



**Auditor of State  
Betty Montgomery**



**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Belmont Harrison Juvenile District  
Belmont County  
210 Fox Shannon Place  
St. Clairsville, Ohio 43950

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 Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2004 and 2003, which collectively comprise the Juvenile District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Juvenile District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Belmont Harrison Juvenile District, Belmont County, Ohio, as of December 31, 2004 and 2003, and the respective changes in cash financial position and the respective budgetary comparison for the General and Who Am I Program Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2004 and 2003, the Juvenile District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2005, on our consideration of the Juvenile 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.

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Management's Discussion and Analysis and the respective budgetary comparison for the General and Who Am I Program Funds are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Betty Montgomery**  
Auditor of State

November 14, 2005

**Belmont Harrison Juvenile District**  
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The discussion and analysis of the Belmont Harrison Juvenile District's financial performance provides an overall review of the Juvenile District's financial activities for the years ended December 31, 2004 and 2003, within the limitations of the Juvenile District's cash basis of accounting. The intent of this discussion and analysis is to look at the Juvenile District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Juvenile District's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the year 2004 are as follows:

- Net assets decreased \$21,979.
- General receipts accounted for \$546,675 in receipts or 40 percent of all receipts. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$836,506 or 60 percent of total receipts of \$1,383,181.
- The Juvenile District had \$1,405,160 in disbursements related to governmental activities; only \$836,506 of these disbursements were offset by program specific charges for services and sales and operating grants and contributions. General receipts of \$546,675 were not adequate to provide for these programs.
- The Juvenile District's only major fund was the General Fund. The General Fund had \$1,212,402 in receipts and \$1,270,748 in disbursements. The General Fund's cash balance decreased \$58,346.

Key financial highlights for the year 2003 are as follows:

- Net assets increased \$17,364.
- General receipts accounted for \$548,698 in receipts or 39 percent of all receipts. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$863,226 or 61 percent of total receipts of \$1,411,924.
- The Juvenile District had \$1,394,560 in disbursements related to governmental activities; only \$863,226 of these disbursements were offset by program specific charges for services and sales and operating grants and contributions. General receipts of \$548,698 were adequate to provide for these programs.
- The Juvenile District had two major funds, the General Fund and the Who Am I Program Fund. The General Fund had \$1,264,323 in receipts and \$1,228,452 in disbursements. The General Fund's cash balance increased \$35,871. The Who Am I Program Fund had \$181,734 in receipts and \$182,064 in disbursements. The Who Am I Program Fund's cash balance decreased \$330.

## **USING THE BASIC FINANCIAL STATEMENTS**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Juvenile District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Belmont Harrison Juvenile District as a

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Management's Discussion and Analysis  
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financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the Juvenile District as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Juvenile District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

***Basis of Accounting***

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Juvenile District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Juvenile District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

***Reporting the Juvenile District as a Whole***

The statement of net assets and the statement of activities reflect how the Juvenile District did financially during 2004 and 2003, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Juvenile District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Juvenile District's general receipts.

These statements report the Juvenile District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Juvenile District's financial health. Over time, increases or decreases in the Juvenile District's cash position is one indicator of whether the Juvenile District's financial health is improving or deteriorating. When evaluating the Juvenile District's financial condition, you should also consider other nonfinancial factors as well as the Juvenile District's reliance on other local governments' property tax bases, the condition of the Juvenile District's capital assets and infrastructure, the extent of the Juvenile District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Juvenile District's basic detention service is reported. Charges for services and state and federal grants finance most of these activities. Benefits provided through the governmental activities are not necessarily paid for by the people receiving them.



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**Reporting the Juvenile District's Most Significant Fund**

*Fund Financial Statements*

Fund financial statements provide detailed information about the Juvenile District's major funds – not the Juvenile District as a whole. The Juvenile District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Juvenile District's major governmental funds are General Fund for 2004 and General Fund and Who Am I Program Fund for 2003.

**Governmental Funds** - The Juvenile District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Juvenile District's governmental operations and the detention services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Juvenile District's detention programs. The Juvenile District's significant governmental fund is presented on the financial statements in a separate column. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Juvenile District's major governmental funds are the General Fund for 2004 and General Fund and Who Am I Program Fund for 2003. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**THE JUVENILE DISTRICT AS A WHOLE**

Table 1 provides a summary of the Juvenile District's net assets for 2004 compared to 2003 and 2003 compared to 2002 on a cash basis:

**Table 1**  
**Net Assets – Cash Basis**

	<b>Governmental Activities</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$70,645	\$92,624	\$75,260
<b>Net Assets</b>			
Restricted for:			
Other Purposes:			
BJA Congressionally Mandated Award Program	33,330	0	0
Detention & Group Home PRC Grant Program	0	37	132
Gender Specific Grant Program	930	973	2,948
Who Am I Program	4,335	1,218	1,548
Unrestricted	32,050	90,396	70,632
<b>Total Net Assets</b>	<b>\$70,645</b>	<b>\$92,624</b>	<b>\$75,260</b>

The above table reflects a decrease in net assets of \$21,979 from 2003 to 2004 and a increase in net assets of \$17,364 from 2002 to 2003. The decrease in 2004 is due primarily to a decrease in the contract service fees with local school districts, juvenile courts and children services. The increase in 2003 is due to the General Fund billing the Who Am I Program Fund for services provided.

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Table 2 provides a summary of the Juvenile District's change in net assets for 2004 compared to 2003 on a cash basis. Since 2003 was the first year the Juvenile District has prepared financial statements following GASB Statement 34 under the cash method, receipt and disbursement comparisons to calendar year 2002 are not available:

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>2004</b>	<b>2003</b>
<b>Receipts</b>		
Program Cash Receipts		
Charges for Services and Sales	\$627,384	\$679,687
Operating Grants and Contributions	209,122	183,539
<b>Total Program Cash Receipts</b>	<b>836,506</b>	<b>863,226</b>
General Receipts		
Grants and Entitlements – Unrestricted	388,750	394,986
Advances from Belmont County General Fund	84,146	25,000
Other Receipts	73,779	128,712
<b>Total General Receipts</b>	<b>546,675</b>	<b>548,698</b>
<b>Total Receipts</b>	<b>1,383,181</b>	<b>1,411,924</b>
<b>Disbursements:</b>		
Detention Services:		
Salaries	800,012	836,899
Supplies	46,634	39,976
Materials	2,493	4,654
Equipment	47,969	2,669
Contracts – Repairs	15,906	18,366
Contracts – Services	74,406	66,589
Medical Fees	14,331	11,340
Medicare	10,277	9,789
Travel and Expenses	10,376	7,651
Public Employee's and State Teacher's Retirement	99,316	114,254
Worker's Compensation	10,179	6,902
Unemployment Compensation	0	46
Food Service	76,908	69,756
Other Expenses	150,088	135,282
Rental	0	3,300
Hospitalization	0	192
Activities	3,943	10,372
Contingency Fund	937	0
Consultants	41,385	28,813
Advances To Belmont County General Fund	0	27,710
<b>Total Disbursements</b>	<b>1,405,160</b>	<b>1,394,560</b>
<b>Change in Net Assets</b>	<b>(21,979)</b>	<b>17,364</b>
<b>Net Assets Beginning of Year</b>	<b>92,624</b>	<b>75,260</b>
<b>Net Assets End of Year</b>	<b>\$70,645</b>	<b>\$92,624</b>

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The total revenues decreased for the Juvenile District's detention services by 2%, whereas expenditures increased by 1%. The Juvenile District is dependent on advances from the Belmont County General Fund to subsidize the costs of the detention services provided by the Juvenile District. In 2004, 40 percent of the Juvenile District's total receipts were from general receipts, consisting mainly of subsidy monies received from Belmont and Harrison Counties amounting to \$388,750 or 71%. Program cash receipts accounted for 60 percent of the Juvenile District's total receipts in year 2004. Charges for services for board and care, and contract services with local school district, juvenile courts, and children services were the primary source of program revenues, representing \$627,384 or 75%.

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis on page 10, you will see that the first column lists the major services provided by the Juvenile District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for salaries and other expenses, which account for 57% and 11% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Juvenile District that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by Belmont and Harrison County subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3. Comparisons to 2002 have not been made since they are not available.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2004	2003	2004	2003
Detention Services:				
Salaries	\$800,012	\$836,899	\$350,526	\$302,290
Supplies	46,634	39,976	21,281	15,867
Materials	2,493	4,654	1,187	1,865
Equipment	47,969	2,669	(7,151)	490
Contracts – Repairs	15,906	18,366	7,573	7,361
Contracts – Services	74,406	66,589	35,446	26,686
Medical Fees	14,331	11,340	6,823	4,544
Medicare	10,277	9,789	4,893	3,961
Travel and Expenses	10,376	7,651	4,583	2,844
Public Employee's & State Teacher's Retirement	99,316	114,254	47,285	46,455
Worker's Compensation	10,179	6,902	4,872	2,766
Unemployment Compensation	0	46	0	19
Food Service	76,908	69,756	36,617	27,956
Other Expenses	150,088	135,282	66,763	56,020
Rental	0	3,300	0	316
Hospitalization	0	192	0	192
Activities	3,943	10,372	1,877	994
Contingency Fund	937	0	447	0
Consultants	41,385	28,813	(14,368)	2,998
Advances To Belmont County General Fund	0	27,710	0	27,710
<b>Total Disbursements</b>	<b>\$1,405,160</b>	<b>\$1,394,560</b>	<b>\$568,654</b>	<b>\$531,334</b>

**Belmont Harrison Juvenile District**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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Charges for services and sales and operating grants and contributions of \$836,506 (60% of the total costs of services) are received and used to fund the expenses of the Juvenile District. The remaining \$568,654 in detention services is not fully covered by remaining general receipts, including unrestricted grants and entitlements and other receipts.

### **THE JUVENILE DISTRICT'S FUNDS**

The Juvenile District's major funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$1,383,181 and \$1,447,106 and disbursements of \$1,405,160 and \$1,429,742 for 2004 and 2003, respectively. In 2004, the General Fund had a decrease in fund balance of \$58,346 due to a decrease in funding sources. In 2003, the General Fund had an increase in fund balance due to an increase in intergovernmental funding. Also in 2003, the Who Am I Program Fund had a decrease in fund balance of \$330.

#### ***General Fund Budgeting Highlights***

The Juvenile District'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 in 2004 and the General Fund and Who Am I Program Fund in 2003.

During the course of 2004 and 2003, the Juvenile District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were significant changes between the original and the final budget since the Juvenile District budgets throughout the year on an as needed basis.

### **ECONOMIC FACTORS**

In April 2004, the three beds Licking County purchased from the Juvenile District's facility were no longer being purchased due to Licking County building their own facility. This caused a decrease in revenue of \$87,600 for 2005. Also in 2004, Guernsey County purchased five beds from the Juvenile District's facility and in 2005 only purchased three beds, causing a decrease in revenue of \$58,400 per year.

In 2005, an Attorney General's Opinion stated the Juvenile District could no longer bill parents for their child's stay in the Juvenile District's facility, but could only bill the child for their stay. Revenues have decreased as a result of this opinion.

Chapter 1 monies received increased from \$40,000 in 2004 to \$53,000 in 2005. In 2005, the Juvenile District received an additional grant for the purchase of security cameras in the amount of \$10,500. Also, in 2005, the Juvenile District entered into a contract with the Belmont County Jobs and Family Services Department for a Pregnancy Prevention Program Grant which will increase revenues by \$90,000 over the next 12 months.

In April 2005, the Juvenile District negotiated a new union contract with its employees which will increase salaries for the next three years and in May 2005, the County negotiated new rates for hospitalization and prescription insurance coverage for employees, thus increasing the expenses of the Juvenile District.

### **Contacting the Juvenile District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Juvenile District's finances and to reflect the Juvenile District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information, should be directed to Lorrie Jeskey, Financial Officer, Belmont Harrison Juvenile District, 210 Fox Shannon Place, St. Clairsville, Ohio 43950.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Net Assets - Cash Basis  
December 31, 2004**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$70,645</u>
<i>Total Assets</i>	<u>70,645</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes:	
BJA Congressionally Mandated Award Program	33,330
Gender Specific Grant Program	930
Who Am I Program	4,335
Unrestricted	<u>32,050</u>
<i>Total Net Assets</i>	<u><u>\$70,645</u></u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Activities - Cash Basis  
For the Year Ended December 31, 2004**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Detention Services:				
Salaries	\$800,012	373,841	75,645	(\$350,526)
Supplies	46,634	22,212	3,141	(21,281)
Materials	2,493	1,231	75	(1,187)
Equipment	47,969	2,515	52,605	7,151
Contracts - Repairs	15,906	7,853	480	(7,573)
Contracts - Services	74,406	36,716	2,244	(35,446)
Medical Fees	14,331	7,075	433	(6,823)
Medicare	10,277	5,074	310	(4,893)
Travel and Expenses	10,376	4,893	900	(4,583)
Public Employee's and State Teacher's Retirement Systems	99,316	49,034	2,997	(47,285)
Worker's Compensation	10,179	5,001	306	(4,872)
Food Service	76,908	37,970	2,321	(36,617)
Other Expenses	150,088	71,561	11,764	(66,763)
Activities	3,943	1,947	119	(1,877)
Contingency Fund	937	461	29	(447)
Consultants	41,385	0	55,753	14,368
<i>Total Governmental Activities</i>	<b>\$1,405,160</b>	<b>\$627,384</b>	<b>\$209,122</b>	<b>(568,654)</b>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				388,750
Advances from Belmont County General Fund				84,146
Other Receipts				73,779
<i>Total General Receipts</i>				<b>546,675</b>
Change in Net Assets				(21,979)
<i>Net Assets Beginning of Year</i>				92,624
<i>Net Assets End of Year</i>				<b>\$70,645</b>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Basis Assets and Cash Basis Fund Balances  
Governmental Funds  
December 31, 2004**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$32,050	\$38,595	\$70,645
<i>Total Assets</i>	<u>\$32,050</u>	<u>\$38,595</u>	<u>\$70,645</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	\$20,584	\$	\$20,584
Unreserved, Undesignated Reported in:			
General Fund	11,466		11,466
Special Revenue Funds		38,595	38,595
<i>Total Fund Balances</i>	<u>32,050</u>	<u>38,595</u>	<u>109,240</u>
<i>Total Fund Balances</i>	<u>\$32,050</u>	<u>\$38,595</u>	<u>\$109,240</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2004**

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Intergovernmental	\$427,102	\$170,770	\$597,872
Charges for Services	627,384		627,384
Advance from Belmont County General Fund	84,146		84,146
Other Receipts	73,770	9	73,779
<i>Total Receipts</i>	<u>1,212,402</u>	<u>170,779</u>	<u>1,383,181</u>
<b>Disbursements</b>			
Detention Services:			
Salaries	757,204	42,808	800,012
Supplies	44,989	1,645	46,634
Materials	2,493		2,493
Equipment	5,094	42,875	47,969
Contracts - Repairs	15,906		15,906
Contracts - Services	74,367	39	74,406
Medical Fees	14,331		14,331
Medicare	10,277		10,277
Travel and Expenses	9,910	466	10,376
Public Employee's and State Teacher's Retirement Systems	99,316		99,316
Worker's Compensation	10,129	50	10,179
Food Service	76,908		76,908
Other	144,944	5,144	150,088
Activities	3,943		3,943
Contingency Fund	937		937
Consultants		41,385	41,385
<i>Total Disbursements</i>	<u>1,270,748</u>	<u>134,412</u>	<u>1,405,160</u>
<i>Net Change in Fund Balances</i>	(58,346)	36,367	(21,979)
<i>Fund Balances Beginning of Year</i>	<u>90,396</u>	<u>2,228</u>	<u>92,624</u>
<i>Fund Balances End of Year</i>	<u>\$32,050</u>	<u>\$38,595</u>	<u>\$70,645</u>



**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes  
In Cash Basis Fund Balances - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$280,000	\$426,672	\$427,102	\$430
Charges for Services	20,000	627,384	627,384	0
Advances from Belmont County General Fund	0	84,146	84,146	0
Other Receipts	0	73,770	73,770	0
<i>Total Receipts</i>	<u>300,000</u>	<u>1,211,972</u>	<u>1,212,402</u>	<u>430</u>
<b>Disbursements</b>				
Detention Services:				
Salaries	207,846	765,179	757,204	7,975
Supplies	18,000	48,800	48,489	311
Materials	3,650	2,700	2,693	7
Equipment	2,250	5,100	5,094	6
Contracts - Repairs	6,000	16,917	16,906	11
Contracts - Services	31,250	80,471	80,367	104
Medical Fees	12,300	16,659	16,331	328
Medicare	4,000	10,280	10,277	3
Travel and Expenses	4,700	11,300	10,910	390
Public Employee's and State Teacher's Retirement Systems	32,000	100,616	99,316	1,300
Worker's Compensation	0	10,129	10,129	0
Unemployment Compensation	2,500	0	0	0
Food Service	27,900	84,022	83,792	230
Other	35,000	145,012	144,944	68
Activities	2,000	4,000	3,943	57
Contingency Fund	1,000	1,183	937	246
<i>Total Disbursements</i>	<u>390,396</u>	<u>1,302,368</u>	<u>1,291,332</u>	<u>11,036</u>
<i>Net Change in Fund Balance</i>	(90,396)	(90,396)	(78,930)	11,466
<i>Fund Balance Beginning of Year</i>	68,846	68,846	68,846	0
Prior Year Encumbrances Appropriated	21,550	21,550	21,550	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$11,466</u>	<u>\$11,466</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Net Assets - Cash Basis  
December 31, 2003**

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$92,624</u>
<i>Total Assets</i>	<u>92,624</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes:	
Detention & Group Home PRC Grant Program	37
Gender Specific Grant Program	973
Who Am I Program	1,218
Unrestricted	<u>90,396</u>
<i>Total Net Assets</i>	<u><u>\$92,624</u></u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Activities - Cash Basis  
For the Year Ended December 31, 2003**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Detention Services:				
Salaries	\$836,899	407,236	127,373	(\$302,290)
Supplies	39,976	21,764	2,345	(15,867)
Materials	4,654	2,649	140	(1,865)
Equipment	2,669	438	1,741	(490)
Contracts - Repairs	18,366	10,452	553	(7,361)
Contracts - Services	66,589	37,897	2,006	(26,686)
Medical Fees	11,340	6,454	342	(4,544)
Medicare	9,789	5,535	293	(3,961)
Travel and Expenses	7,651	3,941	866	(2,844)
Public Employee's and State Teacher's Retirement Systems	114,254	64,391	3,408	(46,455)
Worker's Compensation	6,902	3,928	208	(2,766)
Unemployment Compensation	46	25	2	(19)
Food Service	69,756	39,699	2,101	(27,956)
Other Expenses	135,282	75,278	3,984	(56,020)
Rental	3,300		2,984	(316)
Hospitalization	192			(192)
Activities	10,372		9,378	(994)
Consultants	28,813		25,815	(2,998)
Advances To Belmont County General Fund	27,710			(27,710)
<i>Total Governmental Activities</i>	<b>\$1,394,560</b>	<b>\$679,687</b>	<b>\$183,539</b>	<b>(531,334)</b>
<b>General Receipts</b>				
Grants and Entitlements not Restricted to Specific Programs				394,986
Advance from Belmont County General Fund				25,000
Other Receipts				128,712
<i>Total General Receipts</i>				<b>548,698</b>
Change in Net Assets				17,364
<i>Net Assets Beginning of Year</i>				75,260
<i>Net Assets End of Year</i>				<b>\$92,624</b>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Basis Assets and Cash Basis Fund Balances  
Governmental Funds  
December 31, 2003**

	General	Who Am I Program Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$90,396	\$1,010	\$1,218	\$92,624
<i>Total Assets</i>	\$90,396	\$1,010	\$1,218	\$92,624
<b>Fund Balances</b>				
Reserved for Encumbrances	\$21,550	\$	\$195	\$21,745
Unreserved, Undesignated Reported in:				
General Fund	68,846			68,846
Special Revenue Funds		1,010	1,023	2,033
<i>Total Fund Balances</i>	90,396	1,010	1,218	92,624
<i>Total Fund Balances</i>	\$90,396	\$1,010	\$1,218	\$92,624

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2003**

	General	Who Am I Program Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$430,961	\$147,564	\$	\$578,525
Charges for Services	679,687			679,687
Advance from Belmont County General Fund	25,000			25,000
Other Receipts	128,675		37	128,712
<i>Total Receipts</i>	<u>1,264,323</u>	<u>147,564</u>	<u>37</u>	<u>1,411,924</u>
<b>Disbursements</b>				
Detention Services:				
Salaries	715,557	117,029	4,313	836,899
Supplies	38,241	1,319	416	39,976
Materials	4,654			4,654
Equipment	769	1,900		2,669
Contracts - Repairs	18,366			18,366
Contracts - Services	66,589			66,589
Medical Fees	11,340			11,340
Medicare	9,726		63	9,789
Travel and Expenses	6,924	727		7,651
Public Employee's and State Teacher's Retirement Systems	113,141		1,113	114,254
Worker's Compensation	6,902			6,902
Unemployment Compensation	46			46
Food Service	69,756			69,756
Other	132,271		3,011	135,282
Rental		3,300		3,300
Hospitalization			192	192
Activities		10,372		10,372
Consultants		28,550	263	28,813
Advances To Belmont County General Fund		17,855	9,855	27,710
<i>Total Disbursements</i>	<u>1,194,282</u>	<u>181,052</u>	<u>19,226</u>	<u>1,394,560</u>
<i>Excess of Receipts Over Disbursements</i>	70,041	(33,488)	(19,189)	17,364
<b>Other Financing Sources</b>				
Advance In		34,170	1,012	35,182
Advance Out	(34,170)	(1,012)		(35,182)
<i>Total Other Financing Sources</i>	<u>(34,170)</u>	<u>33,158</u>	<u>1,012</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	35,871	(330)	(18,177)	17,364
<i>Fund Balances Beginning of Year</i>	<u>54,525</u>	<u>1,548</u>	<u>19,187</u>	<u>75,260</u>
<i>Fund Balances End of Year</i>	<u>\$90,396</u>	<u>\$1,218</u>	<u>\$1,010</u>	<u>\$92,624</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes  
In Cash Basis Fund Balances - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2003**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$280,000	\$424,679	\$430,961	\$6,282
Charges for Services	20,000	660,220	679,687	19,467
Advances from Belmont County General Fund		25,000	25,000	0
Other Receipts		108,655	128,675	20,020
<i>Total Receipts</i>	<u>300,000</u>	<u>1,218,554</u>	<u>1,264,323</u>	<u>45,769</u>
<b>Disbursements</b>				
Detention Services:				
Salaries	190,755	730,141	715,557	14,584
Supplies	16,300	42,364	42,241	123
Materials	4,090	5,090	5,054	36
Equipment	1,000	800	769	31
Contracts - Repairs	5,000	19,651	19,116	535
Contracts - Services	28,000	72,894	72,589	305
Medical Fees	8,480	18,964	16,140	2,824
Medicare		10,400	9,726	674
Travel and Expenses	5,600	7,448	7,124	324
Public Employee's and State Teacher's Retirement Systems	30,000	115,300	113,141	2,159
Worker's Compensation		6,902	6,902	0
Unemployment Compensation	5,000	46	46	0
Food Service	25,300	76,626	75,156	1,470
Other	35,000	132,283	132,271	12
<i>Total Disbursements</i>	<u>354,525</u>	<u>1,238,909</u>	<u>1,215,832</u>	<u>23,077</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(54,525)</u>	<u>(20,355)</u>	<u>48,491</u>	<u>68,846</u>
<b>Other Financing Uses</b>				
Advances Out		(34,170)	(34,170)	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>(34,170)</u>	<u>(34,170)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(54,525)	(54,525)	14,321	68,846
<i>Fund Balance Beginning of Year</i>	<u>41,635</u>	<u>41,635</u>	<u>41,635</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>12,890</u>	<u>12,890</u>	<u>12,890</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$68,846</u>	<u>\$68,846</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes  
In Cash Basis Fund Balances - Budget and Actual (Budget Basis)  
Who Am I Program Fund  
For the Year Ended December 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$0	\$147,564	\$147,564	\$0
<i>Total Receipts</i>	<u>0</u>	<u>147,564</u>	<u>147,564</u>	<u>0</u>
<b>Disbursements</b>				
Detention Services:				
Salaries		117,029	117,029	0
Supplies		1,341	1,319	22
Equipment		1,980	1,900	80
Travel and Expenses		1,025	922	103
Rental		3,300	3,300	0
Activities	837	10,382	10,372	10
Consultants	711	29,358	28,550	808
Advances To Belmont County General Fund		27,710	17,855	9,855
<i>Total Disbursements</i>	<u>1,548</u>	<u>192,125</u>	<u>181,247</u>	<u>10,878</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,548)</u>	<u>(44,561)</u>	<u>(33,683)</u>	<u>10,878</u>
<b>Other Financing Sources and Uses</b>				
Advances In		44,025	34,170	(9,855)
Advances Out		(1,012)	(1,012)	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>43,013</u>	<u>33,158</u>	<u>(9,855)</u>
<i>Net Change in Fund Balance</i>	<u>(1,548)</u>	<u>(1,548)</u>	<u>(525)</u>	<u>1,023</u>
<i>Fund Balance Beginning of Year</i>	<u>1,548</u>	<u>1,548</u>	<u>1,548</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,023</u>	<u>\$1,023</u>

See accompanying notes to the basic financial statements

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**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont Harrison Juvenile District, Belmont County (the Juvenile District), as a body corporate and politic. The Juvenile District is directed by an appointed seven-member Board of Trustees. The Juvenile District provides governmental detention services for juveniles, including secured detention facilities, supervised group home facilities, and an aftercare program.

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

The reporting entity is composed of the primary government. The primary government consists of all funds that are not legally separate from the Juvenile District.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Juvenile District's accounting policies.

**A. Basis of Presentation**

The Juvenile District's basic financial statements consist of government-wide financial 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.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Juvenile District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental revenues or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Juvenile District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Juvenile District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Juvenile District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Juvenile District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Juvenile District.

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Fund Financial Statements

During the year, the Juvenile District segregates transactions related to certain Juvenile District 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 Juvenile District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

*B. Fund Accounting*

The Juvenile District 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. The funds of the Juvenile District are presented as governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Juvenile District are financed. The following are the Juvenile District'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 Juvenile District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Who Am I Program Fund* - This is a Federal grant fund from the Department of Youth Services to provide counseling services, activities, and purchase equipment for the detention center.

The Who Am I Program Fund was a major fund for 2003 only. The other governmental funds of the Juvenile District account for grants and other resources whose use is restricted for a particular purpose.

*C. Basis of Accounting*

The Juvenile District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Juvenile District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

*D. Budgetary Process*

All funds are legally required to be budgeted and appropriated. The major documents prepared are the annual budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The annual budget demonstrates a need for existing or increased rates. The certificate of estimated resources establishes a limit on the amount the Juvenile District may appropriate. The appropriations resolution is the Juvenile District's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Juvenile District. The legal level of control has been established by the Juvenile District at the fund and object level for all funds.

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Financial Officer. 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 final appropriations were passed by the Juvenile District.

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, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Juvenile District during the year.

**E. Cash and Cash Equivalents**

As required by Ohio Revised Code, the Belmont County Treasurer is custodian for the Juvenile District's cash. The Juvenile District's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount.

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. The Juvenile District values investments and cash equivalents at cost.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Juvenile District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Juvenile District's modified cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Juvenile District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

*K. Net Assets*

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for miscellaneous purposes primarily include activities involving the Juvenile District's federal grant programs. The Juvenile District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

*L. Fund Balance Reserves*

The Juvenile District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of the fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – Budget and Actual (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**2004**

	General
GAAP Basis	(\$58,346)
Encumbrances	(20,584)
Budget Basis	(\$78,930)

**2003**

	General	Who Am I Program Fund
GAAP Basis	\$35,871	(\$330)
Encumbrances	(21,550)	(195)
Budget Basis	\$14,321	(\$525)

**Note 4 - Deposits and Investments**

Ohio law restricts deposits and investments to the following:

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 4 - Deposits and Investments (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the Juvenile District lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers' acceptances; and debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the Juvenile District. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Belmont County Treasurer serves as the fiscal agent for the Juvenile District and the investments of the County funds, including the Juvenile District's cash. The Juvenile District maintains no control over the investment of its cash. The carrying amount of cash at December 31, 2004 and 2003 were \$70,645 and \$92,624, respectively.

**Deposits:** The Juvenile District's deposits maintained by the Belmont County Treasurer are either insured by the Federal Deposit Insurance Corporation or were considered collateralized by securities held by the pledging institutions' trust departments in Belmont County's name and all State statutory requirements for the deposit of money had been followed.

**Note 5 – Risk Management**

The Juvenile District has obtained commercial insurance for the following risks through the Belmont County Commissioners:

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

The Juvenile District, through the Belmont County Commissioners, also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 6 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Juvenile District 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 OPERS 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.

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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the years ended December 31, 2004 and 2003, members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The Juvenile District's contribution rate for pension benefits for 2004 and 2003 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$3,404,522, \$3,325,507, and \$3,289,075, respectively; 88.37 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$5,683 made by the County and \$3,565 made by the plan members.

**B. State Teachers Retirement System**

For certified teachers employed by the Juvenile District, the County contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of 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 fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, 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 DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 6 - Defined Benefit Pension Plans (Continued)**

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

a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of 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 DCP 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 9.3 percent of their annual covered salary and the County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salary and the County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The County's required contribution for pension obligations for the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$84,880, \$78,059 and \$77,179, respectively. The full amount has been contributed for fiscal year 2004, 2003 and 2002. No contributions were made to the DC and Combined Plans for the fiscal years ended June 30, 2005 and 2004, by the County and plan members.

**Note 7 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 and 2003 employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$868,230. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2003 (the latest information available), was \$10.5

**Belmont Harrison Juvenile District**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2004 and 2003

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**Note 7 - Postemployment Benefits (Continued)**

**A. Ohio Public Employees Retirement System (Continued)**

billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

**B. State Teachers Retirement System**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the STRS based on authority granted by State statute. STRS is funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2005 and 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount was \$38,247 for fiscal year end June 30, 2004.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000, and STRS had 111,853 eligible benefit recipients.

**Note 8 - Contingent Liabilities**

The Juvenile District is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Juvenile District's financial conditions.

Amounts grantor agencies pay to the Juvenile District are subject to audit and adjustment. Grantors may require the Juvenile District to refund any disallowed costs. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes such refunds would be immaterial.





**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**

Belmont Harrison Juvenile District  
Belmont County  
210 Fox Shannon Place  
St. Clairsville, Ohio 43950

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 Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2004 and 2003, which collectively comprise the Juvenile District's basic financial statements and have issued our report thereon dated November 14, 2005, wherein we noted the Juvenile District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. 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 Juvenile District's internal control over financial reporting to determine our auditing procedures to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Juvenile District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2004-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

### Compliance and Other Matters

As part of reasonably assuring whether the Juvenile 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 Juvenile District's management dated November 14, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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



**Betty Montgomery**  
Auditor of State

November 14, 2005

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2004-001**

**Reportable Condition**

Auditor of State Audit Bulletin 97-003 states that advances are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment. Advances must also indicate a statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose which the fund receiving the cash (the "debtor" fund) was established. There also must be approval via a formal resolution of the taxing authority of the subdivision of which it is expected that repayment will be made.

If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer (repayment is no longer expected) the following procedures should be followed:

- The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas;
- The transfer should be formally recorded on the records of the subdivision; and
- The entries recording the cash advance should be reversed.

On November 7, 2002, the Belmont County Commissioners passed a resolution to advance \$42,290 from the County General Fund to the Belmont Harrison Juvenile District General Fund. On June 4, 2003, the Belmont County Commissioners passed a resolution to advance \$25,000 from the County General Fund to the Belmont Harrison Juvenile District General Fund. On November 17, December 1 and December 12, 2004, the Belmont County Commissioners passed a resolution to advance \$40,000, \$24,146 and \$20,000, respectively, from the County General Fund to the Belmont Harrison Juvenile District General Fund. These advances have not been repaid and the Belmont Harrison Juvenile District General Fund unencumbered balance as of December 31, 2004 amounted to \$11,466. As of August 30, 2005, the Belmont Harrison Juvenile District General Fund unencumbered balance was \$15,609. Based on the forgoing information, it appears unlikely the advances, a cumulative amount of \$151,436, will be repaid. Repayment of the outstanding advances would cause the Belmont Harrison Juvenile District General Fund to have a negative fund balance.

We recommend the Belmont County Commissioners and the Belmont Harrison Juvenile District treat these advances as transfers, since repayment is unlikely, and perform the necessary formal procedures for the approval of the transfers, record the transfer on the records of the County and the Juvenile District, and reverse the original cash advance transactions. Due to the decline in the General Fund over the past four years, the two counties should consider increasing their subsidy monies or have the Juvenile District apply for more grant funding.





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Betty Montgomery**

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**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT 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  
DECEMBER 15, 2005**