



**Auditor of State  
Betty Montgomery**



**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings.....	11

**THIS PAGE INTENTIONALLY LEFT BLANK**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

South Central Ohio Regional Juvenile Detention Center  
Ross County  
182 Cattail Road  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, (the Center) as of and for the years ended December 31, 2003, and December 31, 2002. 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 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 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 combined fund cash balances and reserves for encumbrances of the South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, as of December 31, 2003, and December 31, 2002, and its combined 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 July 20, 2004, 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 20, 2004

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$ 49,624	\$ -	\$ 2,431,200	\$ 2,480,824
Charges for Services	884,931	-	31,966	916,897
Earnings on Investments	-	-	12,594	12,594
Other Revenue	4,240	-	1,160	5,400
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	938,795	-	2,476,920	3,415,715
<b>Cash Disbursements:</b>				
Current:				
Salaries	532,832	-	-	532,832
Supplies	18,494	-	-	18,494
Equipment	84,815	-	-	84,815
Contract Repairs	11,200	-	-	11,200
Contract Services	-	-	3,712,099	3,712,099
Travel Expenses	2,566	-	-	2,566
Fringes	181,321	-	-	181,321
Other Expenses	136,233	-	-	136,233
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	967,461	-	3,712,099	4,679,560
Total Receipts Over/(Under) Disbursements	(28,666)	-	(1,235,179)	(1,263,845)
Fund Cash Balances, January 1	43,517	19,282	1,362,817	1,425,616
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 14,851</b>	<b>\$ 19,282</b>	<b>\$ 127,638</b>	<b>\$ 161,771</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$ 13,169	\$ -	\$ 21,271	\$ 34,440

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

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$ 98,121	\$ 19,282	\$ -	\$ 117,403
Charges for Services	743,530	-	-	743,530
Earnings on Investments	-	-	52,505	52,505
Other Revenue	1,104	-	1,734	2,838
<b>Total Cash Receipts</b>	<u>842,755</u>	<u>19,282</u>	<u>54,239</u>	<u>916,276</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	511,338	-	-	511,338
Supplies	13,180	-	-	13,180
Equipment	26,169	-	-	26,169
Contract Repairs	9,506	-	-	9,506
Contract Services	-	-	1,980,387	1,980,387
Travel Expenses	4,342	-	-	4,342
Fringes	152,785	-	-	152,785
Other Expenses	85,212	-	-	85,212
<b>Total Cash Disbursements</b>	<u>802,532</u>	<u>-</u>	<u>1,980,387</u>	<u>2,782,919</u>
Total Cash Receipts Over/(Under) Cash Disbursements	40,223	19,282	(1,926,148)	(1,866,643)
Fund Cash Balances, January 1	<u>3,294</u>	<u>-</u>	<u>3,288,965</u>	<u>3,292,259</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 43,517</b></u>	<u><b>\$ 19,282</b></u>	<u><b>\$ 1,362,817</b></u>	<u><b>\$ 1,425,616</b></u>
Reserve for Encumbrances, December 31	<u><u>\$ 4,517</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,129,624</u></u>	<u><u>\$ 3,134,141</u></u>

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



**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, (the Center) is a body corporate and public established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is directed by a seven-member Board of Trustees appointed by the member counties. Member county juvenile courts use the Center to detain delinquent, unruly, dependent, neglected, or abused children, or juvenile traffic offenders until final disposition.

The Center's management believes these financial statements present all activities for which the Center 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 encumbrances is approved)

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

**C. Cash and Investments**

In accordance with Ohio Revised Code, the Center's cash is held and invested by the Ross County Treasurer, who acts as custodian for the Center's monies. The Center's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The Center uses fund accounting to segregate cash and investments that are restricted as to use. The Center 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 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 Township had the following significant Special Revenue Fund:

*Safety and Security Grant Fund* - This fund is used to account for grant money received from the Ohio Department of Youth Services that is restricted to safety and security improvements within the Center.

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Center had the following significant Capital Projects Fund:

*New Detention Center Construction Fund* - The Center received payments from each member county for the construction of a new Detention Center. Additionally the Center received a grant for this from the Appalachian Regional Development and from the Ohio Department of Youth Services for the construction of this new Detention center.

**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 Center 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 2003 and 2002 budgetary activity appears in Note 2.

**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. 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 Center's basis of accounting.

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,075,051	\$938,795	(\$136,256)
Special Revenue	79,630	0	(79,630)
Capital Projects	2,268,000	2,476,920	208,920
Total	\$3,422,681	\$3,415,715	(\$6,966)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,079,568	\$980,630	\$98,938
Special Revenue	2,258	0	2,258
Capital Projects	3,820,844	3,733,370	87,474
Total	\$4,902,670	\$4,714,000	\$188,670

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$843,877	\$842,755	(\$1,122)
Special Revenue	87,315	19,282	(68,033)
Capital Projects	2,268,000	54,239	(2,213,761)
Total	\$3,199,192	\$916,276	(\$2,282,916)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$824,942	\$807,049	\$17,893
Special Revenue	87,315	0	87,315
Capital Projects	5,177,335	5,110,011	67,324
Total	\$6,089,592	\$5,917,060	\$172,532

The Center certified and encumbered in 2002 \$3,129,624 in carryover encumbrances for the entire amount of the detention center construction project. However, the Center was only required to certify and encumber \$246,998 of funds for work completed on the project during 2002 that was paid in 2003.

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. RETIREMENT SYSTEM**

The Center's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Center contributed an amount equal to 13.55% of participants' gross salaries. The Center has paid all contributions required through December 31, 2003.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Center has obtained commercial insurance through CORSA for the following risks:

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

**5. SUBSEQUENT EVENT**

In 2001 the member counties began contributing to build a new detention center. As of the end of 2003, the members had contributed \$3,752,477 and \$2,268,000 was received from the State of Ohio Department of Youth Services and \$163,200 from the Appalachian Regional Development Commission. Each member county share is as follows:

Fayette \$608,893	Highland \$631,054	Jackson \$507,848
Pike \$514,986	Ross \$1,307,517	Vinton \$182,179

Total cost of the project through the end of 2003 was \$6,058,346, with an estimated \$292,922 to be spent in 2004 making the total project cost of \$6,351,268.

The new center opened February 3, 2004.



**Auditor of State  
Betty Montgomery**

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

South Central Ohio Regional Juvenile Detention Center  
Ross County  
182 Cattail Road  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, (the Center) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated July 20, 2004. 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 2003-001.

**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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

South Central Ohio Regional Juvenile Detention Center  
Ross County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 20, 2004

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<b>Finding Number</b>	2003-001
-----------------------	----------

**Material Non-Compliance**

**Failure to Amend the Certificate of Resources**

Ohio Rev. Code Section 5705.36 allows all Detention Centers to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the Center that revenues to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

As demonstrated in the table below, estimated resources exceeded actual resources in the New Detention Center Construction Fund, and the amount of the deficiency was such that at December 31, 2002, budgetary expenditures exceeded actual resources.

<b>Certified Estimated Resources</b>	<b>Actual Resources</b>	<b>Estimated vs. Actual Resources Variance</b>	<b>December 31, 2002 Budgetary Expenditures</b>	<b>Actual Resources vs. Budgetary Expenditures Variance</b>
\$5,556,965	\$3,343,204	(\$2,213,761)	\$5,110,011	(\$1,766,807)

The variance between estimated and actual receipts is due to the Center estimating receipts of \$2,268,000 while it only received receipts of \$54,239. The anticipated receipts were related to a grant and were received subsequent to 2002. The variance between actual resources and budgetary expenditures was caused due to the Center budgeting for expenditures for future fiscal years resulting in \$3,129,624 in carry over encumbrances at December 31, 2002.

However \$246,998 is the amount of cash disbursements made in 2003 due to work completed on the project prior to December 31, 2002. The Center should only appropriate and encumber funds for these types of continuing contracts for amounts to be expended within the fiscal year (following the certification requirements of Ohio Rev. Code Section 5705.41(D) as further discussed in 1987 Op. Atty. Gen. 87-069). The Center chose to appropriate and encumber funds for the entire amount of the project within the fiscal year ending December 31, 2002.

We recommend that the Center amend its certificate of estimated resources, appropriations, and obligate funds as needed to ensure that budgeted expenditures do not exceed available resources.







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER**

**ROSS 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 14, 2004**