



**Auditor of State**  
**Betty Montgomery**



**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK 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
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

Multi-County Juvenile Attention System  
Stark County  
815 Faircrest Street S.W.  
Canton, Ohio 44706

To the Board of Trustees:

We have audited the accompanying financial statements of Multi-County Juvenile Attention System, Stark County, Ohio, (the System) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the System'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 provide a reasonable basis for our opinion.

As discussed in Note 1, the System 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.

As further discussed in Note 7, the System restated beginning fund balances for the General and Special Revenue Fund Types to properly classify grant activity.

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 System as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2004 on our consideration of the System'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.

This report is intended solely for the information and use of 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

May 7, 2004

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$752,916	\$278,099		\$1,031,015
Gift and Donations	47,206			47,206
Tuition	1,029,256			1,029,256
Sales	1,604			1,604
Board and Care	956,441			956,441
Contract Services	6,552,428			6,552,428
Other	84,255		\$3,000	87,255
	<u>9,424,106</u>	<u>278,099</u>	<u>3,000</u>	<u>9,705,205</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Salaries	5,251,947			5,251,947
Supplies	539,902	198,127	14,811	752,840
Capital Outlay	39,367			39,367
Contract Repairs	164,248		7,722	171,970
Contract Services	1,335,684			1,335,684
Public Employees' Retirement	995,450			995,450
Worker's Compensation	60,271			60,271
Group Insurance	1,151,152			1,151,152
Other	29,510			29,510
	<u>9,567,531</u>	<u>198,127</u>	<u>22,533</u>	<u>9,788,191</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(143,425)</u>	<u>79,972</u>	<u>(19,533)</u>	<u>(82,986)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	32,636			32,636
Transfers-Out			(32,636)	(32,636)
	<u>32,636</u>	<u>0</u>	<u>(32,636)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(110,789)	79,972	(52,169)	(82,986)
Fund Cash Balances/(Deficit), January 1 (restated)	<u>1,488,827</u>	<u>(79,972)</u>	<u>53,290</u>	<u>1,462,145</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,378,038</u></b>	<b><u>\$0</u></b>	<b><u>\$1,121</u></b>	<b><u>\$1,379,159</u></b>
Reserves for Encumbrances, December 31	<u>\$464,088</u>	<u>\$0</u>	<u>\$0</u>	<u>\$464,088</u>

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

**This page intentionally left blank.**



**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Multi-County Juvenile Attention System, Stark County, (the System) 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 System is directed by an eighteen-member Board of Trustees from Carroll, Columbiana, Holmes, Stark, Tuscarawas, and Wayne Counties. The System provides facilities for juveniles for training, treatment, and rehabilitation as directed by the Juvenile Courts.

The System's management believes these financial statements present all activities for which the System 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 and Investments**

The Stark County Auditor acts as the fiscal agent for the System, and the County Treasurer maintains a cash and investment pool, including all funds for which the County Auditor is the fiscal agent. The County Treasurer is custodian for the System's cash. The System's cash is held in the County's cash and investment pool, and are valued at the County Treasurer's carrying amount.

**D. Fund Accounting**

The System uses fund accounting to segregate cash and investments that are restricted as to use. Stark County, acting as fiscal agent for the System, maintains a General Fund and Capital Projects Fund. For additional financial statement presentation, special revenue funds have been segregated from the General Fund. The System 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 Attention System has the following significant Special Revenue Funds:

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*USDA Fund* – This fund receives monies from the United States Department of Agriculture for reimbursement of lunches served to students at the System.

*Byrne Memorial Grant Fund* - This fund receives grant funds from the United States Department of Justice for the purpose of reducing and preventing illegal drug activity, crime and violence and to improve the functioning of the criminal justice system.

**3. Capital Projects 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 System has the following significant Capital Projects fund:

*Construction Fund* – This fund received monies from member counties and the State of Ohio for the construction of additional treatment and detention facilities for juveniles. This fund had limited expenditures and the System is in the process of closing out this fund.

**E. Budgetary Process**

The Ohio Revised Code requires that each be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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 System 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 budgetary activity appears in Note 3.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK COUNTY**

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

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

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay 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 System's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Stark County Treasurer maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was \$1,379,159.

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity investment pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2003:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,234,793	\$9,456,742	\$221,949
Special Revenue	278,099	278,099	0
Capital Projects	3,000	3,000	0
Total	\$9,515,892	\$9,737,841	\$221,949

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,690,983	\$10,031,619	\$659,364
Special Revenue	198,127	198,127	0
Capital Projects	56,291	55,169	1,122
Total	\$10,945,401	\$10,284,915	\$660,486

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK COUNTY**

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

**4. RETIREMENT SYSTEM**

The System's full-time 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, OPERS members contributed 8.5% of their gross salaries, of which 4.25% is picked up by the System. The System contributed an amount equal to 13.55% of participants' gross salaries for 2003. The System has paid all contributions required through December 31, 2003.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The System has obtained commercial insurance for the following risks:

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

**Risk Pool Membership**

The System is a member of the Stark County Schools Council of Government, which is a shared risk pool for health insurance provided to its member employees.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2003</u>	<u>2002</u>
Cash and investments	\$16,143,143	\$11,201,931
Actuarial liabilities	5,089,000	4,865,000

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM  
STARK COUNTY**

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

**7. RESTATEMENT OF FUND BALANCES**

In 2002, the System misclassified portions of local match receipts and expenditures related to certain grants. The correction of these errors had the following effect on fund balances and "Excess of Cash Receipts and Other Financing Receipts Over/Under Cash Disbursements and Other Financing Disbursements" as previously reported at December 31, 2002:

	<u>Balance/(Deficit) Previously Reported</u>	<u>Correction</u>	<u>Restated Balance/ (Deficit) January 1, 2003</u>
General	\$1,566,881	(\$78,054)	\$1,488,827
Special Revenue	(158,026)	78,054	(79,972)
		<u>General</u>	<u>Special Revenue</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements as Previously Reported		\$863,543	(\$158,026)
Correction		<u>(78,054)</u>	<u>78,054</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements Restated		<u>\$785,489</u>	<u>(\$79,972)</u>

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Multi-County Juvenile Attention System  
Stark County  
815 Faircrest Street S.W.  
Canton, Ohio 44706

To the Board of Trustees:

We have audited the accompanying financial statements of Multi-County Juvenile Attention System, Stark County, Ohio, (the System) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 7, 2004 in which we noted the correction of grant activity resulting in the restatement of the General and Special Revenue Fund Types. 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 System'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 an immaterial instance of noncompliance that we have reported to management of the System in a separate letter dated May 7, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the System'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.

Multi-County Juvenile Attention System  
Stark 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 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

May 7, 2004





**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

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM**

**STARK 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  
JUNE 17, 2004**