



**Auditor of State  
Betty Montgomery**



**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI-COUNTY DETENTION DISTRICT  
FAIRFIELD COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Fairfield, Hocking, Licking and Perry  
Multi-County Detention District  
Fairfield County  
210 East Main Street, Room 301  
Lancaster, Ohio 43130

To the Board of Directors:

We have audited the accompanying financial statements of the Fairfield, Hocking, Licking and Perry Multi-County Detention District, Fairfield County, Ohio, (the District) as of and for the years ended December 31, 2002, 2001, and 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described 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 cash balances and reserves for encumbrances of the Fairfield, Hocking, Licking and Perry Multi-County Detention District, Fairfield County, Ohio, as of December 31, 2002, December 31, 2001, and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2003, 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. 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.

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Board of Directors  
Fairfield, Hocking, Licking and Perry  
Multi-County Detention District  
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This report is intended solely for the information and use of management, the Board of Trustees, the Board of Directors and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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**BETTY MONTGOMERY**  
Auditor of State

July 14, 2003

**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI-COUNTY DETENTION DISTRICT  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000**

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>Cash Receipts:</b>			
County Contributions	\$3,151,785	\$20,835	\$58,330
Intergovernmental Receipts	725,736	0	0
Miscellaneous	200	0	0
Total Cash Receipts	<u>3,877,721</u>	<u>20,835</u>	<u>58,330</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	59,189	2,048	0
Supplies and Materials	1,055	0	0
Reimbursements	2,541	0	0
Advertisements and Publications	2,511	741	0
Equipment	3,742	0	0
Professional Services	380,525	4,522	0
Capital Outlay	1,409,470	14,873	0
Miscellaneous	165	0	0
Total Cash Disbursements	<u>1,859,198</u>	<u>22,184</u>	<u>0</u>
Total Receipts Over/(Under) Disbursements	2,018,523	(1,349)	58,330
Cash Balances, January 1	<u>56,981</u>	<u>58,330</u>	<u>0</u>
<b>Cash Balances, December 31</b>	<b><u>\$2,075,504</u></b>	<b><u>\$56,981</u></b>	<b><u>\$58,330</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$2,000</u>	<u>\$0</u>

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

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**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI-COUNTY DETENTION DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002, 2001, AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Fairfield, Hocking, Licking and Perry Multi-County Detention District (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 on September 22, 2000, in accordance with 2151.343 of the Ohio Revised Code for the purpose of establishing a detention home for the use of the juvenile courts of Fairfield, Hocking, Licking, and Perry Counties. The District is directed by a twelve member Board of Directors and a twelve member Board of Trustees. The Board of Directors consists of all of the Commissioners from the four counties in the District. The Board of Trustees consists of one County Commissioner from each participating County and eight other members. The remaining members are appointed by the Juvenile Court Judges of each participating County.

The members of the District entered into a contract for the construction, operation and maintenance of the detention home. The receipts in the accompanying financial statements were received from the four member counties and from the Department of Youth Services.

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. Cash**

As required by the Ohio Revised Code, the Fairfield County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**D. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function and object level of control and appropriations may not exceed estimated resources. The Board of Directors 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.

**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI COUNTY DETENTION DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002, 2001, AND 2000  
(Continued)**

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

**D. Budgetary Process (Continued)**

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the 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 2002, 2001, and 2000 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. Unpaid Vacation and Sick Leave**

The District's Superintendent/Director is 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 basis of accounting used by the District.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002, 2001, and 2000 follows:

<b>2002 Budgeted vs. Actual Receipts</b>		
Budgeted Receipts	Actual Receipts	Variance
\$6,328,477	\$3,877,721	(\$2,450,756)

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>		
Appropriation Authority	Budgetary Expenditures	Variance
\$6,375,624	\$1,859,198	\$4,516,426

**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI COUNTY DETENTION DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002, 2001, AND 2000  
(Continued)**

**2. BUDGETARY ACTIVITY (Continued)**

<b>2001 Budgeted vs. Actual Receipts</b>		
Budgeted Receipts	Actual Receipts	Variance
\$6,277,234	\$20,835	(\$6,256,399)

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>		
Appropriation Authority	Budgetary Expenditures	Variance
\$6,335,564	\$24,184	\$6,311,380

<b>2000 Budgeted vs. Actual Receipts</b>		
Budgeted Receipts	Actual Receipts	Variance
\$0	\$58,330	\$58,330

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>		
Appropriation Authority	Budgetary Expenditures	Variance
\$0	\$0	\$0

**3. FUNDING**

The Board of Directors has the primary responsibility for funding the District in accordance with one of the following methods:

- (A) In proportion to the number of children from such county who are maintained in the home during the year;
- (B) By a levy submitted to the Board of Directors under Division (A) of Section 5705.19 of the Ohio Revised Code and approved by the electors of the District;
- (C) In proportion to the taxable property of each county, as shown on the tax duplicate; and
- (D) In any combination of the above.

The District also receives additional funding from the Ohio Department of Youth Services.

**4. RETIREMENT SYSTEM**

The District's Superintendent/Director belongs to the Ohio Public Employees Retirement System (OPERS). PERS is a cost-sharing, multiple-employer plan. The 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. The District's PERS member contributed 8.5% of his gross salaries. The District contributed an amount equal to 13.55% of his gross salary. The District has paid all contributions required through December 31, 2002.

**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI COUNTY DETENTION DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002, 2001, AND 2000  
(Continued)**

**5. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability and property insurance, the District has addressed these various types of risk.

The CORSA program has a \$2,500 deductible. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence, \$5,000,000 umbrella, and no annual aggregate.



## **Auditor of State Betty Montgomery**

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

Fairfield, Hocking, Licking and Perry  
Multi-County Detention District  
Fairfield County  
210 East Main Street, Room 301  
Lancaster, Ohio 43130

To the Board of Directors:

We have audited the financial statements of the Fairfield, Hocking, Licking and Perry Multi-County Juvenile Detention District, Fairfield County, Ohio, (the District) as of and for the years ended December 31, 2002, 2001, and 2000, and have issued our report thereon dated July 14, 2003. 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 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 14, 2003.

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

In planning and performing our audit, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management in a separate letter dated July 14, 2003.

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This report is intended for the information and use of management, the Board of Trustees, and the Board of Directors 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 14, 2003



**Auditor of State  
Betty Montgomery**

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**FAIRFIELD, HOCKING, LICKING AND PERRY MULTI-COUNTY DETENTION DISTRICT**

**FAIRFIELD 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 4, 2003**