



Dave Yost • Auditor of State



**NORTHWEST OHIO JUVENILE DETENTION,  
TRAINING AND REHABILITATION DISTRICT  
WILLIAMS COUNTY**

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# Dave Yost • Auditor of State

Northwest Ohio Juvenile Detention,  
Training and Rehabilitation District  
Williams County  
3389 County Road 2425  
Stryker, Ohio 43557-9418

To the Board:

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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**Dave Yost**  
Auditor of State

July, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Northwest Ohio Juvenile Detention,  
Training and Rehabilitation District  
Williams County  
3389 County Road 2425  
Stryker, Ohio 43557-9418

To the Board:

We have audited the accompanying financial statements of Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the District'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, the District 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.

Instead of the funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District 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 governments to reformat their statements. The District 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 December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2011 and 2010, or its changes in financial position and cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances as of December 31, 2011 and 2010 of Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2012, on our consideration of the District'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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

July 13, 2012



**NORTHWEST OHIO JUVENILE DETENTION,  
TRAINING AND REHABILITATION DISTRICT  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>Operating Cash Receipts</b>		
Tuition	\$237,355	\$241,008
Interest Income	2,263	2,887
Contract - Services	1,068,800	1,095,488
Other Receipts	126,534	110,345
<i>Total Operating Cash Receipts</i>	<i>1,434,952</i>	<i>1,449,728</i>
<b>Operating Cash Disbursements</b>		
Employee Salaries and Medicare	736,559	736,733
Supplies and Materials	62,043	34,357
Equipment	11,641	3,114
Contract - Repair	17,439	19,251
Contract - Services	103,434	125,073
Medical Fees	172,449	191,646
Advertising and Printing	1,613	238
Travel Expenses	6,454	5,728
Public Employee's Retirement	94,005	100,958
Workers' Compensation	12,980	10,007
Unemployment Compensation	12,610	17,710
Capital Outlay	44,574	65,964
Other Expenses	106,617	104,897
<i>Total Operating Cash Disbursements</i>	<i>1,382,418</i>	<i>1,415,676</i>
<i>Operating Income</i>	<i>52,534</i>	<i>34,052</i>
Transfers In	53,936	70,000
Transfers Out	(53,936)	(70,000)
<i>Net Change in Fund Cash Balances</i>	<i>52,534</i>	<i>34,052</i>
<i>Fund Cash Balances, January 1</i>	<i>869,586</i>	<i>835,534</i>
<i>Fund Cash Balances, December 31</i>	<i>\$922,120</i>	<i>\$869,586</i>
<i>Reserve for Encumbrances, December 31</i>	<i>\$36,275</i>	<i>\$21,995</i>

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

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**NORTHWEST OHIO JUVENILE DETENTION,  
TRAINING AND REHABILITATION DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Northwest Ohio Juvenile Detention, Training, and Rehabilitation District, Williams County, Ohio (the District), was created under the Ohio Revised Code §2151.34 and began operations on August 20, 1996. The constitution and laws of the State of Ohio establish the rights and privileges of the District as a body corporate and politic. A thirteen-member Board appointed by the Joint Board of County Commissioners from Defiance, Henry, Fulton and Williams Counties directs the District. The District's services include detention housing, training, and rehabilitation services to juvenile offenders from Defiance, Henry, Fulton, and Williams Counties.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Cash and Investments**

As authorized by Ohio Revised Code 2151, the District's cash is held and invested by the Fulton County Treasurer who acts as the custodian for District monies. The Fulton County Auditor acts as the District's fiscal agent. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying value.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following type:

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The District had the following Enterprise Fund:

Detention Home Fund - This fund accounts for charges for services to provide for operation of the detention center.

**NORTHWEST OHIO JUVENILE DETENTION,  
TRAINING AND REHABILITATION DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. 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 District 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 2011 and 2010 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**NORTHWEST OHIO JUVENILE DETENTION,  
TRAINING AND REHABILITATION DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**2. PRIOR PERIOD RESTATEMENT**

In prior years the District reported activity in a Capital Projects Fund, for 2010 this fund has been appropriately classified as an Enterprise Fund.

The change had the following effect on the previously reported fund balances:

	<u>Projects</u>	<u>Enterprise</u>	<u>Total</u>
Fund Balance as previously reported at December 31, 2009	\$223,513	\$612,021	\$835,534
Restatement	<u>(223,513)</u>	<u>223,513</u>	
Restated balances at January 1, 2010		<u>\$835,534</u>	<u>\$835,534</u>

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

<u>2011 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	<u>\$1,388,590</u>	<u>\$1,488,888</u>	<u>\$100,298</u>

<u>2011 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	<u>\$1,607,574</u>	<u>\$1,472,629</u>	<u>\$134,945</u>

<u>2010 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	<u>\$1,331,131</u>	<u>\$1,519,728</u>	<u>\$188,597</u>

<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	<u>\$1,611,658</u>	<u>\$1,507,671</u>	<u>\$103,987</u>

**4. RETIREMENT SYSTEMS**

The District's teachers belong to the State Teachers Retirement System (STRS). Other employees belong to the Ohio Public Employees Retirement System (OPERS). STRS and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits which include postretirement healthcare and survivor and disability benefits.

**NORTHWEST OHIO JUVENILE DETENTION,  
TRAINING AND REHABILITATION DISTRICT  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. RETIREMENT SYSTEMS (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, members of STRS and OPERS contributed 10 percent of their wages. The District contributed an amount equal to 14 percent of their wages to STRS and OPERS. The District has paid all contributions required through December 31, 2011.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The District is a member of the County Risk Sharing Authority (CORSA) which is a property and liability self insurance pool established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners in member counties. The pool covers the following risks:

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

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



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Northwest Ohio Juvenile Detention,  
Training and Rehabilitation District  
Williams County  
3389 County Road 2425  
Stryker, Ohio 43557-9418

To the Board:

We have audited the financial statements of the Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 13, 2012, wherein we noted the District 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District'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 District'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 District'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 matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the finance committee, management, the Board, and others within the District. We intend it for no one other than these specified parties.

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**Dave Yost**  
Auditor of State

July 13, 2012





# Dave Yost • Auditor of State

**NORTHWEST OHIO JUVENILE DETENTION TRAINING AND REHABILITATION DISTRICT**

**WILLIAMS 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  
JULY 26, 2012**