



**Mary Taylor, CPA**  
Auditor of State



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Central Ohio Youth Center  
Union County  
18100 State Route 4  
Marysville, Ohio 43040

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 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 adverse 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 27, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Central Ohio Youth Center  
Union County  
18100 State Route 4  
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statement of the Central Ohio Youth Center, Union County, Ohio (the Center) as of and for the years ended December 31, 2007 and 2006. This financial statement is the responsibility of the Center's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Center has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting the Center's larger (i.e. major) funds separately. While the Center does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Center to reformat their statement. The Center has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended December 31, 2007 and 2006, does 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Central Ohio Youth Center, Union County, Ohio as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, for the year ended December 31, 2006, the Center changed 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* to accounting practices the Auditor of State prescribes or permits.

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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2008, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 27, 2008



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006**

	<b>2,007</b>	<b>2,006</b>
<b>Cash Receipts:</b>		
Charges for Service	\$ 846,061	\$ 796,434
Intergovernmental	157,839	85,014
Member County contributions	1,627,012	1,765,329
Miscellaneous	62,302	19,839
 Total Cash Receipts	 2,693,214	 2,666,616
<b>Cash Disbursements:</b>		
Personnel Expenses	1,409,118	1,328,545
Fringe Benefits	539,310	499,711
Materials & Supplies	131,116	152,018
Contractual Services	301,395	328,872
Capital Outlay	22,127	8,916
Debt	-	68,640
Refund to Member County contributions	225,000	300,000
Other	140,490	19,782
 Total Cash Disbursements	 2,768,556	 2,706,484
 Total Cash Receipts (Under) Cash Disbursements	 (75,342)	 (39,868)
 Cash Balance, January 1	 374,657	 414,525
 Cash Balance, December 31	 \$ 299,315	 \$ 374,657
 Reserves for Encumbrances, December 31	 \$ 1,461	 \$ -

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

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**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Central Ohio Youth Center, Union County, Ohio (the Center) opened in October 1973, serves Youth and Juvenile Courts of Champaign, Delaware, Madison, and Union Counties, pursuant to Section 2151.34, Revised Code. Once a member, Logan County removed itself from operations on April 10, 2003.

The four counties share the operating expenses of the Center based on their usage. The Center operates under the direction of a board of trustees. All appointments to such board of trustees are made from persons who are recommended and approved by the juvenile court judge or judges of the county of which such person is resident.

The need for the Center was to eliminate the use of the county and town jails as places of detention for juveniles, and to provide a wholesome environment for positive growth and development for young adults.

Management believes the financial statements included in this report represent all of the activity of the Center over which the Center has the ability to exercise direct operating control.

**B. Basis of Accounting and Change in Financial Presentation**

For the year ended December 31, 2006, the Center changed 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* to accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balance.

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

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Equity in Cash**

Union County acts as the fiscal agent for the Central Ohio Youth Center. The carrying value of the Center's deposits and the bank balance are included in the basic financial statements of Union County.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2007  
(Continued)**

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

**D. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or object 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.

**Estimate 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.

**Encumbrances**

The Ohio Revised Code requires the Center to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**E. 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.

**F. Accumulated Unpaid Vacation and Sick Pay**

Employees are entitled to cash payments for the unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Center.

**2. EQUITY IN CASH**

Union County maintains a cash and investment pool used by all funds. The Center's portion of this pool is disclosed below. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows

	<u>2007</u>	<u>2006</u>
Total deposits	<u>\$299,315</u>	<u>\$374,657</u>

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and December 31 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$2,601,413	\$2,693,214	\$91,801

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,840,847	\$2,770,017	\$70,830

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$2,493,610	\$2,666,616	\$173,006

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,842,904	\$2,706,484	\$136,420

**4. RETIREMENT SYSTEM**

The Center's Certificate teachers belong to the State Teachers Retirement System (STRS) of Ohio and other employees belong to the Public Employees Retirement System (PERS) of Ohio. These plans are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of STRS contributed 10% of their wages to STRS. The Center contributed an amount equal to 14% of participant wages. For 2006, members of PERS contributed 9% of their wages to PERS and the Center contributed an amount equal to 13.7% of participants' gross salaries. For 2007, members of PERS contributed 9.5% of their wages to PERS and the Center contributed an amount equal to 13.85% of participants' gross salaries. The Center has also paid all contributions required through December 31, 2007.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2007  
(Continued)**

**5. RISK MANAGEMENT**

The Central Ohio Youth Center has obtained commercial insurance for the following risks:

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

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



# Mary Taylor, CPA

Auditor of State

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

Central Ohio Youth Center  
Union County  
18100 State Route 4  
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the financial statement of the Central Ohio Youth Center, Union County, Ohio (the Center) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 27, 2008, wherein we noted the Center changed its financial presentation for the year ended December 31, 2006 and followed the accounting practices the Auditor of State permits 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Center's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Center's management in a separate letter dated May 27, 2008.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402      (800) 443-9275      Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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 2007-001.

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Center's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

May 27, 2008



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2007-001</b>
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**Non-compliance**

**Ohio Rev. Code § 9.38** states that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars.

If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited.

Deposits were not made on the business day next following the day of receipt in twenty-five percent of out-of county receipts tested. In these instances, receipts were held for up to eight days prior to being deposited. Currently, the Center does not have a policy to document the time frame in which collection can be held in a safe at the Center until the deposit can be made.

We recommend the Center deposit all receipts collected by the following business day. The Center should also consider adopting a policy permitting a different time period, not to exceed three business day if the daily receipts are less than one thousand dollars, provided the moneys are properly safeguarded until such time deposit.

**Officials' Response:**

COYC Business Manger will insure that deposits are made within 24 hours, unless the next business day falls on a weekend or holiday. The Center will inform it's Board members that the State Auditor has advised that a policy should be adopted stating a time period in which deposits are to be made.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

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>
2005-001	Tuition Receipts-The Center did not approve the daily rates charged to school districts and did not maintain original attendance sheets and copies of all invoices to corroborate the services billed to school districts.	No	Partially corrected; this finding is being repeated in the management letter



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**CENTRAL OHIO YOUTH CENTER**

**UNION 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  
AUGUST 5, 2008**