



**Auditor of State  
Betty Montgomery**



**SOUTH CENTRAL OHIO REGIONAL  
JUVENILE DETENTION CENTER  
ROSS COUNTY**

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**Auditor of State  
Betty Montgomery**

South Central Ohio Regional Juvenile Detention Center  
Ross County  
182 Cattail Road  
Chillicothe, Ohio 45601

To the 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 Center 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

November 20, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

South Central Ohio Regional Juvenile Detention Center  
Ross County  
182 Cattail Road  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, (the Center) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the 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 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 Center to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the 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 Center has elected not to reformat its statements. Since this 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.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Center to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. The 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 November 20, 2006, on our consideration of the 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

November 20, 2006

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$87,253	\$0	\$87,253
Charges for Services	1,080,584	0	1,080,584
Other Revenue	4,159	0	4,159
	<u>1,171,996</u>	<u>0</u>	<u>1,171,996</u>
Total Cash Receipts	1,171,996	0	1,171,996
<b>Cash Disbursements:</b>			
Current:			
Salaries	745,427	0	745,427
Supplies	18,542	0	18,542
Equipment	2,320	0	2,320
Contract Repairs	8,892	0	8,892
Travel and Expenses	2,292	0	2,292
Fringes	306,412	0	306,412
Other	144,157	0	144,157
	<u>1,228,042</u>	<u>0</u>	<u>1,228,042</u>
Total Cash Disbursements	1,228,042	0	1,228,042
Total Receipts Over/(Under) Disbursements	<u>(56,046)</u>	<u>0</u>	<u>(56,046)</u>
<b>Other Financing Receipts:</b>			
County Loan	27,000	0	27,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements:	(29,046)	0	(29,046)
Fund Cash Balances, January 1	<u>33,056</u>	<u>22,345</u>	<u>55,401</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,010</u></b>	<b><u>\$22,345</u></b>	<b><u>\$26,355</u></b>

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

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Intergovernmental	\$46,851	\$10,437	\$229,204	\$286,492
Charges for Services	1,135,740	0	0	1,135,740
Other Revenue	28,446	0	5,440	33,886
	<u>1,211,037</u>	<u>10,437</u>	<u>234,644</u>	<u>1,456,118</u>
<b>Total Cash Receipts</b>				
	<u>1,211,037</u>	<u>10,437</u>	<u>234,644</u>	<u>1,456,118</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	733,435	0	0	733,435
Supplies	18,669	0	0	18,669
Equipment	12,901	10,437	0	23,338
Contract Repairs	4,406	0	0	4,406
Contract Projects	0	0	284,586	284,586
Travel and Expenses	2,141	0	0	2,141
Fringes	264,848	0	0	264,848
Other	136,432	19,282	55,352	211,066
Repayment of County Loan	20,000	0	0	20,000
	<u>1,192,832</u>	<u>29,719</u>	<u>339,938</u>	<u>1,562,489</u>
<b>Total Cash Disbursements</b>				
	<u>1,192,832</u>	<u>29,719</u>	<u>339,938</u>	<u>1,562,489</u>
Total Receipts Over/(Under) Disbursements	<u>18,205</u>	<u>(19,282)</u>	<u>(105,294)</u>	<u>(106,371)</u>
Fund Cash Balances, January 1	14,851	19,282	127,639	161,772
<b>Fund Cash Balances, December 31</b>	<u><b>\$33,056</b></u>	<u><b>\$0</b></u>	<u><b>\$22,345</b></u>	<u><b>\$55,401</b></u>
Reserve for Encumbrances, December 31	<u>\$3,289</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,289</u>

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

**SOUTH CENTRAL OHIO REGIONAL  
JUVENILE DETENTION CENTER  
ROSS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, (the Center) is a body corporate and public established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is directed by a seven-member Board of Trustees appointed by the member counties. Member county juvenile courts use the Center to detain delinquent, unruly, dependent, neglected, or abused children, or juvenile traffic offenders until final disposition.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**C. Cash and Investments**

In accordance with Ohio Revised Code, the Center's cash is held and invested by the Ross County Treasurer, who acts as custodian for the Center's monies. The Center's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

The Center had the following Special Revenue Fund:

*Safety and Security Grant Fund* - This fund is used to account for grant money received from the Ohio Department of Youth Services that is restricted to safety and security improvements within the Center.

**SOUTH CENTRAL OHIO REGIONAL  
JUVENILE DETENTION CENTER  
ROSS COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Center had the following significant Capital Projects Fund:

*New Detention Center Construction Fund* - The Center received payments from each of member county for the construction of a new Detention Center.

**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 function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the 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 2005 and 2004 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

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

**2. BUDGETARY ACTIVITY**

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

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,199,301	\$1,198,996	(\$305)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,228,042	\$1,228,042	\$0

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,271,212	\$1,211,037	(\$60,175)
Special Revenue	10,437	10,437	\$0
Capital Projects	234,644	234,644	\$0
Total	\$1,516,293	\$1,456,118	(\$60,175)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,254,662	\$1,196,121	\$58,541
Special Revenue	0	29,719	(29,719)
Capital Projects	0	339,938	(339,938)
Total	\$1,254,662	\$1,565,778	(\$311,116)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Safety and Security Grant and New Detention Center Construction funds by \$29,719 and \$339,938 for the year ended December 31, 2004.

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

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

**3. RETIREMENT SYSTEM**

The Center's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 9 and 8.5 percent of their gross salaries. The Center contributed an amount equal to 13.55 percent of participants' gross salaries. The Center has paid all contributions required through December 31, 2005.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Center has obtained commercial insurance for the following risks:

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

**5. COUNTY LOAN**

The Center received a \$27,000 advance from the Ross County Commissioners (the County). No formal agreement exists between the County and the Center requiring the loan to be paid back in a specific time frame.



**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***

South Central Ohio Regional Juvenile Detention Center  
Ross County  
182 Cattail Road  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the financial statements of South Central Ohio Regional Juvenile Detention Center, Ross County, Ohio, (the Center) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated November 20, 2006, wherein we noted the 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 Center's internal control over financial reporting to determine our auditing procedures in order to express our opinions 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 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001.

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South Central Ohio Regional Juvenile Detention Center  
Ross 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 and the Board of Trustees. 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

November 20, 2006

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2005-001**

**Material Non-Compliance**

Ohio Rev. Code Section 5705.41 (B) states in part that no subdivision or taxing unit is to expend money unless it has been appropriated as provided in such chapter.

As of December 31, 2004 expenditures exceeded appropriations at the legal level of control by the following amounts:

Fund/Function	Appropriations	Budgetary Expenditures	Variance
Safety and Security Grant - Equipment	\$ 0	\$ 10,437	(\$ 10,437)
Safety and Security Grant - Other	\$ 0	\$ 19,282	(\$ 19,282)
New Detention Center Construction – Contract Projects	\$ 0	\$ 284,586	(\$ 284,586)
New Detention Center Construction – Other	\$ 0	\$ 55,352	(\$ 55,352)

The Center should not certify the availability of funds and should deny payment requests exceeding appropriations. The Center may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

We recommend that the Center only expend funds within the approved appropriations.

**Official's Response:**

We did not receive a response from the Officials to this finding.

**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	ORC section 5705.36	Yes	



**Auditor of State  
Betty Montgomery**

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**SOUTH CENTRAL OHIO REGIONAL JUVENILE DETENTION CENTER  
ROSS 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 19, 2006**