



**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

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Dave Yost • 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 an 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.

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Dave Yost
Auditor of State

April 20, 2012

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Dave Yost • 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 statements of the Central Ohio Youth Center, Union County, Ohio, (the Center), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Center'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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also 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 statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Centers to reformat their statements. 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 statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, 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 combined fund cash balances as of December, 31, 2011 and 2010 of the Central Ohio Youth Center, Union County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Central Ohio Youth Center adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2012, 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.



Dave Yost
Auditor of State

April 20, 2012

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Charges for Services	\$ 645,560	\$ -	\$ 645,560
Intergovernmental	114,220	711,846	826,066
Member County Contributions	1,640,186		1,640,186
Miscellaneous	104,616		104,616
	<u>2,504,582</u>	<u>711,846</u>	<u>3,216,428</u>
Total Cash Receipts			
Cash Disbursements:			
Personnel Expenses	1,630,032		1,630,032
Fringe Benefits	607,854		607,854
Materials & Supplies	84,672		84,672
Contractual Service	198,974	1,950,634	2,149,608
Capital Outlay	4,713		4,713
Other	7,149		7,149
Debt Service:			
Principal Retirement	125,000		125,000
Interest and Fiscal Charges	35,050		35,050
	<u>2,693,444</u>	<u>1,950,634</u>	<u>4,644,078</u>
Total Cash Disbursements			
Total Receipts (Under) Disbursements	<u>(188,862)</u>	<u>(1,238,788)</u>	<u>(1,427,650)</u>
Other Financing Receipts			
Proceeds of Debt		450,448	450,448
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>450,448</u>	<u>450,448</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(188,862)	(788,340)	(977,202)
Fund Cash Balances, January 1	<u>321,169</u>	<u>901,601</u>	<u>1,222,770</u>
Fund Cash Balances, December 31			
Restricted	-	113,261	113,261
Assigned	132,307	-	132,307
<i>Fund Cash Balances, December 31</i>	<u>\$ 132,307</u>	<u>\$ 113,261</u>	<u>\$ 245,568</u>

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

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Charges for Services	\$ 949,347	\$ -	\$ 949,347
Intergovernmental	112,887		112,887
Member County Contributions	1,668,431		1,668,431
Miscellaneous	137,498		137,498
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	2,868,163	-	2,868,163
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Personnel Expenses	1,656,741		1,656,741
Fringe Benefits	661,791		661,791
Materials & Supplies	119,908		119,908
Contractual Service	238,047		238,047
Capital Outlay	26,651		26,651
Other	11,063		11,063
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,714,201	-	2,714,201
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	153,962	-	153,962
	<hr/>	<hr/>	<hr/>
Other Financing Receipts			
Proceeds of Debt		901,601	901,601
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	-	901,601	901,601
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	153,962	901,601	1,055,563
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	167,207	-	167,207
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 321,169</u>	<u>\$ 901,601</u>	<u>\$ 1,222,770</u>

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

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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. One 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 directions 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Center recognizes receipts when received rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

Union County acts as the fiscal agent for the Central Ohio Youth Center. The County's deposit and investment pool holds the Center's assets, 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 reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects.

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. 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. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted received) plus 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 cancelled and re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Center must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Center classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Center must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Center Trustees or a Center official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

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 as of December 31 was as follows:

	2011	2010
Total deposits	245,568	1,222,770

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2011 and December 31, 2010 follows:

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$ 2,849,966	\$ 2,504,582	\$ (345,384)
Capital Projects	1,896,734	1,162,294	(734,440)
	<u>\$ 4,746,700</u>	<u>\$ 3,666,876</u>	<u>\$ (1,079,824)</u>
2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted	Actual	Variance
General	\$ 2,845,580	\$ 2,693,444	\$ 152,136
Capital Projects	1,970,991	1,950,634	20,357
	<u>\$ 4,816,571</u>	<u>\$ 4,644,078</u>	<u>\$ 172,493</u>
2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$ 2,655,029	\$ 2,868,163	\$ 213,134
Capital Projects	920,000	901,601	(18,399)
	<u>3,575,029</u>	<u>3,769,764</u>	<u>194,735</u>
2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted	Actual	Variance
General	\$ 2,755,031	\$ 2,714,201	\$ 40,830
Capital Projects	18,399	-	18,399
	<u>\$ 2,773,430</u>	<u>\$ 2,714,201</u>	<u>\$ 59,229</u>

4. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$795,000	1.3%-4.6%
Facility Improvement Notes	450,000	5%
Total	<u>\$1,245,000</u>	

During 2010 the Center engaged in a renovation project of the facility. The Ohio Department of Youth Services provided funding for 60% of the project costs. During 2010 and 2011 Union County issued general obligation bonds of \$901,601 and facility improvement notes of \$450,000 to provide the Center's 40% match. Union County, Delaware County, Madison County, and Champaign County have entered into an agreement to provide for 25% respective share of the principal, interest, and costs for the debt secured by Union County through each County's respective member contributions. The Center reimburses Union County for the annual retirement of the debt in accordance with the debt agreements amortization schedules.

Amortization of the above debt, including interest, is scheduled as follows:

**CENTRAL OHIO YOUTH CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Debt (continued)

Year ending December 31:	General Obligation Bonds	Facility Improvement Notes
2012	\$132,992	\$31,929
2013	138,003	31,929
2014	141,457	31,929
2015	144,311	31,929
2016	141,713	31,929
2017-2021	148,668	159,643
2022-2026		159,643
2027-2031		159,642
2031-2036		159,642
Total	\$847,144	\$798,215

5. Retirement System

The Center's employees belong to the Ohio Public Employee Retirement System (OPERS). Certified teachers belong to the State Teachers Retirement System (STRS). OPERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants' gross salaries. For 2011 and 2010, members of STRS contributed 10% of their gross salaries to STRS. The Center contributed an amount equal to 14% of participants' gross salaries. The Center has also paid all contributions required through December 31, 2011.

6. Risk Management

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

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

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

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Dave Yost • 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 statements of the Central Ohio Youth Center, Union County, Ohio, (the Center) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 20, 2012. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Central Ohio Youth Center
Union County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the Center's management in a separate letter dated April 20, 2012.

We intend this report solely for the information and use of management, the audit committee, Board of Trustees, and others within the Center. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

April 20, 2012



Dave Yost • Auditor of State

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
MAY 29, 2012**