



Certified Public Accountants, A.C.

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Dave Yost • Auditor of State

Board of Trustees
Portage-Geauga Juvenile Detention Center
8000 Infirmary Road
Ravenna, Ohio 44266

We have reviewed the *Independent Auditor's Report* of the Portage-Geauga Juvenile Detention Center, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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 Portage-Geauga Juvenile Detention Center is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 19, 2018

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**PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 20, 2018

Portage-Geauga Juvenile Detention Center
Portage County
8000 Infirmary Road
Ravenna, Ohio 44266

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Portage-Geauga Juvenile Detention Center**, Portage County, (the Center) as of and for the years ended December 31, 2017 and 2016.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 Center'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 Center'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.

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

As described in Note 1 of the financial statements, the Center 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Center does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 Center as of December 31, 2017 and 2016, 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 cash balances, receipts and disbursements by fund type, and related notes of Portage-Geauga Juvenile Detention Center, Portage County as of December 31, 2017 and 2016, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2018, 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. 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 Center's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Contracts - Services	\$ 2,374,788	\$ -	\$ 19,500	\$ 2,394,288
Federal Grants	-	79,511	-	79,511
Tuition	180,165	-	-	180,165
Refunds and Reimbursements	646	-	-	646
Other Revenue	1,073	-	-	1,073
<i>Total Cash Receipts</i>	<u>2,556,672</u>	<u>79,511</u>	<u>19,500</u>	<u>2,655,683</u>
Cash Disbursements				
Current:				
Personal Services:				
Salaries	1,216,746	34,661	-	1,251,407
PERS and STRS Retirement	168,628	6,000	-	174,628
Workers Compensation	21,274	-	-	21,274
Medicare	16,372	1,000	-	17,372
Health Benefits	283,463	3,999	-	287,462
Unemployment Compensation	182	-	-	182
Contractual Services:				
Contractual Services	11,068	-	-	11,068
Training and Education	4,509	-	-	4,509
Utilities	114,602	-	-	114,602
Contracts - Services	5,469	-	-	5,469
Contracts - Repairs	130,786	-	-	130,786
Professional Services	6,985	-	-	6,985
Consultants	147,386	-	-	147,386
Insurance	12,500	-	-	12,500
Materials and Supplies	112,366	-	-	112,366
Food Supplies	-	37,986	-	37,986
Other Expenses	318,795	-	-	318,795
Miscellaneous Expenses	430	-	-	430
Capital Outlay	-	-	22,774	22,774
<i>Total Cash Disbursements</i>	<u>2,571,561</u>	<u>83,646</u>	<u>22,774</u>	<u>2,677,981</u>
<i>Net Change in Fund Cash Balances</i>	<u>(14,889)</u>	<u>(4,135)</u>	<u>(3,274)</u>	<u>(22,298)</u>
<i>Fund Cash Balances, January 1</i>	<u>576,260</u>	<u>7,646</u>	<u>204,240</u>	<u>788,146</u>
Fund Cash Balances, December 31				
Restricted	-	3,511	-	3,511
Assigned	-	-	200,966	200,966
Unassigned	561,371	-	-	561,371
<i>Fund Cash Balances, December 31</i>	<u>\$ 561,371</u>	<u>\$ 3,511</u>	<u>\$ 200,966</u>	<u>\$ 765,848</u>

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

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. Summary of Significant Accounting Policies

A. Description of Entity

The constitution and laws of the State of Ohio establish the rights and privileges of The Portage-Geauga Juvenile Detention Center (the Center) as a body corporate and politic. An appointed seven member Joint Board of Trustees from Geauga County and Portage County direct the Center. The Center provides a secure and safe environment for youth prior to a court hearing on a delinquency charge, or while awaiting placement or commitment to another facility.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Center 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Portage County Treasurer is custodian of the Center's deposits. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The Center had the following significant special revenue funds:

Detention Center Title I – This fund receives Title I grants from the federal government.

Food Service – This fund receives lunchroom grants from the federal government.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund accounts for and reports financial resources that are assigned to expenditure for acquiring or constructing major capital projects. The Center had the following significant capital project fund:

Construction Fund – This fund accounts for receipts from the Counties of Portage and Geauga that are restricted for the acquisition or construction of major capital projects.

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2017 budgetary activity appears in Note 3.

F. Fund Balance

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.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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 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 Portage County Auditor acts as custodian for the Center's funds and maintains a cash and investment pool with the Portage County funds. Ohio Revised Code Section 2151 prescribes allowable deposits and investments. The carry amount of cash and investments at December 31, 2017 was \$765,848.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,545,600	\$ 2,556,672	\$ 11,072
Special Revenue	77,000	79,511	2,511
Capital Projects	20,000	19,500	(500)
Total	<u>\$ 2,642,600</u>	<u>\$ 2,655,683</u>	<u>\$ 13,083</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,990,737	\$ 2,685,142	\$ 305,595
Special Revenue	84,647	83,646	1,001
Capital Projects	29,000	22,774	6,226
Total	<u>\$ 3,104,384</u>	<u>\$ 2,791,562</u>	<u>\$ 312,822</u>

4. Retirement Systems

All Center employees belong to the Ohio Public Employees Retirement System (OPERS) or State Teachers Retirement System of Ohio (STRS Ohio).

OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14%, respectively, of participants' gross salaries. The Center has paid all contributions required through December 31, 2017.

The STRS Ohio is a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771 or by calling (888)227-7877, or visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB Plan offers an annual retirement allowance based on the final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

4. Retirement Systems (Continued)

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For 2017, plan members were required to contribute 14% of their annual covered salaries. The Center was required to contribute 14%.

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

5. Postemployment Benefits

Both OPERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. STRS contributes 0 percent to fund these benefits.

6. Risk Management

The Center is a member of the County Risk Sharing Authority (CORSAs) which is a property and liability self-insurance pool established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners in member counties. The Pool covers the following risks:

- General liability and casualty;
- Public officials' liability; and
- Vehicles.

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

7. Contingent Liabilities

Amounts grantor agencies pay to the Center 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.

**PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Contracts - Services	\$ 2,368,020	\$ -	\$ 20,679	\$ 2,388,699
Federal Grants	-	91,976	-	91,976
Tuition	152,230	-	-	152,230
Refunds and Reimbursements	276	-	-	276
Other Revenue	828	-	-	828
<i>Total Cash Receipts</i>	<u>2,521,354</u>	<u>91,976</u>	<u>20,679</u>	<u>2,634,009</u>
Cash Disbursements				
Current:				
Personal Services:				
Salaries	1,211,159	36,000	-	1,247,159
PERS and STRS Retirement	166,388	6,000	-	172,388
Workers Compensation	20,839	330	-	21,169
Medicare	16,371	1,000	-	17,371
Health Benefits	266,422	6,000	-	272,422
Unemployment Compensation	57	-	-	57
Contractual Services:				
Contractual Services	15,436	-	-	15,436
Training and Education	5,458	-	-	5,458
Utilities	109,904	-	-	109,904
Contracts - Services	6,607	-	-	6,607
Contracts - Repairs	107,260	-	-	107,260
Professional Services	31,526	-	-	31,526
Consultants	108,028	-	-	108,028
Insurance	12,087	-	-	12,087
Materials and Supplies	127,423	-	-	127,423
Food Supplies	-	35,000	-	35,000
Other Expenses	258,550	-	-	258,550
Miscellaneous Expenses	430	-	-	430
Capital Outlay	-	-	14,751	14,751
<i>Total Cash Disbursements</i>	<u>2,463,945</u>	<u>84,330</u>	<u>14,751</u>	<u>2,563,026</u>
<i>Net Change in Fund Cash Balances</i>	<u>57,409</u>	<u>7,646</u>	<u>5,928</u>	<u>70,983</u>
<i>Fund Cash Balances, January 1</i>	<u>518,851</u>	<u>-</u>	<u>198,312</u>	<u>717,163</u>
Fund Cash Balances, December 31				
Restricted	-	7,646	-	7,646
Assigned	-	-	204,240	204,240
Unassigned	576,260	-	-	576,260
<i>Fund Cash Balances, December 31</i>	<u>\$ 576,260</u>	<u>\$ 7,646</u>	<u>\$ 204,240</u>	<u>\$ 788,146</u>

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

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

1. Summary of Significant Accounting Policies

A. Description of Entity

The constitution and laws of the State of Ohio establish the rights and privileges of The Portage-Geauga Juvenile Detention Center (the Center) as a body corporate and politic. An appointed seven member Joint Board of Trustees from Geauga County and Portage County direct the Center. The Center provides a secure and safe environment for youth prior to a court hearing on a delinquency charge, or while awaiting placement or commitment to another facility.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Center 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Portage County Treasurer is custodian of the Center's deposits. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The Center had the following significant special revenue funds:

Detention Center Title I – This fund receives Title I grants from the federal government.

Food Service – This fund receives lunchroom grants from the federal government.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund accounts for and reports financial resources that are assigned to expenditure for acquiring or constructing major capital projects. The Center had the following significant capital project fund:

Construction Fund – This fund accounts for receipts from the Counties of Portage and Geauga that are restricted for the acquisition or construction of major capital projects.

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2016 budgetary activity appears in Note 3.

F. Fund Balance

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.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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 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 Portage County Auditor acts as custodian for the Center's funds and maintains a cash and investment pool with the Portage County funds. Ohio Revised Code Section 2151 prescribes allowable deposits and investments. The carry amount of cash and investments at December 31, 2016 was \$788,146.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,504,000	\$ 2,521,354	\$ 17,354
Special Revenue	85,000	91,976	6,976
Capital Projects	25,000	20,679	(4,321)
Total	<u>\$ 2,614,000</u>	<u>\$ 2,634,009</u>	<u>\$ 20,009</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,826,728	\$ 2,535,696	\$ 291,032
Special Revenue	85,000	84,330	670
Capital Projects	25,000	14,751	10,249
Total	<u>\$ 2,936,728</u>	<u>\$ 2,634,777</u>	<u>\$ 301,951</u>

4. Retirement Systems

All Center employees belong to the Ohio Public Employees Retirement System (OPERS) or State Teachers Retirement System of Ohio (STRS Ohio).

OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14%, respectively, of participants' gross salaries. The Center has paid all contributions required through December 31, 2016.

The STRS Ohio is a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771 or by calling (888)227-7877, or visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB Plan offers an annual retirement allowance based on the final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

PORTAGE-GEAUGA JUVENILE DETENTION CENTER
PORTAGE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

4. Retirement Systems (Continued)

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members were required to contribute 13% of their annual covered salaries for the period of January 1, 2016 through June 30, 2016; effective July 1, 2016 the plan member's contribution rate increased to 14%. The Center was required to contribute 14%.

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

5. Postemployment Benefits

Both OPERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. STRS contributes 0 percent to fund these benefits.

6. Risk Management

The Center is a member of the County Risk Sharing Authority (CORSA) which is a property and liability self-insurance pool established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners in member counties. The Pool covers the following risks:

- General liability and casualty;
- Public officials' liability; and
- Vehicles.

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

7. Contingent Liabilities

Amounts grantor agencies pay to the Center 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.

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

July 20, 2018

Portage-Geauga Juvenile Detention Center
Portage County
8000 Infirmary Road
Ravenna, Ohio 44266

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 cash balances, receipts, and disbursements by fund type of **Portage-Geauga Juvenile Detention Center**, Portage County, (the Center) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 20, 2018, wherein we noted the Center followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Center'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 Center'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 Center'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 or significant deficiencies may exist.

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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, 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*.

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

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • Auditor of State

PORTAGE GEAUGA JUVENILE DETENTION CENTER

PORTAGE 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
OCTOBER 4, 2018**