



**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005



**Auditor of State
Betty Montgomery**

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

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**Auditor of State
Betty Montgomery**

Northwest Ohio Juvenile Detention,
Training and Rehabilitation District
Williams County
3389 County Road 2425
Stryker, Ohio 43557-9418

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 16, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Ohio Juvenile Detention,
Training and Rehabilitation District
Williams County
3389 County Road 2425
Stryker, Ohio 43557-9418

To the Board:

We have audited the accompanying financial statements of the Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, (the District) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004, or its changes in financial position or cash flows of its enterprise fund for the years then ended.

Also, 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 Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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.



Betty Montgomery
Auditor of State

August 16, 2006

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Capital Projects
Cash Receipts	
Earnings on Investments	\$ 3,059
Cash Disbursements	
Current:	
Other Expenses	13,185
Total Cash Disbursements Over Cash Receipts	(10,126)
Fund Cash Balances, January 1	161,663
Fund Cash Balances, December 31	\$ 151,537
Reserves for Encumbrances, December 31	\$ 8,876

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE- ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Enterprise
Operating Cash Receipts	
Tuition	\$ 117,096
Interest Income	7,835
Contracts - Services	997,141
Other Receipts	85,266
Total Cash Receipts	1,207,338
Operating Cash Disbursements	
Salaries - Employee	640,366
Supplies	21,423
Equipment	29,862
Contracts - Repair	13,898
Contracts - Services	122,995
Medical Fees	183,870
Advertising and Printing	282
Travel and Expenses	4,401
Public Employee's Retirement	85,286
Worker's Compensation	7,201
Unemployment Compensation	4,055
Other Expenses	114,639
Total Cash Disbursements	1,228,278
Operating Loss	(20,940)
Fund Cash Balances, January 1	318,562
Fund Cash Balances, December 31	\$ 297,622
Reserve for Encumbrances, December 31	\$ 19,075

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Capital Projects</u>
Cash Disbursements	
Current:	
Contracts - Services	<u>\$ 36,945</u>
Total Cash Disbursements Over Cash Receipts	(36,945)
Fund Cash Balances, January 1	<u>198,608</u>
Fund Cash Balances, December 31	<u>\$ 161,663</u>

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Enterprise
Operating Cash Receipts	
Tuition	\$ 117,852
Contracts - Services	935,529
Other Receipts	16,772
Total Cash Receipts	1,070,153
Operating Cash Disbursements	
Salaries - Employee	642,038
Supplies	33,873
Materials	
Equipment	17,894
Contracts - Repair	12,894
Contracts - Services	160,434
Medical Fees	131,162
Advertising and Printing	1,206
Travel and Expenses	4,664
Public Employee's Retirement	87,851
Worker's Compensation	6,627
Unemployment Compensation	12,390
Other Expenses	76,386
Total Cash Disbursements	1,187,419
Operating Loss	(117,266)
Fund Cash Balances, January 1	435,828
Fund Cash Balances, December 31	\$ 318,562
Reserve for Encumbrances, December 31	\$ 2,036

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, (the District) was created under the Ohio Revised Code §2151.34 and began operations on August 20, 1996. The constitution and laws of the State of Ohio establish the rights and privileges of the District as a body corporate and politic. A thirteen-member Board appointed by the Joint Board of County Commissioners from Defiance, Henry, Fulton and Williams Counties directs the District. The District's services include detention housing, training, and rehabilitation services to juvenile offenders from Defiance, Henry, Fulton, and Williams Counties.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 adequately disclose material matters the Auditor of State's accounting basis requires.

C. Cash

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

D. Fund Accounting

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

1. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). The District had the following Capital Projects Fund:

Construction Fund - This fund accounts for state and local grant revenues to be used for the construction of the new juvenile facility.

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The District had the following Enterprise Fund:

Detention Home Fund - This fund accounts for charges for services to provide for operation of the detention center.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. 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 District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Capital Projects		\$3,059	\$3,059
Enterprise	\$1,172,504	1,207,338	34,834
Total	\$1,172,504	\$1,210,397	\$37,893

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Capital Projects	\$161,663	\$22,061	\$139,602
Enterprise	1,474,538	1,247,353	227,185
Total	\$1,636,201	\$1,269,414	\$366,787

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Capital Projects			
Enterprise	\$1,400,000	\$1,070,153	(\$329,847)
Total	\$1,400,000	\$1,070,153	(\$329,847)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Capital Projects	\$170,669	\$36,945	\$133,724
Enterprise	1,522,115	1,189,455	332,660
Total	\$1,692,784	\$1,226,400	\$466,384

3. RETIREMENT SYSTEM

The District's teachers belong to the State Teachers Retirement System (STRS). Other employees belong to the Ohio Public Employees Retirement System (OPERS). STRS and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of STRS contributed 10 percent of their wages. The District contributed an amount equal to 14 percent of their wages to STRS. OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equaling 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

**NORTHWEST OHIO JUVENILE DETENTION,
TRAINING AND REHABILITATION DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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



**Auditor of State
Betty Montgomery**

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

Northwest Ohio Juvenile Detention,
Training and Rehabilitation District
Williams County
3389 County Road 2425
Stryker, Ohio 43557-9418

To the Members of the Board:

We have audited the financial statements of the Northwest Ohio Juvenile Detention, Training and Rehabilitation District, Williams County, (the District) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 16, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated August 16, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated August 16, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the finance committee, management, and the Board. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

August 16, 2006



**Auditor of State
Betty Montgomery**

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**NORTHWEST OHIO JUVENILE DETENTION, TRAINING AND
REHABILITATION DISTRICT**

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 5, 2006**