as the market value. The activities for this fund are administered by a third party, American Benefits Management Inc., located in Canton, Ohio.

D. Fund Accounting

The Attention System uses fund accounting to segregate cash and investments that are restricted as to use. The Attention System 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.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or capital projects) that are restricted to expenditure for specific purposes. The Attention System had the following Special Revenue Fund:

USDA Fund - This fund receives monies from the United States Department of Agriculture for reimbursement of lunches served to students at the Attention System.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Attention System had the following significant Capital Projects Fund:

Construction Fund - This fund receives monies from member counties for the construction of additional treatment and detention facilities for juveniles.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Attention System to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 Attention System.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Stark County Treasurer maintains a cash and investment pool used by all funds, including the Attention System. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

County Treasurer	\$2,489,240
Key Bank Trust for Self Insurance	<u>87,371</u>
Total deposits and investments	<u><u>\$2,576,611</u></u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2000 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,891,935	\$7,371,167	(\$520,768)
Special Revenue	217,898	217,898	0
Capital Projects	<u>5,797,487</u>	<u>3,455,689</u>	<u>(2,341,798)</u>
Total	<u><u>\$13,907,320</u></u>	<u><u>\$11,044,754</u></u>	<u><u>(\$2,862,566)</u></u>

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,270,453	\$8,003,387	\$267,066
Special Revenue	217,898	217,898	0
Capital Projects	<u>6,129,996</u>	<u>5,712,420</u>	<u>417,576</u>
Total	<u><u>\$14,618,347</u></u>	<u><u>\$13,933,705</u></u>	<u><u>\$684,642</u></u>

Although budgetary expenditures (actual expenditures plus encumbrances at year end) exceeded total available resources, the Attention System collected a sufficient amount of resources shortly after year-end to cover this deficit.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

4. RETIREMENT SYSTEM

The Attention System'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 2000, PERS members contributed 8.5% of their gross salaries. The Attention System contributed an amount equal to 10.84% of participants' gross salaries. The Attention System has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Attention System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Professional liability

The Attention System also provides health insurance to full time employees through American Benefits Management Inc. for medical and dental self-insurance.

6. CONTINGENT LIABILITIES

The Attention System is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Attention System's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

7. SUBSEQUENT EVENT

Through December 31, 2000, the Attention System has been self-insured for health (medical and dental) insurance using a third party administrator. Effective January 1, 2001, the Attention System will become a member of the Stark County Schools Council of Government (SCOG) which is a shared risk pool for health insurance provided to its member employees. The Attention System and third party administrator were responsible for paying claims reported through the period of March 31, 2001 for services provided through December 31, 2000.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Multi-County Juvenile Attention System
Stark County
815 Faircrest Street S.W.
Canton, Ohio 44706

To the Board of Trustees:

We have audited the accompanying financial statements of the Multi-County Juvenile Attention System, Stark County, (the Attention System) as of and for the year ended December 31, 2000, and have issued our report thereon dated April 30, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 Attention System'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 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 an immaterial instance of noncompliance that we have reported to management of the Attention System in a separate letter dated April 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Attention System'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 Attention System in a separate letter dated April 30, 2001.

Multi-County Juvenile Attention System
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 30, 2001



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MULTI-COUNTY JUVENILE ATTENTION SYSTEM

STARK 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
JUNE 7, 2001**