



**Auditor of State  
Betty Montgomery**



**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE COUNTY**

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**Auditor of State  
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS**

Portage-Geauga Juvenile Detention Center  
Portage County  
8000 Infirmary Road  
Ravenna, Ohio 44266

To the Joint Board of Trustees:

We have audited the accompanying financial statements of the Portage-Geauga Juvenile Detention Center (the Detention Center) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Detention Center'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 discussed in Note 1, the Detention Center 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 Detention Center as of December 31, 2003 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 April 30, 2004 on our consideration of the Detention Center'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 the audit committee, management, the Joint Board of Trustees, the Joint Board of Commissioners, 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 5, 2004

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Contracts - Services	\$1,767,582			\$1,767,582
Federal Grants		\$66,710		66,710
Tuition	98,410			98,410
Refunds/Reimbursements	8,597			8,597
Other Revenue	29,316		20,985	50,301
	<u>1,903,905</u>	<u>66,710</u>	<u>20,985</u>	<u>1,991,600</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Salaries	995,209			995,209
Supplies	48,205			48,205
Food	49,868			49,868
Equipment	10,181			10,181
Materials				
Contracts-Repair	25,963			25,963
Contracts-Services	134,239			134,239
Medical Fees	3,327			3,327
Uniforms	5,489			5,489
Travel and Expenses	8,370			8,370
PERS and STRS Retirement	138,754			138,754
Worker's Compensation	13,843			13,843
Unemployment Compensation	5,187			5,187
Health Benefits and Medicare	210,531			210,531
Reimbursements to Counties	141,244			141,244
Project Fund Expenses - Federal State		63,330		63,330
Rentals and Utilities	103,376			103,376
Other Expenses	7,445			7,445
	<u>1,901,231</u>	<u>63,330</u>		<u>1,964,561</u>
Total Receipts Over/(Under) Disbursements	<u>2,674</u>	<u>3,380</u>	<u>20,985</u>	<u>27,039</u>
Fund Cash Balances, January 1	<u>279,198</u>	<u>(3,380)</u>	<u>83,154</u>	<u>358,972</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$281,872</u></b>		<b><u>\$104,139</u></b>	<b><u>\$386,011</u></b>
Reserve for Encumbrances, December 31	<u>\$431</u>			<u>\$431</u>

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

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**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Portage-Geauga Juvenile Detention Center, Portage County, (the Detention Center) operates under Section 2151.34 of the Ohio Revised Code for District Detention homes. The Detention Center operates under the direction of a seven member Joint Board of Trustees, made up of two members from Geauga County, three members from Portage County (whom all serve staggering terms of five years), and the two Juvenile Court judges from Portage and Geauga counties. The primary purpose of the Detention Center is to provide a secure and safe environment for youth prior to a court hearing on a delinquency charge, or while awaiting placement or commitment to another facility.

The Detention Center's management believes these financial statements present all activities for which the Detention Center 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**

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

**D. Fund Accounting**

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

**1. General Fund**

The District Detention Home Fund (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.

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE COUNTY**

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

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

**2. Special Revenue Fund**

This fund is used to account for proceeds from specific grants given by the federal government restricted to expenditure for specific purposes such as educational, food, rehabilitation programs, and technology support.

**3. Capital Project Fund**

This fund is used to account for receipts from the Counties of Portage and Geauga that are restricted for the acquisition or construction of major capital projects.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 Joint 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.

**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 Detention Center 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.

**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. 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 Detention Center's basis of accounting.

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE COUNTY**

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

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

The Detention Center maintains a cash and investments 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 as \$386,011.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,880,064	\$1,903,905	\$23,841
Special Revenue	121,275	66,710	(54,565)
Capital Projects	28,470	20,985	(7,485)
Total	\$2,029,809	\$1,991,600	(\$38,209)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,070,529	\$1,901,661	\$168,868
Special Revenue	60,000	63,330	(3,330)
Capital Projects	24,356	0	24,356
Total	\$2,154,885	\$1,964,991	\$189,894

Portage County is the fiscal agent for the Center. All receipts and expenditures for the Center's General and Special Revenue funds are maintained in one fund on the County's system. The Center does not separately budget internally between their General and Special Revenue funds and thus variances above does not represent non-compliance but law requires that a separate fund be established for restricted monies.

**4. RETIREMENT SYSTEMS**

All Detention Center employees belong to the Public Employees Retirement System (PERS) or the State Teachers Retirement System (STRS) of Ohio.

**A. Public Employees Retirement System (PERS)**

PERS is a cost-sharing, multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE COUNTY**

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

**4. RETIREMENT SYSTEMS – (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, PERS members contributed 8.5% of their gross salaries. The Detention Center contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Detention Center has paid all contributions required through December 31, 2003.

**B. State Teachers Retirement System (STRS)**

The Detention Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The Detention Center was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Detention Center has paid all contributions required through December 31, 2003.

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER  
PORTAGE COUNTY**

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

**5. RISK MANAGEMENT**

**Risk Pool Membership**

The Detention Center is a member of the County Risk Sharing Authority (CORSA) which is a property and liability self insurance pool that was 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 from member counties. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

CORSA's assets and liabilities (from their last two audited financial statements – ending April 30th) were as follows:

	<u><b>2003</b></u>	<u><b>2002</b></u>
Assets	\$ 55,307,503	\$ 51,165,165
Liabilities	\$ 27,313,036	\$ 27,067,647

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

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**Auditor of State  
Betty Montgomery**

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

Portage-Geauga Juvenile Detention Center  
Portage County  
8000 Infirmary Road  
Ravenna, Ohio 44266

To the Joint Board of Trustees:

We have audited the accompanying financial statements of Portage-Geauga Juvenile Detention Center (the Detention Center) as of and for the year ended December 31, 2003 and have issued our report thereon dated May 5, 2004. 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 Detention Center'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*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Detention Center'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 one matter involving internal control that we have reported to management of the Detention Center in a separate letter dated May 5, 2004.

Portage-Geauga Juvenile Detention Center  
Portage County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, management, the Joint Board of Trustees, and the Joint Board of Commissioners, 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

May 5, 2004





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER**

**PORTAGE 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 8, 2004**