

Multi-County Juvenile Attention System
STARK COUNTY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Multi-County Juvenile Attention System
815 Faircrest Street, SW
Canton, Ohio 44706-4844

We have reviewed the *Report of Independent Accountants* of the Multi-County Juvenile Attention System, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Multi-County Juvenile Attention System is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 1, 2011

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

For the year ended December 31, 2010

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Multi-County Juvenile Attention System
Stark County
815 Faircrest Street, S.W.
Canton, Ohio 44706-4844

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multi-County Juvenile Attention System (the System) as of and for the year ended December 31, 2010, as listed in the table of contents. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the System as of December 31, 2010, and the respective changes in financial position and the budgetary comparison for the General Fund and Community Corrections Facility Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2G, the System changed its capitalization threshold from \$300 to \$2,000.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2011 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
May 31, 2011

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The discussion and analysis of the Multi-County Juvenile Attention System (the "System") financial performance provides an overall review of the System's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the System's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the System's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- General revenues accounted for \$184,013 in revenue or 1 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,313,302 or 99 percent of total revenues of \$12,497,315.
- Total program expenses were \$11,500,566.
- Net assets increased \$996,749, which represents a 17 percent increase from 2009.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the Multi-County Juvenile Attention System as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the System operations, as they prefer.

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2010 and how they affected the operations of the System as a whole.

Reporting the System as a Whole

Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole System, presenting both an aggregate view of the System's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the System's most significant fund with all other nonmajor funds presented in total in one column. In the case of the Multi-County Juvenile Attention System, the general, community corrections facility grant and the Tuscarawas County attention facility funds are the most significant funds.

A question typically asked about the System's finances "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

These two statements report the System's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the System as a whole, the *financial position* of the System has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the System's programs and services, which consist entirely of children services.

Reporting the System's Most Significant Fund

The analysis of the System's major funds begins on page 7. Fund financial reports provide detailed information about the System's major funds. The System uses several funds to account for financial transactions. However, these fund financial statements focus on the System's most significant funds. The System's major governmental funds are the general fund, the community corrections facility grant fund and the Tuscarawas County Attention Center fund.

Governmental Funds - The System's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the System's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community corrections facility grant fund and Tuscarawas County Attention Center fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The System adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The System as a Whole

Recall that the Statement of Net Assets provides the perspective of the System as a whole. Table 1 provides a summary of the System's net assets for 2010 compared to 2009:

(Table 1)
Net Assets

	Governmental Activities	
	2010	2009
Assets		
Current and Other Assets	\$ 4,274,540	\$ 1,754,261
Capital Assets	5,471,523	5,631,144
<i>Total Assets</i>	9,746,063	7,385,405
Liabilities		
Current and Other Liabilities	1,057,318	986,190
Long-Term Liabilities	1,852,911	560,130
<i>Total Liabilities</i>	2,910,229	1,546,320
Net Assets		
Invested in Capital Assets	5,471,523	5,631,144
Restricted for Other Purposes	627,711	224,663
Unrestricted	736,600	(16,722)
<i>Total Net Assets</i>	\$ 6,835,834	\$ 5,839,085

Total assets increased by \$2,360,658. The majority of this increase is due to larger cash balances. During 2010, the System issued \$1,400,000 in bonds, the majority of which were unspent at year-end. Additionally, in September 2010, the System began billing school districts directly for tuition. Prior to this date, the billing was performed by Canton Local School District, and the System received only an administrative fee. This change in billing resulted in a much larger tuition receivable amount in 2010.

Total liabilities increased by \$1,363,909. The majority of this increase occurred in the long-term liabilities category and is directly related to the new debt issued by the System in 2010. Additionally, accrued wages and benefits liability increased due to the timing of December's health insurance payment. In 2009, December's payment was paid prior to year-end, but in 2010, it was not paid until January 2011, resulting in an additional accrued liability.

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the System's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets – Governmental Activities

	2010	2009
Revenues		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$ 9,530,260	\$ 8,887,604
Operating Grants and Contributions	2,645,607	2,034,119
Capital Grants	137,435	0
<i>General Revenue:</i>		
Investment Earnings	5	0
Miscellaneous	184,008	146,012
<i>Total Revenues</i>	12,497,315	11,067,735
Program Expenses		
Children Services	11,431,354	11,644,145
Interest and Fiscal Charges	34,212	0
Issuance Costs	35,000	0
<i>Total Program Expenses</i>	11,500,566	11,644,145
<i>Increase (Decrease) in Net Assets</i>	996,749	(576,410)
<i>Net Assets Beginning of Year</i>	5,839,085	6,415,495
<i>Net Assets End of Year</i>	\$ 6,835,834	\$ 5,839,085

Governmental Activities

The program revenues for the governmental activities comes from several different sources, the most significant being charges to the member counties for services provided to juveniles who are residents of the counties. Other prominent sources are grants and intergovernmental revenue. Program revenues increased \$1,391,579 in 2010. Operating grants increased due to additional students qualifying for Title VI-E reimbursement. Since this grant is based on household income, the overall economic decline in the service areas is directly related to this increase. Additionally, the change in tuition billing process resulted in a significant increase in charges for services.

Total program expenses decreased slightly in 2010. When the System began billing directly for tuition in September 2010, this also increased expenditures. The System received tuition revenue, but then paid Canton Local School District for providing the services. However, this increase was entirely offset by a decrease in salaries and fringe benefits of approximately \$700,000, a direct result of the elimination of 17.5 positions during 2010.

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

The System's Funds

Information about the System's governmental funds begins on page 12. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues (exclusive of other financing sources) of \$12,433,332 and expenditures (exclusive of other financing uses) of \$11,467,175. The total change in fund balance was \$2,366,157.

The fund balance in the general fund increased \$710,229, from \$324,446 in 2009 to \$1,034,675 in 2010. Increased tuition and Title VI-E intergovernmental revenue, as well as a significant decrease in salaries and fringe benefits contributed to this increase in fund balance.

The fund balance in the community corrections facility grant fund was \$104,739 at the end of 2009 and increased by \$349,184 to \$453,923 at the end of 2010. The majority of this increase was due to a large grant receivable from the Ohio Department of Youth Services in 2010.

The fund balance in the Tuscarawas County Attention Center fund was \$1,407,944. This fund was established in 2008 and became active in 2010 for the construction of the Tuscarawas County Attention Center. During 2010, the System issued \$1,400,000 in bonds, the majority of which were unspent at year-end.

The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

General Fund Budgeting Highlights

The System's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2010, the System did amend its general fund budget. The System uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the original budget basis revenue estimate was \$9,445,692. The final budget basis revenue estimate was \$9,930,394. The difference in original and final budget revenue was \$484,702, which is result of increase in tuition revenue. This was more than the actual revenue amount of \$9,869,731 by \$60,663, primarily as a result of less board and care resources. Actual expenditures were \$9,612,839 which was \$547,192 less than the original budget amount of \$10,160,031 and \$1,058,098 less than the final budget amount of \$10,670,937. The majority of the decrease was in the areas of fringe benefits and contractual services. The System's general fund balance at the end of the year was \$1,046,761 reflecting additional funds budgeted but not expended or encumbered.

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Capital Assets

At the end of year 2010, the System had \$5,471,523 invested in land, construction in progress, buildings and building improvements, furniture and equipment, improvements other than buildings and vehicles. Table 3 shows fiscal year 2010 balances compared with 2009.

(Table 3)
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2010	2009
Land	\$ 27,400	\$ 27,400
Construction in Progress	164,771	0
Buildings and Building Improvements	4,719,281	4,940,936
Furniture and Equipment	404,494	486,646
Improvements Other Than Buildings	17,954	14,675
Vehicles	137,623	161,487
Totals	\$ 5,471,523	\$ 5,631,144

The increase in construction in progress is related to construction beginning on the new Tuscarawas County attention center in 2010. The overall \$159,621 decrease in capital assets was attributable to depreciation expense exceeding additional purchases. Note 5 provides capital asset activity during the 2010 year.

Debt

At December 31, 2010, the System had total long-term debt outstanding of \$1,852,911. Of this total, \$367,184 is due within one year and \$1,485,727 is due in more than one year. The following table summarizes the bonds and loans outstanding.

(Table 4)
Outstanding Debt at Fiscal Year End

	Total	
	2010	2009
Compensated absences	\$ 547,911	\$ 560,130
2010 Juvenile Detention Facility Bonds - 1,400,000 4.00-6.00% - Term Bonds	1,305,000	0
Total	\$ 1,852,911	\$ 560,130

Multi-County Juvenile Attention System
Management's Discussion and Analysis
For the Year Ended December 31, 2010

Current Financial Related Activities

Beginning in August 2010, Multi-County Juvenile Attention System assumed the role as fiscal agent for the Faircrest Education program. We have already been completing the fiscal duties for the Martin Center and began the fiscal duties for the Tuscarawas Attention Center with the first semester 2010-2011. We plan to pursue becoming the fiscal agent for the Tobin Center in 2011.

Contacting the System's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mellissa Clark, Director of Administrative Services of Multi-County Juvenile Attention System, 815 Faircrest St. S.W., Canton, Ohio 44706, or e-mail mdclark@mcjas.org.

Multi-County Juvenile Attention System

Statement of Net Assets

December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,249,867
Accounts Receivable	613,111
Accrued Interest Receivable	129
Intergovernmental Receivable	367,043
Materials and Supplies Inventory	19,804
Deferred Charges	24,586
Nondepreciable Capital Assets	192,171
Depreciable Capital Assets (Net)	<u>5,279,352</u>
<i>Total Assets</i>	<u>9,746,063</u>
Liabilities	
Accounts Payable	330,222
Contracts Payable	130
Accrued Wages and Benefits	508,475
Intergovernmental Payable	212,916
Accrued Interest Payable	5,575
Long-Term Liabilities:	
Due Within One Year	367,184
Due In More Than One Year	<u>1,485,727</u>
<i>Total Liabilities</i>	<u>2,910,229</u>
Net Assets	
Invested in Capital Assets	5,471,523
Restricted for Capital Projects	123,906
Restricted for Other Purposes	503,805
Unrestricted	<u>736,600</u>
<i>Total Net Assets</i>	<u>\$ 6,835,834</u>

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
Statement of Activities
For the Year Ended December 31, 2010

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants, Contributions and Interest	Revenue and Change in Net Assets
					Governmental Activities
Governmental Activities					
Human Services:					
Children Services	\$ 11,431,354	\$ 9,530,260	\$ 2,645,607	\$ 137,435	\$ 881,948
Interest and Fiscal Charges	34,212	0	0	0	(34,212)
Issuance Costs	35,000	0	0	0	(35,000)
<i>Total Governmental Activities</i>	<u>\$ 11,500,566</u>	<u>\$ 9,530,260</u>	<u>\$ 2,645,607</u>	<u>\$ 137,435</u>	<u>812,736</u>
General Revenues					
					5
					184,008
					<u>184,013</u>
					996,749
					<u>5,839,085</u>
					<u>\$ 6,835,834</u>

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System

Balance Sheet

Governmental Funds

December 31, 2010

	<u>General</u>	<u>Community Corrections Facility Grant</u>	<u>Tuscarawas County Attention Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,562,772	\$ 289,197	\$ 1,397,898	\$ 0	\$ 3,249,867
Accounts Receivable	513,551	99,560	0	0	613,111
Accrued Interest Receivable	0	0	129	0	129
Intergovernmental Receivable	61,066	276,402	11,998	17,577	367,043
Materials and Supplies Inventory	19,804	0	0	0	19,804
<i>Total Assets</i>	<u>\$ 2,157,193</u>	<u>\$ 665,159</u>	<u>\$ 1,410,025</u>	<u>\$ 17,577</u>	<u>\$ 4,249,954</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 252,834	\$ 77,388	\$ 0	\$ 0	\$ 330,222
Contracts Payable	0	0	130	0	130
Accrued Wages and Benefits	439,445	69,030	0	0	508,475
Intergovernmental Payable	180,403	32,513	0	0	212,916
Deferred Revenue	249,836	32,305	1,951	0	284,092
<i>Total Liabilities</i>	<u>1,122,518</u>	<u>211,236</u>	<u>2,081</u>	<u>0</u>	<u>1,335,835</u>
Fund Balances					
Reserved for Encumbrances	263,177	69,760	38,313	0	371,250
Undesignated, Unreserved Reported in:					
General Fund	771,498	0	0	0	771,498
Special Revenue Funds	0	384,163	0	17,577	401,740
Capital Projects Fund	0	0	1,369,631	0	1,369,631
<i>Total Fund Balances</i>	<u>1,034,675</u>	<u>453,923</u>	<u>1,407,944</u>	<u>17,577</u>	<u>2,914,119</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,157,193</u>	<u>\$ 665,159</u>	<u>\$ 1,410,025</u>	<u>\$ 17,577</u>	<u>\$ 4,249,954</u>

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2010*

Total Governmental Fund Balances		\$ 2,914,119
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,471,523
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental Revenue	\$ 1,951	
Tuition	282,141	
Total	284,092	284,092
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(5,575)
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		24,586
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(1,305,000)	
Compensated Absences	(547,911)	
Total	(1,852,911)	(1,852,911)
<i>Net Assets of Governmental Activities</i>		\$ 6,835,834

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
*Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2010*

	General	Community Corrections Facility Grant	Tuscarawas County Attention Center	Other Governmental Funds	Total Governmental Funds
Revenues					
Intergovernmental	\$ 653,486	\$ 1,707,935	\$ 134,694	\$ 279,665	\$ 2,775,780
Gift and Donations	5,049	0	0	0	5,049
Tuition	1,010,467	196,342	0	0	1,206,809
Sales	85,870	61	0	0	85,931
Board and Care	322,365	2,427	0	0	324,792
Investment Income	5	0	790	0	795
Contract Services	7,850,167	0	0	0	7,850,167
Other	161,626	22,383	0	0	184,009
<i>Total Revenues</i>	<u>10,089,035</u>	<u>1,929,148</u>	<u>135,484</u>	<u>279,665</u>	<u>12,433,332</u>
Expenditures					
Current:					
Human Services					
Children Services					
Personal Services	5,062,869	769,704	0	0	5,832,573
Fringe Benefits	2,562,746	367,771	0	0	2,930,517
Materials and Supplies	195,403	75,749	0	283,137	554,289
Contractual Services	1,374,712	347,626	0	0	1,722,338
Capital Outlay	46,824	17,811	164,771	0	229,406
Other	13,526	1,303	0	0	14,829
Debt Service:					
Principal Retirement	95,000	0	0	0	95,000
Interest and Fiscal Charges	27,726	0	0	0	27,726
Issuance Costs	0	0	60,497	0	60,497
<i>Total Expenditures</i>	<u>9,378,806</u>	<u>1,579,964</u>	<u>225,268</u>	<u>283,137</u>	<u>11,467,175</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	710,229	349,184	(89,784)	(3,472)	966,157
Other Financing Sources (Uses)					
Proceeds of General Obligation Bonds	0	0	1,400,000	0	1,400,000
<i>Net Change in Fund Balance</i>	710,229	349,184	1,310,216	(3,472)	2,366,157
<i>Fund Balances Beginning of Year</i>	<u>324,446</u>	<u>104,739</u>	<u>97,728</u>	<u>21,049</u>	<u>547,962</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,034,675</u>	<u>\$ 453,923</u>	<u>\$ 1,407,944</u>	<u>\$ 17,577</u>	<u>\$ 2,914,119</u>

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds \$ 2,366,157

***Amounts reported for governmental activities in the
statement of activities are different because:***

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation exceeded capital outlay in the current period.

Capital Asset Additions	\$	229,406	
Current Year Depreciation		(386,341)	
Total			(156,935)

Governmental funds only report the disposal of capital assets to the extent
proceeds are received from the sale. In the statement of
activities, a gain or loss is reported for each disposal. (2,686)

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues
in the funds.

Intergovernmental		1,423	
Charges for Services		62,560	
Total			63,983

Repayment of general obligation bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement of
net assets. 95,000

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is
reported when due. (5,575)

In the statement of activities, bond issuance costs are amortized over
the term of the bonds, whereas in governmental funds a bond
issuance expenditure is reported when bonds are issued. (911)

Compensated absences reported in the statement of activities,
do not require the use of current financial resources
and therefore are not reported as expenditures
in governmental funds. 12,219

Issuance costs are reported as an expenditure when paid in the governmental
funds, but are deferred on the statement of net assets. 25,497

Proceeds of bond transactions are recorded as revenues in the funds, however,
on the statement of activities, they are not reported as revenues
as they increase the liabilities on the statement of net assets. (1,400,000)

Change in Net Assets of Governmental Activities \$ 996,749

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 686,921	\$ 386,921
Gift and Donations	2,000	2,000	5,049	3,049
Tuition	375,000	859,702	802,486	(57,216)
Sales	0	0	85,870	85,870
Investment Income	0	0	5	5
Board and Care	500,000	500,000	277,647	(222,353)
Contract Services	8,146,692	8,146,692	7,850,167	(296,525)
Other	122,000	122,000	161,586	39,586
<i>Total Revenues</i>	9,445,692	9,930,394	9,869,731	(60,663)
Expenditures:				
Current:				
Human Services				
Children Services				
Personal Services	4,943,762	4,993,762	4,925,303	68,459
Fringe Benefits	3,204,943	3,204,943	2,756,764	448,179
Materials and Supplies	827,968	468,076	315,442	152,634
Contractual Services	922,354	1,767,139	1,426,955	340,184
Capital Outlay	36,881	63,086	46,824	16,262
Other	111,004	60,812	18,825	41,987
Debt Service				
Principal Retirement	95,000	95,000	95,000	0
Interest and Fiscal Charges	18,119	18,119	27,726	(9,607)
<i>Total Expenditures</i>	10,160,031	10,670,937	9,612,839	1,058,098
<i>Net Change in Fund Balance</i>	(714,339)	(740,543)	256,892	997,435
<i>Fund Balance Beginning of Year</i>	626,215	626,215	626,215	0
Prior Year Encumbrances Appropriated	163,654	163,654	163,654	0
<i>Fund Balance End of Year</i>	\$ 75,530	\$ 49,326	\$ 1,046,761	\$ 997,435

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Community Corrections Facility Grant Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,518,889	\$ 1,518,889	\$ 1,435,338	\$ (83,551)
Tuition	0	136,711	129,187	(7,524)
Sales	0	0	61	61
Board and Care	0	0	2,427	2,427
Other	13,500	13,500	22,283	8,783
<i>Total Revenues</i>	<u>1,532,389</u>	<u>1,669,100</u>	<u>1,589,296</u>	<u>(79,804)</u>
Expenditures:				
Current:				
Human Services				
Children Services				
Personal Services	787,649	747,649	745,044	2,605
Fringe Benefits	487,960	462,960	394,262	68,698
Materials and Supplies	176,138	156,138	111,331	44,807
Contractual Services	159,726	381,438	376,588	4,850
Capital Outlay	5,000	23,907	17,811	6,096
Other	12,500	12,500	2,195	10,305
<i>Total Expenditures</i>	<u>1,628,973</u>	<u>1,784,592</u>	<u>1,647,231</u>	<u>137,361</u>
<i>Net Change in Fund Balance</i>	(96,584)	(115,492)	(57,935)	57,557
<i>Fund Balance Beginning of Year</i>	163,526	163,526	163,526	0
Prior Year Encumbrances Appropriated	36,621	36,621	36,621	0
<i>Fund Balance End of Year</i>	<u>\$ 103,563</u>	<u>\$ 84,655</u>	<u>\$ 142,212</u>	<u>\$ 57,557</u>

The accompanying notes are an integral part of the basic financial statements.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 1: REPORTING 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. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

The reporting entity is required to be comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the System are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the System. For the System, this includes general operations.

Component units are legally separate organizations for which the System is financially accountable. The System is financially accountable for an organization if the System appoints a voting majority of the organization’s governing board and (1) the System is able to significantly influence the programs or services performed or provided by the organization; or (2) the System is legally entitled to, or can otherwise access, the organization’s resources; the System is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the System is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the System in that the System approves the budget, the issuance of debt or the levying of taxes. The System does not have any component units.

The System is involved with the Stark County Schools Council of Governments Health Benefits Program, which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 11.

Management believes the basic financial statements included in the report represent all of the funds of the System over which the System has the ability to exercise direct operating control.

The System applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board (“FASB”) to its governmental and business-type activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The System has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The System's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the System as a whole. These statements include the financial activities of the primary government.

The statement of net assets presents the financial condition of the governmental activities of the System at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the System's governmental activities of the System. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the System, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the System.

Fund Financial Statements During the year, the System segregates transactions related to certain System functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the System at this more detailed level. The focus of governmental fund financial statements is on the major funds. The major funds are presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The System uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There is one category of funds: governmental.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the System's major governmental funds:

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the System for any purpose provided it is expended or transferred according to the general laws of Ohio.

Community Corrections Facility Grant Fund The community corrections facility grant special revenue fund accounts for grant monies received from the Ohio Department of Youth Services.

Tuscarawas County Attention Center Capital Project Fund The Tuscarawas County Attention Center capital projects fund is used to account for financial resources for a new building in Tuscarawas County.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The other governmental funds of the System accounts for grants and other resources whose use is restricted to a particular purpose.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the System are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the System, available means expected to be received within sixty days of the fiscal year-end.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange transactions, in which the System receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the System must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the System on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: school tuition, board and care, grants and entitlements.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Pooled Cash and Cash Equivalents

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.

F. Materials and Supplies Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of purchased food.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

All capital assets of the System are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The System maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	30 Years
Furniture and Equipment	10 Years
Improvements Other Than Buildings	10 Years
Vehicles	10 Years

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The System records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the System has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end, taking into consideration any limits specified in the System's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the government fund financial statements when due.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2010, none of the System's net assets were restricted by enabling legislation.

The System applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The System reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the System Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The County Budget Commission must also approve the annual appropriation measure. Budgetary modifications may only be made by resolution of the Board of Trustees at the legal level of control, which has been established at the object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the System. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were enacted by the Board of Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

O. Changes in Accounting Principles

For the year ended December 31, 2010, the System has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

GASB Statement No. 51 establishes standards of accounting and financial reporting for intangible assets for all state and local governments. Inconsistencies in the accounting and financial reporting for intangible assets, particularly in the areas of recognition, initial measurement, and amortization, have occurred in practice due to the absence of sufficiently specific authoritative guidance that addresses these questions. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the System.

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the community corrections facility grant fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the community corrections facility grant fund.

Net Change in Fund Balance

	General Fund	Community Corrections Facility Grant
GAAP Basis	\$ 710,229	\$ 349,184
Revenue accruals	(219,304)	(339,852)
Expenditure accruals	281,978	79,718
Encumbrances	(516,011)	(146,985)
	\$ 256,892	\$ (57,935)
Budget Basis	\$ 256,892	\$ (57,935)

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 4: RECEIVABLES

Receivables at December 31, 2010 consisted of accounts (school tuition and board and care), accrued interest and intergovernmental receivables arising from grants, entitlements, reimbursement of expenses, 35 percent subsidy of interest from the Federal Government and shared revenues. Accounts and intergovernmental receivables are deemed collectible in full.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Wayne County Title VI E	\$ 61,066
Department of Youth Services	272,841
Department of Treasury	1,951
Auditor of State	10,047
USDA Reimbursement	<u>21,138</u>
Total All Funds	<u>\$ 367,043</u>

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Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 5: CAPITAL ASSETS

A summary of changes in capital assets during 2010 follows:

	Balance 12/31/2009	Additions	Deletions	Transfers	Balance 12/31/2010
Governmental Activities:					
<i>Capital Assets, not being depreciated:</i>					
Land	\$ 27,400	\$ 0	\$ 0	\$ 0	\$ 27,400
Construction in Progress	0	164,771	0	0	164,771
<i>Total Capital Assets Not Being Depreciated</i>	<u>27,400</u>	<u>164,771</u>	<u>0</u>	<u>0</u>	<u>192,171</u>
<i>Capital Assets, being depreciated:</i>					
Buildings and Building Improvements	10,216,409	24,193	0	0	10,240,602
Furniture and Equipment	1,385,983	35,117	(17,122)	(13,770)	1,390,208
Improvements Other Than Buildings	18,682	5,325	0	0	24,007
Vehicles	449,091	0	0	13,770	462,861
<i>Total Capital Assets, being depreciated</i>	<u>12,070,165</u>	<u>64,635</u>	<u>(17,122)</u>	<u>0</u>	<u>12,117,678</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and Building Improvements	(5,275,473)	(245,848)	0	0	(5,521,321)
Furniture and Equipment	(899,337)	(105,995)	14,436	5,182	(985,714)
Improvements Other Than Buildings	(4,007)	(2,046)	0	0	(6,053)
Vehicles	(287,604)	(32,452)	0	(5,182)	(325,238)
<i>Total Accumulated Depreciation</i>	<u>(6,466,421)</u>	<u>(386,341) *</u>	<u>14,436</u>	<u>0</u>	<u>(6,838,326)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>5,603,744</u>	<u>(321,706)</u>	<u>(2,686)</u>	<u>0</u>	<u>5,279,352</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 5,631,144</u>	<u>\$ (321,706)</u>	<u>\$ (2,686)</u>	<u>\$ 0</u>	<u>\$ 5,471,523</u>

*Depreciation expense was charged entirely to human services governmental function.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 6: GENERAL LONG-TERM OBLIGATIONS

The changes in the System's long-term obligations during the fiscal year 2010 were as follows:

	Principal Balance 01/01/09	Additions	Reductions	Principal Balance 12/31/10	Due Within One Year
2010 Juvenile Detention					
Facility Bonds-\$1,400,000					
4.00-6.00% - Term Bonds	\$ 0	\$ 1,360,000	\$ (55,000)	\$ 1,305,000	\$ 70,000
1.75% - Serial Bonds	0	40,000	(40,000)	0	0
Compensated Absences	560,130	54,693	(66,912)	547,911	297,184
<i>Total Long-Term Liabilities</i>	<u>\$ 560,130</u>	<u>\$ 1,454,693</u>	<u>\$ (161,912)</u>	<u>\$ 1,852,911</u>	<u>\$ 367,184</u>

Compensated absences will be paid from the general fund. The bonds are also paid from the general fund.

2010 Juvenile Detention Facility Bonds

On July 8, 2010, the System issued \$1,400,000 of general obligation bonds. The bonds were issued for the purpose of acquiring, constructing, equipping and furnishing a new juvenile detention facility. The bonds were issued for a fourteen year period with a final maturity at December 1, 2024.

The issuance costs of \$25,497 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2010 was \$910.

Principal and interest requirements to retire the long-term bonds at December 31, 2010 are as follows:

	Principal	Interest
2011	\$ 70,000	\$ 66,900
2012	70,000	64,100
2013	70,000	61,300
2014	75,000	58,500
2015	75,000	55,500
2016-2020	420,000	221,750
2021-2024	525,000	92,400
<i>Total</i>	<u>\$ 1,305,000</u>	<u>\$ 620,450</u>

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 6: GENERAL LONG-TERM OBLIGATIONS (Continued)

The total principal and interest payments on the bonds in any fiscal year in which principal is payable (including by mandatory sinking fund redemption) is not more than three times.

The 2010 serial bonds are not subject to redemption prior to their stated maturity.

NOTE 7: RISK MANAGEMENT

A. General Insurance

The System is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and natural disasters. In May 2006, the System joined CORSA, County Risk Sharing Authority. The deductible is \$2,500 per incident.

B. Fidelity Bond

The superintendent is covered under a surety bond in the amount of \$10,000.

C. Workers' Compensation

The System pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries. Currently, the System participates in Retrospective Rating Program. The System is liable for employee injuries that occurred on the job for up to ten years under this program.

D. Risk Sharing Pool

The System has contracted with Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council.

The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the System by grouping with other members of the Health Benefits Program. The experience of all participating entities is calculated as one and a common premium rate is applied to all member entities.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 7: RISK MANAGEMENT (Continued)

Rates are set through an annual calculation process. The System pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating entities. The employees share the cost of the monthly premium with the Board. For fiscal year 2010 the System's and the employee's premiums were as follows:

	Union Employees		Non-Union Employees	
	Single	Family	Single	Family
Health - Employer Share	\$ 477.74	\$ 1,160.55	\$ 472.60	\$ 1,148.07
Health - Employee Share	35.96	87.35	41.10	99.83
	<u>\$ 513.70</u>	<u>\$ 1,247.90</u>	<u>\$ 513.70</u>	<u>\$ 1,247.90</u>
Dental - Employer Share	\$ 60.65	\$ 149.65	\$ 60.00	\$ 148.04
Dental - Employee Share	4.57	11.26	5.22	12.87
	<u>\$ 65.22</u>	<u>\$ 160.91</u>	<u>\$ 65.22</u>	<u>\$ 160.91</u>

Claims are paid for all participants regardless of claims flow. Upon termination, all System claims would be paid without regard to the System's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing entity subsequent to the settlement of all expenses and claims. Claims have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The System also pays \$2.66 for \$20,000 of life insurance coverage for each employee. The employee has the option to purchase \$50,000 additional coverage at their own cost.

NOTE 8: DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description - The System participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in State and local classifications contributed 10 percent of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the System of 14.0%.

The System's contribution rate for 2010 was 14 percent. For 2010, a portion of the System's contribution of covered payroll was allocated to fund the post-employment health care plan. The portion of employer contributions allocated to health care for member in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for member in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

The System's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009 and 2008 were \$394,992, \$425,516 and \$367,467, respectively; 89.2 percent has been contributed for 2010 and 100 percent for 2009 and 2008. There were no contributions to the member-directed plan for 2010.

NOTE 9: POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 9: POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected. Active members do not make contributions to the post-employment health care plan.

The System’s required contributions to OPERS for the years ended December 31, 2010, 2009 and 2008 were \$503,201, \$339,172 and \$367,467, respectively. 89.2 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2007, January 1, 2008 and January 1, 2009, which allowed additional funds to be allocated to the health care plan.

NOTE 10: OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Vacation is accumulated based upon length of service as follows:

<u>Employee Years of Service</u>	<u>Hours Earned per Year</u>
1 - 7	80
8 - 14	120
15 - 24	160
Over 24 years	200

Vacation accumulation is limited to a maximum of that earned in three years of service at the employee’s current rate of accumulation. All accumulated unused vacation time is paid upon termination of employment. In the case of death of the employee, a lump sum check will be paid to the employee’s beneficiary or estate.

Employees earn sick leave at the rate of 4.6 hours for every 80 hours of service. Accumulation of sick leave is unlimited, but payment of sick leave upon retirement is one-quarter of the sick leave balance, not exceed 240 hours. If employment is terminated, payment of sick leave will occur if the employee has ten or more years of service. As of December 31, 2010, the total liability for unpaid compensated absences was \$547,911.

Multi-County Juvenile Attention System
Notes to The Basic Financial Statements
For the Year Ended December 31, 2010

NOTE 11: JOINTLY GOVERNED ORGANIZATION

Public Entity Risk Pool

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709.

NOTE 12: CONTINGENCIES

A. Grants

The System received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the System at December 31, 2010.

B. Litigation

The System is a party to several legal proceedings. Management is of the opinion that ultimate disposition of these proceedings will not have a material effect, if any, on the financial condition of the System.

NOTE 13: CONTRACTUAL COMMITMENTS

As of December 31, 2010 the System had a contractual commitment for a new juvenile detention facility in Tuscarawas County:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 12/31/2010</u>
K2M Architecture, Inc	<u>\$ 192,500</u>	<u>\$ 164,641</u>	<u>\$ 27,859</u>

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The Multi-County Juvenile Attention System
Stark County
815 Faircrest Street, S.W.
Canton, Ohio 44706-4844

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multi-County Juvenile Attention System, Stark County, Ohio (The System), as of and for the year ended December 31, 2010, and have issued our report thereon dated May 31, 2011, wherein we noted the System changed its capitalization threshold. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the System's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the System's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the System's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the System's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect 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 or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the System's management in a separate letter dated May 31, 2011.

We intend this report solely for the information and use of management, Board of Trustees, and others within the System. We intend it for no one other than these specified parties.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

May 31, 2011

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2009, reported no material citations or recommendations.

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Dave Yost • Auditor of State

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
JULY 14, 2011