



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**



**Dave Yost • Auditor of State**



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY  
DECEMBER 31, 2017 AND 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Central Ohio Youth Center  
Union County  
18100 State Route 4  
Marysville, Ohio 43040

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Central Ohio Youth Center, Union County, Ohio (the Center) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Center prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Center does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Central Ohio Youth Center, Union County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 5, 2018

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Charges for Services	\$ 1,100,615	\$ -	\$ 1,100,615
Intergovernmental	125,000	69,090	194,090
Member County Contributions	1,968,879	-	1,968,879
Miscellaneous	19,265	-	19,265
<b>Total Cash Receipts</b>	<u>3,213,759</u>	<u>69,090</u>	<u>3,282,849</u>
<b>Cash Disbursements:</b>			
Personnel Expenses	1,827,081	-	1,827,081
Fringe Benefits	630,679	-	630,679
Materials & Supplies	77,784	69,090	146,874
Contractual Services	210,367	-	210,367
Capital Outlay	36,215	-	36,215
Other	35,295	-	35,295
Debt Service			
Principal Retirement	195,000	-	195,000
Interest and Fiscal Charges	10,106	-	10,106
<b>Total Cash Disbursements</b>	<u>3,022,527</u>	<u>69,090</u>	<u>3,091,617</u>
Total Receipts Over/(Under) Disbursements	191,232	-	191,232
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	200,000	-	200,000
Other Financing (Uses)	(200,000)	-	(200,000)
Total Other Financing Receipts (Disbursements)	-	-	-
Net Change in Fund Cash Balances	191,232	-	191,232
Cash Balances, January 1	95,247	-	95,247
<b>Fund Cash Balance, December 31</b>			
Assigned	204,182	-	204,182
Unassigned	82,297	-	82,297
<i>Fund Cash Balance, December 31</i>	<u><b>\$ 286,479</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 286,479</b></u>

See accompanying notes to the financial statement.

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**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Central Ohio Youth Center, Union County, Ohio (the Center) opened in October 1973, serves Youth and Juvenile Courts of Champaign, Delaware, Madison and Union Counties, pursuant to Section 2152.41, Revised Code. Once a member, Logan County removed itself from operations on April 10, 2003.

The four counties share the operating expenses of the Center based on their usage. The 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 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 financial statement included in this report represents all of the activity of the Center over which the Center has the ability to exercise direct operating control.

**B. Accounting Basis**

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Center recognizes receipts when received 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

Union County acts as the fiscal agent for the Central Ohio Youth Center. The County's deposit and investment pool holds the Center's assets, 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:

**General Fund** – The General Fund reports all financial resources except those required to be accounted for in another fund.

**Food Service Special Revenue Fund** – The food service special revenue fund accounts for and reports federal grants restricted to the food service operation of the Center.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

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

**E. 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 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. Appropriations lapse at year end.

**Estimate Resources**

Estimated resources include estimates of cash to be received (budgeted received) plus 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 cancelled and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2017, fund balance is divided into five classifications based primarily on the extent to which the Center must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Center classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Center must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

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

**F. Fund Balance (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Center Trustees or a Center official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. EQUITY IN CASH**

Union County maintains a cash and investment 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 as of December 31 was as follows:

	<u>2017</u>
Total deposits	286,479

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$ 3,217,789	\$ 3,413,759	\$ 195,970
Special Revenue	\$ 69,090	\$ 69,090	\$ -

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted	Actual	Variance
General	\$ 3,221,695	\$ 3,222,527	\$ (832)
Special Revenue	\$ 69,090	\$ 69,090	\$ -

**4. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Facility Improvement Notes	200,000	1.5%

During 2010 the Center engaged in a renovation project of the facility. The Ohio Department of Youth Services provided funding for 60% of the project costs. During 2010 and 2011 Union County issued general obligation bonds of \$901,601 and facility improvement notes of \$450,000 to provide the Center's 40% match. Union County, Delaware County, Madison County, and Champaign County have entered into an agreement to provide for 25% respective share of the principal, interest, and costs for the debt secured by Union County through each County's respective member contributions. The Center reimburses Union County for the annual retirement of the debt in accordance with the debt agreement amortization schedules.

The 2010 general obligations bonds were paid in full during 2017.

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

	Facility Improvement Notes
Year Ending December 31: 2018	\$ 202,992
	202,992

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

**5. RETIREMENT SYSTEM**

The Center's employees belong to the Ohio Public Employee Retirement System (OPERS). Certified teachers belong to the State Teachers Retirement System (STRS). OPERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017 OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants' gross salaries. For 2017, members of STRS contributed 14% of their gross salaries to STRS. The Center contributed an amount equal to 14% of participants' gross salaries. The Center has also paid all contributions required through December 31, 2017.

**6. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**7. RISK MANAGEMENT**

The Central Ohio Youth Center as 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.

**8. SUBSEQUENT EVENT**

\$140,000 in Bond Anticipation Notes were issued by Union County for the Center on October 4, 2018, to mature October 3, 2019, to retire previously issued notes in the amount of \$200,000 in lieu of issuing bonds at this time.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Charges for Services	\$ 919,045	\$ -	\$ 919,045
Intergovernmental	112,500	59,339	171,839
Member County Contributions	1,691,270	-	1,691,270
Miscellaneous	15,621	-	15,621
	<u>2,738,436</u>	<u>59,339</u>	<u>2,797,775</u>
<b>Total Cash Receipts</b>			
	2,738,436	59,339	2,797,775
<b>Cash Disbursements:</b>			
Personnel Expenses	1,739,102	-	1,739,102
Fringe Benefits	643,980	-	643,980
Materials & Supplies	73,684	59,339	133,023
Contractual Services	206,157	-	206,157
Capital Outlay	8,753	-	8,753
Other	34,947	-	34,947
Debt Service			
Principal Retirement	335,000	-	335,000
Interest and Fiscal Charges	17,064	-	17,064
	<u>3,058,687</u>	<u>59,339</u>	<u>3,118,026</u>
<b>Total Cash Disbursements</b>			
	3,058,687	59,339	3,118,026
<b>Total Receipts Over/(Under) Disbursements</b>	(320,251)	-	(320,251)
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	250,000	-	250,000
Other Financing (Uses)	(250,000)	-	(250,000)
<b>Total Other Financing Receipts (Disbursements)</b>	-	-	-
<b>Net Change in Fund Cash Balances</b>	(320,251)	-	(320,251)
<b>Cash Balances, January 1</b>	415,498	-	415,498
<b>Fund Cash Balance, December 31</b>			
Assigned	23,420	-	23,420
Unassigned	71,827	-	71,827
	<u>71,827</u>	<u>-</u>	<u>71,827</u>
<b>Fund Cash Balance, December 31</b>	<u><b>\$95,247</b></u>	<u><b>\$ -</b></u>	<u><b>\$95,247</b></u>

See accompanying notes to the financial statement.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Central Ohio Youth Center, Union County, Ohio (the Center) opened in October 1973, serves Youth and Juvenile Courts of Champaign, Delaware, Madison and Union Counties, pursuant to Section 2152.41, Revised Code. Once a member, Logan County removed itself from operations on April 10, 2003.

The four counties share the operating expenses of the Center based on their usage. The 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 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 financial statement included in this report represents all of the activity of the Center over which the Center has the ability to exercise direct operating control.

**B. Accounting Basis**

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Center recognizes receipts when received 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

Union County acts as the fiscal agent for the Central Ohio Youth Center. The County's deposit and investment pool holds the Center's assets, 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:

**General Fund** – The General Fund reports all financial resources except those required to be accounted for in another fund.

**Food Service Special Revenue Fund** – The food service special revenue fund accounts for and reports federal grants restricted to the food service operation of the Center.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

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

**E. 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 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.

**Estimate Resources**

Estimated resources include estimates of cash to be received (budgeted received) 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 forward and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2016, fund balance is divided into five classifications based primarily on the extent to which the Center must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Center classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Center must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

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

**F. Fund Balance (Continued)**

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Center Trustees or a Center official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. EQUITY IN CASH**

Union County maintains a cash and investment 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 as of December 31 was as follows:

	<u>2016</u>
Total deposits	95,247

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$ 3,304,468	\$ 2,988,436	\$ (316,032)
Special Revenue	\$ 59,339	\$ 59,339	\$ -

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted	Actual	Variance
General	\$ 3,519,009	\$ 3,332,107	\$ 186,902
Special Revenue	\$ 59,339	\$ 59,339	\$ -

**4. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 145,000	1.3%-4.6%
Facility Improvement Notes	250,000	2%
Total	\$ 395,000	

During 2010 the Center engaged in a renovation project of the facility. The Ohio Department of Youth Services provided funding for 60% of the project costs. During 2010 and 2011 Union County issued general obligation bonds of \$901,601 and facility improvement notes of \$450,000 to provide the Center's 40% match. Union County, Delaware County, Madison County, and Champaign County have entered into an agreement to provide for 25% respective share of the principal, interest, and costs for the debt secured by Union County through each County's respective member contributions. The Center reimburses Union County for the annual retirement of the debt in accordance with the debt agreement amortization schedules.

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

	General Obligation Bonds	Facility Improvement Notes
Year Ending December 31: 2017	\$ 148,669	\$ 253,740
	148,669	253,740

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

**5. RETIREMENT SYSTEM**

The Center's employees belong to the Ohio Public Employee Retirement System (OPERS). Certified teachers belong to the State Teachers Retirement System (STRS). OPERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants' gross salaries. For 2016, members of STRS contributed 14% of their gross salaries to STRS. The Center contributed an amount equal to 14% of participants' gross salaries. The Center has also paid all contributions required through December 31, 2016.

**6. POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**7. RISK MANAGEMENT**

The Central Ohio Youth Center as 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.

**8. SUBSEQUENT EVENT**

\$200,000 in Bond Anticipation Notes were issued by Union County for the Center on August 11, 2017, to mature August 10, 2018, to retire previously issued notes in the amount of \$250,000 in lieu of issuing bonds at this time.

\$140,000 in Bond Anticipation Notes were issued by Union County for the Center on October 4, 2018, to mature October 3, 2019, to retire previously issued notes in the amount of \$200,000 in lieu of issuing bonds at this time.

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# Dave Yost • Auditor of State

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

Central Ohio Youth Center  
Union County  
18100 State Route 4  
Marysville, Ohio 43040

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Central Ohio Youth Center, Union County, Ohio (the Center) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 5, 2018, wherein we noted the Center followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Center's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Center'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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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  
Columbus, Ohio

November 5, 2018

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Grant Activity**

**Material Weakness / Noncompliance**

**Ohio Rev. Code § 5705.09(F)** provides that each subdivision shall establish a separate fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Center does not have internal controls in place to help ensure receipts, expenditures, and fund balances are properly reported and classified on the financial statements.

During 2017 and 2016, the Center improperly recorded federal Child Nutrition Cluster receipts (and related disbursements) to the General Fund rather than to a separate Special Revenue fund in the amounts of \$69,090 and \$59,339, respectively.

The Center's financial statements have been adjusted to properly reflect this activity.

By not properly recording transactions, inaccurate financial reports could be disseminated to the governing board and management as well as financial statement readers.

We recommend the Center closely monitor the posting of revenue derived for a particular purpose to ensure the revenue is paid into a special revenue fund for such purpose.

**Officials' Response**

We did not receive a response from Officials to this finding.

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# Dave Yost • Auditor of State

**CENTRAL OHIO YOUTH 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  
NOVEMBER 29, 2018**