



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

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

To the Members of the Joint Board of Trustees:

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

June 1, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Joint Board of Trustees:

We have audited the accompanying financial statements of the Portage-Geauga Juvenile Detention Center, Portage County, Ohio (the Detention Center) as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Detention Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 Detention Center 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 Detention Center to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Detention Center 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 Detention Center has elected not to reformat its statements. Since this Detention Center 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 year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Detention Center as of December 31, 2004, or their changes in financial position for the year then ended.

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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 Portage-Geauga Juvenile Detention Center, Portage County, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Detention Center to include Management's Discussion and Analysis for the year ended December 31, 2004. The Detention Center 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 June 1, 2005, on our consideration of the Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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

June 1, 2005

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Contracts - Services	\$1,696,315			\$1,696,315
Federal Grants		\$81,706		81,706
State Grants		5,000		5,000
Tuition	134,720			134,720
Refunds/Reimbursements	4,666			4,666
Other Revenue	12,003		30,681	42,684
	<u>1,847,704</u>	<u>86,706</u>	<u>30,681</u>	<u>1,965,091</u>
Total Cash Receipts				
	<u>1,847,704</u>	<u>86,706</u>	<u>30,681</u>	<u>1,965,091</u>
Cash Disbursements:				
Current:				
Salaries	975,606			975,606
Supplies	29,608			29,608
Food	54,545			54,545
Equipment	4,528			4,528
Contracts-Repair	17,308			17,308
Contracts-Services	148,558			148,558
Medical Fees	1,811			1,811
Travel and Expenses	2,251			2,251
PERS and STRS Retirement	138,837			138,837
Worker's Compensation	30,367			30,367
Uniforms	2,060			2,060
Health Benefits and Medicare	199,785			199,785
Reimbursements to Counties	161,477			161,477
Project Fund Expenses - Federal		81,706		81,706
Project Fund Expenses - State		4,813		4,813
Unemployment Compensation	3,502			3,502
Rentals and Utilities	116,036			116,036
Construction Projects			18,311	18,311
Other Expenses	3,910			3,910
	<u>1,890,189</u>	<u>86,519</u>	<u>18,311</u>	<u>1,995,019</u>
Total Cash Disbursements				
	<u>1,890,189</u>	<u>86,519</u>	<u>18,311</u>	<u>1,995,019</u>
Total Receipts Over/(Under) Disbursements	<u>(42,485)</u>	<u>187</u>	<u>12,370</u>	<u>(29,928)</u>
Fund Cash Balances, January 1	281,872		104,139	386,011
Fund Cash Balances, December 31	<u>\$239,387</u>	<u>\$187</u>	<u>\$116,509</u>	<u>\$356,083</u>
Reserve for Encumbrances, December 31		<u>\$187</u>		<u>\$187</u>

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Detention Center 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund (District Detention Home Fund) reports all financial resources except those required to be accounted for in another fund.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Detention Center had the following significant Special Revenue Fund:

Federal Fund - This fund receives Title I and lunchroom grants from the federal government.

3. Capital Project Fund

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Joint Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Detention Center to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Detention Center 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 statement does not include a liability for unpaid leave.

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

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Detention Center maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was \$356,083.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2004 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,993,577	\$1,847,704	(\$145,873)
Special Revenue	86,706	86,706	0
Capital Projects	24,356	30,681	6,325
Total	\$2,104,639	\$1,965,091	(\$139,548)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,019,206	\$1,890,189	\$129,017
Special Revenue	86,706	86,706	0
Capital Projects	24,356	18,311	6,045
Total	\$2,130,268	\$1,995,206	\$135,062

4. RETIREMENT SYSTEMS

All Detention Center employees belong to the Ohio Public Employees Retirement System (OPERS), or the State Teacher's Retirement System of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5 percent of their gross salaries. The Detention Center contributed an amount equaling 13.55 percent of participants' gross salaries. The Detention Center has paid all contributions required through December 31, 2004.

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

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

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

4. RETIREMENT SYSTEMS (Continued)

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

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The Detention Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Detention Center has paid all contributions required through December 31, 2004.

5. RISK MANAGEMENT

Risk Pool Membership

The Detention Center is a member of the County Risk Sharing Authority (CORSA) which is a property and liability self insurance pool established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners in member counties. The pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicles

The Detention Center 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*

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

To the Joint Board of Trustees:

We have audited the financial statements of the Portage-Geauga Juvenile Detention Center (the Detention Center) as of and for the year ended December 31, 2004 and have issued our report thereon dated June 1, 2005, wherein we noted the Detention Center 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 Detention Center'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.

Compliance and Other Matters

As part of reasonably assuring whether the Detention Center'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*.

Portage-Geauga Juvenile Detention Center
Portage County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 1, 2005



**Auditor of State
Betty Montgomery**

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PORTAGE-GEAUGA JUVENILE DETENTION CENTER

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 5, 2005**