

MULTI-COUNTY JUVENILE ATTENTION SYSTEM

STARK COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2013





Dave Yost • Auditor of State

Board of Trustees
Multi-County Juvenile Attention System
815 Faircrest Street
Canton, Ohio 44706

We have reviewed the *Independent Auditors' Report* of the Multi-County Juvenile Attention System, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Multi-County Juvenile Attention System is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 28, 2014

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MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Audit Report
For the Year Ended December 31, 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Multi-County Juvenile Attention System
Stark County
815 Faircrest Street S.W.
Canton, OH 44706

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Multi-County Juvenile Attention System, Stark County (the System) as of and for the year ended December 31, 2013.

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 System'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 System'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 opinions.

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

As described in Note 1 of the financial statements, the System 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 System as of December 31, 2013, or changes in financial position thereof for the year 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 Multi-County Juvenile Attention System, Stark County as of December 31, 2013, and its combined cash receipts and disbursements for the year 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2014, on our consideration of the System'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 System's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
April 16, 2014

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2013**

	Governmental Fund Types			(Memorandum Only)
	General	Special Revenue	Capital Projects	Total
RECEIPTS:				
Intergovernmental	\$ 389,732	\$ 1,220,947	\$ 672,325	\$ 2,283,004
Gifts and Donations	7,252	127	-	7,379
Insurance Reimbursements	144,834	23,813	-	168,647
Tuition	1,630,862	487,548	-	2,118,410
Sales	576	-	-	576
Board and Care	435,319	913	-	436,232
Contract Services	6,976,730	-	-	6,976,730
Rent	11,320	-	-	11,320
Worker's Compensation Refund	91,208	16,915	-	108,123
Other	20,901	512	25,408	46,821
Total Cash Receipts	9,708,734	1,750,775	697,733	12,157,242
DISBURSEMENTS:				
Personal Services - Salaries and Wages	4,443,672	758,564	-	5,202,236
Personal Services - Employee Benefits	2,579,058	414,923	-	2,993,981
Supplies and Materials	857,123	132,364	-	989,487
Purchased Services	1,622,797	519,586	-	2,142,383
Capital Outlay	30,683	8,952	1,119,848	1,159,483
Other	45,879	2,714	-	48,593
Debt Service:				
Retirement of Principal	70,000	-	-	70,000
Interest and Fiscal Charges	41,551	-	-	41,551
Total Cash Disbursements	9,690,763	1,837,103	1,119,848	12,647,714
Cash Receipts Over/(Under) Cash Disbursements	17,971	(86,328)	(422,115)	(490,472)
Fund Cash Balance, January 1, 2013	1,749,311	285,317	666,478	2,701,106
Fund Cash Balances, December 31, 2013				
Restricted	-	198,989	244,363	443,352
Assigned	426,960	-	-	426,960
Unassigned	1,340,322	-	-	1,340,322
Fund Cash Balance, December 31, 2013	\$ 1,767,282	\$ 198,989	\$ 244,363	2,210,634

See Accompanying Notes to the Financial Statements

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Multi-County Juvenile Attention System, Stark County (the System) is a political subdivision established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The System is directed by a fifteen-member Board of Trustees from Carroll, Columbiana, Stark, Tuscarawas, and Wayne Counties. The System provides facilities for juveniles for training, treatment, and rehabilitation as directed by the Juvenile Courts.

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

B. BASIS OF ACCOUNTING

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 System 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

The Stark County Auditor acts as the fiscal agent for the System, and the County Treasurer maintains a cash and investment pool, including all funds for which the County Auditor is the fiscal agent. The County Treasurer is custodian for the System's cash. The System's cash is held in the County's cash and investment pool, and are valued at the County Treasurer's carrying amount.

D. FUND ACCOUNTING

The System uses fund accounting to segregate cash and investments that are restricted as to use. Stark County, acting as fiscal agent for the System, maintains a General Fund, a Special Revenue Fund and a Capital Projects Fund, which are all presented separately. The System 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.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

These funds are used to account for the proceeds of specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The System had the following significant Special Revenue Fund:

Community Corrections Facility Grant Fund – The community corrections facility grant special revenue fund accounts for grant monies received from the Ohio Department of Youth Services.

3. Capital Projects Funds

These funds are used to account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The System had the following significant capital project fund:

Tuscarawas County Attention Center Capital Project Fund – The Tuscarawas County Attention Center capital projects fund is used to account for financial resources for a new building in Tuscarawas County.

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 object level and appropriations may not exceed estimated resources. The Board of Trustees must annually approve the appropriation measure 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 System to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2013 budgetary activity appears in Note 3.

MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. FUND BALANCE

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

1. **Nonspendable**

The System 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 by resolution. The System 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 System 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 System 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.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

G. PROPERTY, PLANT AND EQUIPMENT

The System records disbursements for acquisition 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. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Stark County Treasurer maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was \$2,210,634.

Stark County is responsible for maintaining adequate collateral over deposits and investments.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2013 is as follows:

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$9,756,231	\$9,708,734	(\$47,497)
Special Revenue	2,176,824	1,750,775	(426,049)
Capital Projects	700,085	697,733	(2,352)

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$11,395,671	\$10,117,723	\$1,277,948
Special Revenue	2,402,584	1,931,231	471,353
Capital Projects	1,366,563	1,356,802	9,761

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2013**

4. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Juvenile Detention Facility Bonds Series 2010	<u>\$1,095,000</u>	4.00-6.00%
Total	<u><u>\$1,095,000</u></u>	

On July 8, 2010, the System issued \$1,400,000 of general obligation bonds. The bonds were issued for the purpose of acquiring, constructing, equipping and furnishing a new juvenile detention facility. The bonds were issued for a fourteen year period with a final maturity at December 1, 2024.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	<u>Principal</u>	<u>Interest</u>
2014	\$ 75,000	\$ 58,500
2015	75,000	55,500
2016	80,000	52,500
2017-2021	430,000	200,750
2022-2024	435,000	60,900
Total	<u><u>\$ 1,095,000</u></u>	<u><u>\$ 428,150</u></u>

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2013, OPERS members contributed 10% of their gross salaries and the System contributed an amount equaling 14% of participants' gross salaries. Employees hired before November 23, 2003 contribute 5.75% with the System contributing 18.25%. The System has paid all contributions required through December 31, 2013.

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO
Notes to the Financial Statements
For The Year Ended December 31, 2013**

6. RISK MANAGEMENT

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program (a group primary and excess insurance/self-insurance and risk management program). Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

8. CONTRACTUAL COMMITMENTS

On November 27, 2012, the System entered into an agreement with the Columbiana County Commissioners concerning the County Home Road Sanitary Sewer Project, whereby the System agreed to commit financial assistance in the amount of 9.8% of the total project costs, estimated to be \$194,643. The System provided \$107,702 to the project at that time, and agreed to pay the remaining \$86,761 in twenty bi-annual payments (0% interest) beginning in June of 2013.

9. SUBSEQUENT EVENTS

On January 22, 2014, the System entered into an agreement with the Columbiana County Commissioners concerning the County Home Road Waterline Extension Project, whereby the System agreed to commit financial assistance in the amount of 9.8% of the total project costs, estimated to be \$78,400. In addition, the System wishes to finance the water service line and indoor plumbing work, which is estimated to be an additional \$58,912. The System has agreed to pay the total of \$137,312 in twenty-six bi-annual payments (0% interest) beginning in June of 2014.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Multi-County Juvenile Attention System
Stark County
815 Faircrest Street S.W.
Canton, OH 44706

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 Multi-County Juvenile Attention System, Stark County (the System), as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated April 16, 2014, wherein we noted the System followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

Internal Control Over Financial Reporting

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

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the System's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

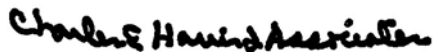
Compliance and Other Matters

As part of reasonably assuring whether the System'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the System's management in a separate letter dated April 16, 2014.

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 System's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

April 16, 2014

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM
STARK COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2013**

The prior audit report, as of December 31, 2012, reported no material citations or recommendations.



Dave Yost • Auditor of State

MULTI-COUNTY JUVENILE ATTENTION SYSTEM

STARK 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
JUNE 10, 2014