



**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Five County Joint Juvenile Detention Center
Union County
18100 State Route 4
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of the Five County Joint Juvenile Detention Center, Union County, Ohio, (the Center) as of and for the years ended December 31, 2001, and December 31, 2000. These financial statements are the responsibility of the Center'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 standard 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 described in Note 1, the Center 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 cash balances and reserve for encumbrances of the Five County Joint Juvenile Detention Center, Union County, Ohio, as of December 31, 2001, and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2002 on our consideration of the Center'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 of Trustees, and other officials authorized to receive this report under Section 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

January 29, 2002

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**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2000**

	2001	2000
Receipts:		
Operating Revenue:		
Tuition	\$67,510	\$77,460
Contracts — Services	1,500,105	880,845
Restricted Revenue		
State and Local Sources	192	193,374
Federal Sources	163,169	44,642
Other Receipts	0	75
Total Operating Revenue:	1,730,976	1,196,396
Disbursements:		
Salaries	1,049,747	962,184
Supplies	127,350	101,598
Equipment	41,624	13,119
Contracts	199,609	118,679
Travel and Expense	2,349	3,571
Fringe Benefits:	253,180	250,023
Reimbursement to County:		
Bond Retirement	68,504	71,005
Other Expenses	9,848	12,170
Total Disbursements	1,752,211	1,532,349
Excess of Receipts (Under) Disbursements	(21,235)	(335,953)
Other Financing Sources:		
Refunds	19,927	345
Reimbursements	4,749	34,456
Total Other Financing Sources	24,676	34,801
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements	3,441	(301,152)
Cash Balance, January 1	172,449	473,601
Cash Balance, December 31	\$175,890	\$172,449
Reserve for Encumbrances, December 31	\$0	\$4,196

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

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**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Five County Joint Juvenile Detention Center, Union County, which opened in October 1973, serves Youth and Juvenile Courts of Champaign, Delaware, Logan, Madison, and Union Counties, pursuant to Section 2151.34, Revised Code.

The five counties share the operating expenses of the Detention Center based on their usage. The Detention Center operates under the direction of a board of trustees. All appointments to such board of trustees are made from persons who are recommended and approved by the juvenile court judge or judges of the county of which such person is a resident.

The need for the center was to eliminate the use of the county and town jails as places of detention for juveniles, and to provide a wholesome environment for positive growth and development for young adults.

Management believes the basic financial statements included in this report represent all of the activity of the Detention Center over which the Detention Center has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The financial statement follows 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. EQUITY IN POOLED CASH

Union County acts as the fiscal agent for the Five County Joint Juvenile Detention Center. The carrying value of the Center's deposits and the bank balance are included in the basic financial statements of Union County.

D. BUDGETARY PROCESS

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.

**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY PROCESS (Continued)

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.

Encumbrances

The Ohio Revised Code requires the Center to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. 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.

F. ACCUMULATED UNPAID VACATION AND SICK PAY

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 cash basis of accounting used by the Center.

2. EQUITY IN POOLED CASH

Union County maintains a cash pool used by all funds. The Center's portion of this pool is disclosed below. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2001	2000
Demand deposits	<u>\$175,890</u>	<u>\$172,449</u>
Total deposits	<u><u>\$175,890</u></u>	<u><u>\$172,449</u></u>

**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2001 was as follows:

2001 Budgeted vs. Actual Receipts

Budgeted	Actual	Variance
\$1,760,135	\$1,755,652	(\$4,483)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
\$1,904,405	\$1,752,211	\$152,194

Budgetary activity for the year ending December 31, 2000 was as follows:

2000 Budgeted vs. Actual Receipts

Budgeted	Actual	Variance
\$1,110,788	\$1,231,197	\$120,409

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
\$1,562,913	\$1,536,545	\$26,368

4. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Multi-County Juvenile Detention Facility Bond Issue	\$295,000	5.2-5.6%

The outstanding bond issue was for constructing and improving the multi-county juvenile detention facility. Union County issued this debt on behalf of the Center. The Center makes payments to the County for retirement of the debt.

FIVE COUNTY JOINT JUVENILE DETENTION CENTER

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. DEBT (continued)

Amortization of the above debt, including interest is scheduled as follows:

Year ending December 31:	Facility Bond Issue
2002	\$70,955
2003	68,095
2004	70,180
2005	66,940
2006	68,640
Total	<u><u>\$344,810</u></u>

5. RETIREMENT SYSTEMS

The Center's Certificated teachers belong to the State Teachers Retirement System (STRS) of Ohio and other employees belong to the Public Employees Retirement System (PERS) of Ohio. These plans are cost-sharing, multiple-employer plans. These plans provide 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 and 2000, members of STRS contributed 9.3% of their wages to STRS. The Center contributed an amount equal to 14% of participants wages. For 2001 and 2000, members of PERS contributed 8.50% of their wages to PERS. The Center contributed an amount equal to 13.55% of participants gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Center has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Center has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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



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

Five County Joint Juvenile Detention Center
Union County
18100 State Route 4
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the financial statements of the Five County Joint Juvenile Detention Center, Union County, Ohio, (the Center) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated January 29, 2002. 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 the Center'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-60680-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center'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. We noted other matters involving the internal control over financial reporting that we have reported to management of the Center in a separate letter dated January 29, 2002.

Five County Joint Juvenile Detention Center
Union 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

January 29, 2002

**FIVE COUNTY JOINT JUVENILE DETENTION CENTER
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-60680-001
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Prior Certification of Expenditures

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the total amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrance. This section provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, the governing authority may authorize the issuance of a warrant in payment of the amount due upon such contracts or order by resolution within 30 days from the receipt of such certificates, if such expenditure is otherwise valid.
- B. If the amount is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the governing authority, if such expenditure is otherwise valid.

Sixty-nine percent of the transactions tested were not certified by the County Auditor prior to the commitment being incurred, nor were they certified using a then-and-now certification. This procedure is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Center's funds being over expended or exceeding budgetary spending limitations as set by the Board of Trustees.

This matter has been corrected as of October 2001 when the County Auditor started designating qualifying purchase orders as then and now certifications.



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FIVE COUNTY JOINT JUVENILE DETENTION CENTER

UNION 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
MARCH 12, 2002**