



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

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MULT-COUNTY JUVENILE ATTENTION SYSTEM  
STARK COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Multi-County Juvenile Attention System, Stark County, (the Attention System) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Attention System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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 Attention System as of December 31, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2002 on our consideration of the Attention System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Jim Petro**  
Auditor of State

May 13, 2002

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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>				
Intergovernmental	\$416,275	\$295,317	\$1,026,022	\$1,737,614
Gifts and Donations	95,185			95,185
Tuition	666,718			666,718
Sales	1,723			1,723
Board and Care	311,114			311,114
Contract Services	5,979,785			5,979,785
Other	156,109		1,345	157,454
	<u>7,626,909</u>	<u>295,317</u>	<u>1,027,367</u>	<u>8,949,593</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Salaries	4,395,786			4,395,786
Supplies	542,827	295,317	152,240	990,384
Capital Outlay	175,260		1,934,378	2,109,638
Contract Repair	170,143			170,143
Contract Services	905,314		64,888	970,202
Public Employees' Retirement	700,827			700,827
Worker's Compensation	102,969			102,969
Group Insurance	882,383			882,383
Other	14,960			14,960
	<u>7,890,469</u>	<u>295,317</u>	<u>2,151,506</u>	<u>10,337,292</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts (Under) Cash Disbursements	<u>(263,560)</u>	<u>0</u>	<u>(1,124,139)</u>	<u>(1,387,699)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			400,000	400,000
Transfers-Out	(400,000)			(400,000)
	<u>(400,000)</u>	<u>0</u>	<u>400,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(663,560)	0	(724,139)	(1,387,699)
Fund Cash Balances, January 1	1,366,898	0	1,209,713	2,576,611
<b>Fund Cash Balances, December 31</b>	<u><u>\$703,338</u></u>	<u><u>\$0</u></u>	<u><u>\$485,574</u></u>	<u><u>\$1,188,912</u></u>
Reserve for Encumbrances, December 31	<u><u>\$618,554</u></u>	<u><u>\$0</u></u>	<u><u>\$350,895</u></u>	<u><u>\$969,449</u></u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

The Attention System's management believes these financial statements present all activities for which the Attention System is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Stark County Auditor acts as the fiscal agent for the Attention System, and the County Treasurer maintains a cash and investment pool, including all funds for which the County Auditor is the fiscal agent.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Attention System has the following significant Special Revenue Fund:

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

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

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

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

**D. Fund Accounting** (Continued)

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Attention System has the following significant Capital Projects Fund:

Construction Fund - This fund receives monies from member counties and the State for the construction of additional treatment and detention facilities for juveniles.

**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 level of control, and appropriations may not exceed estimated resources. The 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 Attention System to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting used by the Attention System.

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

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

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

The Stark County Treasurer maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was \$1,188,912.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2001 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,343,486	\$7,626,909	(\$1,716,577)
Special Revenue	295,317	295,317	0
Capital Projects	1,500,000	1,427,367	(72,633)
Total	\$11,138,803	\$9,349,593	(\$1,789,210)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$9,118,404	\$8,909,023	\$209,381
Special Revenue	295,317	295,317	0
Capital Projects	3,154,451	2,502,401	652,050
Total	\$12,568,172	\$11,706,741	\$861,431

**4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, PERS members contributed 8.5% of their gross salaries. The Attention System contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Attention System has paid all contributions required through December 31, 2001.

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

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

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Attention System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Professional liability

**Risk Pool Membership**

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

The pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities at June 30 (the latest information available):

	2001	2000
Cash and investments	\$12,204,424	\$12,194,666
Actuarial liabilities	\$3,468,216	\$5,905,650



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111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Multi-County Juvenile Attention System, Stark County, (the Attention System) as of and for the year ended December 31, 2001, and have issued our report thereon dated May 13, 2002. 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 Attention System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Attention System in a separate letter dated May 13, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Attention System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Attention System in a separate letter dated May 13, 2002.

Multi-County Juvenile Attention System  
Stark County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 13, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 13, 2002**