



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

WILLIAMS COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
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REPORT OF INDEPENDENT ACCOUNTANTS

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 the Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 1999 and 1998, 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 June 19, 2000 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 grants.

This report is intended solely for the information and use of the finance committee, management, the Board, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 19, 2000

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**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	Capital Projects	
	1999	1998
Cash Receipts:		
Grants	\$1,716,599	\$680,319
Cash Disbursements:		
Current:		
Contracts - Services	35,449	163,051
Contracts - Projects	1,961,717	181,003
Legal Fees	19,647	2,475
Advertising and Printing	4,047	1,000
Other Expenses	1,879	
Total Cash Disbursements	2,022,739	347,529
Total Cash Receipts Over/(Under) Cash Disbursements	(306,140)	332,790
Fund Cash Balances, January 1	332,790	
Fund Cash Balances, December 31	\$26,650	\$332,790
Reserves for Encumbrances, December 31	\$10,621	\$273

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

**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999 AND 1998**

	Enterprise	
	1999	1998
Operating Cash Receipts:		
Contracts Services	\$532,989	\$439,919
Reimbursements	14,944	522
Other Receipts	378	8,343
	<u>548,311</u>	<u>448,784</u>
Operating Cash Disbursements:		
Salaries - Employees	307,574	268,097
Supplies	9,965	
Equipment	3,000	
Contracts - Repairs	1,531	
Contracts - Services	61,934	66,047
Medical Fees	54,137	32,895
Rentals	32,400	
Travel and Expenses	4,384	3,204
Public Employees Retirement	39,257	34,652
Workers' Compensation	8,820	1,657
Other Expenses	2,812	62,111
	<u>525,814</u>	<u>468,663</u>
Operating Income/(Loss)	22,497	(19,879)
Fund Cash Balances, January 1	<u>21,976</u>	<u>41,855</u>
Fund Cash Balances, December 31	<u>\$44,473</u>	<u>\$21,976</u>
Reserve for Encumbrances, December 31	<u>\$26,650</u>	<u></u>

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

**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was created under § 2151.34, Ohio Revised Code. The District operates under the direction of a thirteen-member Board appointed by the Joint Board of County Commissioners from Defiance, Henry, Fulton, and Williams Counties. The District was formed to provide for operation of the juvenile detention center and began operation on August 20, 1996.

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 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. 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 types:

1. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the Facility Construction Fund. This fund receives state and local grant revenue to be used for the construction of the new juvenile facility.

2. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

D. Budgetary Process

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

NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Defiance County Treasurer is mandated to maintain a cash pool to be utilized by the District's funds.

Deposits

For the years ended December 31, 1999 and 1998, the carrying amount and bank balance of District deposits were \$71,123 and \$354,766 respectively, as reported by the Defiance County Treasurer. Because the District's deposits are commingled with Defiance County's deposits it was not feasible to determine the manner in which the District's deposits were insured. The extent of Defiance County's collateralization is disclosed in its audit report for the years ended December 31, 1999 and 1998.

NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Capital Projects	\$2,704,181	\$1,716,599	(\$987,582)
Enterprise	555,600	548,311	(7,289)
Total	\$ 3,259,781	\$ 2,264,910	\$ (994,871)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Capital Projects	\$3,036,970	\$2,049,389	\$987,581
Enterprise	577,576	536,435	41,141
Total	\$ 3,614,546	\$ 2,585,824	\$ 1,028,722

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Capital Projects	\$680,319	\$680,319	\$0
Enterprise	433,500	448,784	15,284
Total	\$ 1,113,819	\$ 1,129,103	\$ 15,284

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Capital Projects	\$680,319	\$347,529	\$332,790
Enterprise	474,508	468,936	5,572
Total	\$ 1,154,827	\$ 816,465	\$ 338,362

4. RETIREMENT SYSTEMS

All District employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance and dental and vision 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**

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 the Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District'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 audits 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 1999-60120-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 19, 2000.

Northwest Ohio Juvenile Detention,
Training and Rehabilitation District
Williams County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the finance committee, management, and the Board, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 19, 2000

**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND REHABILITATION DISTRICT
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-60120-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

- A. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$1,000 for political subdivisions (other than counties), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty-two percent of the expenditures tested were not properly certified. Also, material unrecorded purchase commitments were noted in the Enterprise fund type. The financial statements were adjusted to reflect those commitments. The certification of the availability of funds should occur in advance of making expenditures. Also, "Then and Now" certifications could be used when necessary.



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NORTHWEST OHIO JUVENILE DETENTION, TRAINING & 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 18, 2000**