



Dave Yost • Auditor of State



**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Juvenile District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Juvenile District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Juvenile District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Juvenile District as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Belmont Harrison Juvenile District, Belmont County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1F to the financial statements, the Juvenile District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Juvenile District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 27, 2013

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**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Charges for Services	\$877,003			\$877,003
Intergovernmental	575,485	\$10,000	\$1,959	587,444
Miscellaneous	7,412			7,412
<i>Total Cash Receipts</i>	<u>1,459,900</u>	<u>10,000</u>	<u>1,959</u>	<u>1,471,859</u>
<b>Cash Disbursements</b>				
Current:				
Salaries, PERS, Medicare & Workers Compensation	997,182			997,182
Supplies	34,300			34,300
Materials	2,107			2,107
Equipment	13,367	10,000		23,367
Contract Repairs	3,226		737	3,963
Contract Services	98,633			98,633
Food Service Expenses	87,007			87,007
Medical Assistance	10,350			10,350
Travel	7,264			7,264
Other Expenses	163,286			163,286
<i>Total Cash Disbursements</i>	<u>1,416,722</u>	<u>10,000</u>	<u>737</u>	<u>1,427,459</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>43,178</u>	<u>0</u>	<u>1,222</u>	<u>44,400</u>
<b>Other Financing (Disbursements)</b>				
Other Financing Uses			(1,959)	(1,959)
<i>Total Other Financing (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>(1,959)</u>	<u>(1,959)</u>
<i>Net Change in Fund Cash Balances</i>	43,178	0	(737)	42,441
<i>Fund Cash Balances, January 1</i>	<u>118,226</u>		<u>2,646</u>	<u>120,872</u>
<b>Fund Cash Balances, December 31</b>				
Restricted			1,909	1,909
Unassigned	161,404			161,404
<i>Fund Cash Balances, December 31</i>	<u>\$161,404</u>	<u>\$0</u>	<u>\$1,909</u>	<u>\$163,313</u>

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

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Charges for Services	\$920,309			\$920,309
Intergovernmental	577,071	\$15,000	\$25,893	617,964
Miscellaneous	4,895			4,895
<i>Total Cash Receipts</i>	<u>1,502,275</u>	<u>15,000</u>	<u>25,893</u>	<u>1,543,168</u>
<b>Cash Disbursements</b>				
Current:				
Salaries, PERS, Medicare & Workers Compensation	1,044,355			1,044,355
Supplies	40,336			40,336
Materials	1,949			1,949
Equipment	1,841	10,550		12,391
Contract Repairs	1,486		15,287	16,773
Contract Services	108,143	2,000		110,143
Food Service Expenses	83,967			83,967
Medical Assistance	10,145			10,145
Travel	9,300			9,300
Other Expenses	164,776	2,450		167,226
Grant	1,000			1,000
<i>Total Cash Disbursements</i>	<u>1,467,298</u>	<u>15,000</u>	<u>15,287</u>	<u>1,497,585</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>34,977</u>	<u>0</u>	<u>10,606</u>	<u>45,583</u>
<b>Other Financing (Disbursements)</b>				
Other Financing Uses			(25,894)	(25,894)
<i>Total Other Financing (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>(25,894)</u>	<u>(25,894)</u>
<i>Net Change in Fund Cash Balances</i>	34,977	0	(15,288)	19,689
<i>Fund Cash Balances, January 1 - Restated See Note 2</i>	<u>83,249</u>	<u>0</u>	<u>17,934</u>	<u>101,183</u>
<b>Fund Cash Balances, December 31</b>				
Restricted			2,646	2,646
Unassigned	118,226			118,226
<i>Fund Cash Balances, December 31</i>	<u>\$118,226</u>	<u>\$0</u>	<u>\$2,646</u>	<u>\$120,872</u>

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

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont Harrison Juvenile District, Belmont County, Ohio (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 financial statements present all activities for which the Juvenile District is financially accountable.

**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 Juvenile District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Belmont County Treasurer is custodian for the Juvenile District's deposits. The County's deposit and investment pool holds the Juvenile District's assets, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The Juvenile District's General Fund receives grants, tuition, billings for residents, and subsidies from Belmont and Harrison Counties for the general operation of the correctional facilities.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Juvenile District had the following significant Special Revenue Funds:

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Sargus Compliance Project Grant Fund - This fund received federal grant money to update the District's hardware and software systems.

Juvenile Accountability Block Grant Fund - This fund received federal grant money to be used to develop programs to strengthen and promote greater accountability in the juvenile justice system.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Juvenile District had the following significant Capital Projects Fund:

Sargus Remodeling Fund - This fund received reimbursements from the Department of Youth Services to perform repairs on a building.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually. On or about May 1 of each year, the Belmont County Auditor sends a departmental budget form to the Juvenile District for the succeeding calendar year. The Juvenile District's Finance Director completes the departmental budget form containing information on the expenditures for the prior year, appropriations for the current year, and the request for the next year. A personal service schedule accompanies the departmental budget and reflects each person's name, present rate of pay, rate of pay for the next year, and the amount requested for the next year. An estimate of anticipated revenue is also filed with the departmental budget. The Executive Director reviews the forms and they are filed with the County Commissioners by June 1. This information is then combined with all other county departmental budgets and the Belmont County subdivision budget is prepared. The budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The County Commissioners 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.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Juvenile District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Juvenile District 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**

The Board can *commit* amounts via formal action (resolution). The Juvenile District must adhere to these commitments unless the Board amends 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.

**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 the Board or a Juvenile District 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.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

The Juvenile District 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 Juvenile District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items 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. Restatement of Fund Balance**

For fiscal year 2010, the Juvenile District classified the Sargus Remodeling Fund as a Special Revenue Fund instead of a Capital Projects Fund which is appropriate based on this funds activity. This activity was also reported as a Special Revenue Fund in the 2012 and 2011 unaudited financial statements. This restatement had the following effect on fund balances previously reported:

	<b>Fund Balance at December 31, 2010</b>	<b>Adjusted Fund Balance at December 31, 2010</b>
Special Revenue	\$17,934	\$0
Capital Projects	0	17,934

**3. Equity in Pooled Deposits**

As required by Ohio Revised Code, the Juvenile District's cash is held and invested by the Belmont County Treasurer, who acts as custodian for the Juvenile District's monies. The Juvenile District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. The carrying amount of cash at December 31, was as follows:

	<u>2012</u>	<u>2011</u>
Deposits	<u>\$ 163,313</u>	<u>\$ 120,872</u>

**Deposits:** The Juvenile District's deposits maintained by the County Treasurer are either insured by the Federal Deposit insurance Corporation or were considered uncollateralized even though securities for collateral were held by the pledging financial institution's trust department in the County's name and all statutory requirements for the deposit of money had been followed.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011, follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,439,373	\$1,459,900	\$20,527
Special Revenue	10,000	10,000	0
Capital Projects	1,959	1,959	0
Total	\$1,451,332	\$1,471,859	\$20,527

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,558,610	\$1,456,782	\$101,828
Special Revenue	10,000	10,000	0
Capital Projects	6,478	2,696	3,782
Total	\$1,575,088	\$1,469,478	\$105,610

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,450,323	\$1,502,275	\$51,952
Special Revenue	15,000	15,000	0
Capital Projects	25,893	25,893	0
Total	\$1,491,216	\$1,543,168	\$51,952

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,533,867	\$1,513,323	\$20,544
Special Revenue	15,000	15,000	0
Capital Projects	46,398	43,791	2,607
Total	\$1,595,265	\$1,572,114	\$23,151

**5. Retirement System**

The Juvenile District's employees belong to the Ohio Public Employees Retirement System (OPERS) or the State Teachers Retirement System of Ohio (STRS Ohio). OPERS and STRS Ohio are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS and STRS Ohio members contributed 10% of their gross salaries and the Juvenile District contributed an amount equaling 14% of participants' gross salaries. The Juvenile District has paid all contributions required through December 31, 2012.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**6. Risk Management**

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

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

**7. Grants**

During 2010, a resolution was approved by the Belmont County Commissioners regarding an agreement between the Ohio Department of Youth Services and the Board of Trustees of the Juvenile District to provide funds to reimburse costs of improvement to their facility. The total Renovation Grant was for \$112,500, which included the Ohio Department of Youth Services share of \$67,500 and Belmont County Commissioners providing a minimum local match of \$45,000. As of December 31, 2012, \$39,649 has been drawn down from the Ohio Department of Youth services leaving a remaining balance of \$27,851 to be drawn down.

On August 4, 2010, the Belmont County Commissioners approved to advance \$40,500 to the Juvenile District. The Juvenile District continues to repay this advance to the County as grant funds are received. As of December 31, 2012, \$850 of the advance remains to be repaid to the Belmont County Commissioners.

**8. Contingent Liabilities**

The Juvenile District is not a defendant in any lawsuits.

Amounts grantor agencies pay to the Juvenile District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated June 27, 2013, wherein we noted the Juvenile District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits and wherein we also noted the Juvenile District has adopted Governmental Accounting Standards Board Statement No. 54.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Juvenile District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Juvenile District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Juvenile District's financial statements. We consider findings 2012-02 and 2012-03 described in the accompanying Schedule of Findings to be material weaknesses.

***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, opining 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 we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2012-01.

***Entity's Response to Findings***

The Juvenile District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Juvenile District's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Juvenile District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Juvenile District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 27, 2013

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-01**

**Finding for Recovery Repaid Under Audit**

Both the Financial Officer and Executive Director are responsible for approving and signing all payroll transmittal sheets before payroll is processed by the Belmont County Auditor's office. At various times during 2007 through 2012, the former Financial Officer was signing both her name and the Executive Director's name on the payroll transmittal sheets. The Former Executive Director gave the financial officer permission to sign his name to the payroll transmittal sheets in his absence. Former Financial Officer, Lorrie Jeskey was compensated for her regular bi-weekly salary plus "other pay." She indicated that this was for extra work performed at home. Former Executive Director Corey Shrieve and the Board of Trustees were unaware of this "other pay" that the former Financial Officer was receiving for hours worked at home. There was no documentation to support that this "other" compensation was approved by the District Board.

Summarized below is the total "other pay" received by Lorrie Jeskey:

<u>Year</u>	<u>#of pays</u>	<u>Amount</u>
2007	1	\$375
2008	7	1,794
2009	18	4,483
2010	13	2,576
2011	18	3,493
2012	9	1,924
Total "Other Pay"		<u><u>\$14,645</u></u>

In accordance with the foregoing facts and pursuant to Ohio Revised Code 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lorrie Jeskey, Former Financial Officer, in the amount of \$14,645 and in favor of the Belmont Harrison Juvenile District's General Fund.

On May 9, 2013, Lorrie Jeskey repaid \$5,417 of the overpayment amount. \$5,417 was posted to the Juvenile District's General Fund. This leaves a remaining Finding for Recovery amount of \$9,228 in favor of the Belmont Harrison Juvenile District's General Fund.

On June 19, 2013, Lorrie Jeskey repaid \$9,228 which is the remainder of the overpayment amount. \$9,228 was posted to the Juvenile District's General Fund.

**Officials' Response:** Finding was repaid.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-02**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Juvenile District did not always record receipts, expenditures, and fund balance into accurate classifications on the financial statements based upon the source of the receipt, nature of the disbursement, and constraints imposed upon the use of its governmental fund resources.

The following errors were noted on the financial statements for 2012:

Fund	Account posted to	Account should have been posted to	Amount
General	Miscellaneous	Charges for Services (Parental Support)	\$5,375
General	Intergovernmental	Charges for Services (Contract Services)	77,578
General	Tuition-Board & Care	Charges for Services	366,359
General	Transfer-In	Intergovernmental (Belmont County Subsidy)	460,000
General	Fund Balance-Committed	Fund Balance-Unassigned	40,060
Sargus Remodeling	Advances-Out	Other Financing Uses (Repayment of Advance of Funds to Belmont County)	1,959
Sargus Remodeling	Fund Balance-Unassigned	Fund Balance-Restricted	1,909

Also during 2012 receipt and expenditure activity in the amount of \$10,000 for a 2012 Juvenile Accountability Block Grant were not included within the financial statements. These receipts and expenditures should have been reported as a Special Revenue Fund.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-02 (Continued)**

**Material Weakness (Continued)**

The following errors were noted on the financial statements for 2011:

Fund	Account posted to	Account should have been posted to	Amount
General	Miscellaneous	Charges for Services (Contract Services)	\$56,308
General	Miscellaneous	Intergovernmental (Harrison County Subsidy)	70,000
General	Tuition-Board & Care	Charges for Services	351,674
General	Transfer-In	Intergovernmental (Belmont County Subsidy)	460,000
General	Fund Balance-Committed	Fund Balance-Unassigned	46,025
Sargus Remodeling	Advances-Out	Other Financing Uses (Repayment of Advance of Funds to Belmont County)	25,894
Sargus Remodeling	Fund Balance-Committed	Fund Balance-Restricted	2,610
Sargus Remodeling	Fund Balance-Unassigned	Fund Balance-Restricted	36

The adjustments noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

We recommend the Juvenile District utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions and ending fund balance amounts.

**Officials' Response:** The Financial Statements are completed in the Auditor's office. We will check to make sure pay-ins are posted correctly and work with the Auditor's office on the Financial Statements to make sure everything is posted correctly.

**BELMONT HARRISON JUVENILE DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-03**

**Material Weakness**

Group Home employees, full-time Sargus employees, part-time Sargus employees, and intermittent employees (all union employees) are required to maintain time cards for hours worked by pay period. These timecards are submitted to the Financial Officer directly. The Financial Officer checks them with the schedule. If a discrepancy is found and there is no supervisor's initials giving the ok, then the employee is only paid for hours listed on the schedule. Time cards are signed by the employee and the Financial Officer. Leave (vacation, sick time) used, if applicable, is reflected on the Personal Leave Report. Other pay (straight line holiday pay, etc) is noted on the time card, which is initialed and dated by the Financial Officer.

Of the payroll transactions tested, 9% had no documentation to support the "other pay" and the approval of such.

This weakness resulted in a Finding for Recovery. See Finding Number 2012-01.

We recommend all employees document the purpose of any "other pay" reflected on their timecards when applicable and that approval of such be documented.

**Officials' Response:** As of January 2013, the new Financial Officer is currently writing an explanation on the "other pay" line. Therefore, in future audits it will explain why "other pay" line was being used.



# Dave Yost • Auditor of State

**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  
JULY 9, 2013**