



**Auditor of State  
Betty Montgomery**



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Assets – Modified Cash Basis - December 31, 2005 .....	9
Statement of Activities – Modified Cash Basis – For the year ended December 31, 2005.....	10
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Fund - December 31, 2005 .....	11
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances - Governmental Fund – For the year ended December 31, 2005 .....	12
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual – Budget Basis -General Fund – For the year ended December 31, 2005.....	13
Statement of Net Assets – Modified Cash Basis - December 31, 2004 .....	14
Statement of Activities – Modified Cash Basis – For the year ended December 31, 2004.....	15
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Fund - December 31, 2004 .....	16
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances - Governmental Fund – For the year ended December 31, 2004 .....	17
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual – Budget Basis - General Fund – For the year Ended December 31, 2004 .....	18
Notes to the Basic Financial Statements .....	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29
Schedule of Findings.....	31

**This page intentionally left blank**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustee:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Central Ohio Youth Center, Union County, Ohio (the Center) as of and for the years ended December 31, 2005, and December 31, 2004, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Central Ohio Youth Center, Union County, Ohio as of December 31, 2005, and December 31, 2004, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Center revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2006, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board (GASB) requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Betty Montgomery**  
Auditor of State

August 11, 2006

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

---

This discussion and analysis of the Central Ohio Youth Center (the Center), which serves the following counties of Union, Champaign, Delaware and Madison County. It provides an overall review of the Center's financial activities for the years ended December 31, 2005, and December 31, 2004, within the limitations of the Center's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Center's financial performance.

**Highlights**

Key highlights for 2005 were as follows:

Net assets of governmental activities increased \$392,462 or 1,779 percent as compared to 2004. The increase was due to the implementation of a 90-day Extended Detention Unit. This also allowed for increased tuition reimbursements

The Center's primary source of receipts are member County contributions. These receipts represent 67 percent of the total cash received for governmental activities during the year. Member county contributions increased \$103,636 as compared to 2004 to fund the operations of the center.

Key highlights for 2004 were as follows:

Net assets of governmental activities decreased \$190,383 or 90 percent. The decrease was due to a decrease in out of county reimbursements, tuition reimbursements, and closing of the north wing 9 bed units for renovations.

The Center's primary sources of receipts are member County contributions. These receipts represent 76 percent of the total cash receipts for governmental activities during the year. Member county contributions decreased \$24,037 as compared to 2003 to fund the operation of the center

The Center's North Wing was renovated in 2004.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Center's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Center as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Center as a way to segregate money whose use is restricted to a particular specified purpose. These statements present the Center's one fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

---

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Center has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Center's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Center as a Whole**

The statement of net assets and the statement of activities reflect how the Center did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Center at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Center's general receipts.

These statements report the Center's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Center's financial health. Over time, increases or decreases in the Center's cash position is one indicator of whether the Center's financial health is improving or deteriorating. When evaluating the Center's financial condition, you should also consider other non-financial factors as well such as the condition of the Center's capital assets and infrastructure, the extent of the Center's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

The statement of net assets and the statement of activities present governmental activities, which includes all the Center's services. Member County contributions, state grants and tuition receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them. The Center has no business-type activities.

**Reporting the Center's Most Significant Funds**

Fund financial statements provide detailed information about the Center's major funds - not the Center as a whole. The Center establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Center has one fund.



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

Governmental Fund - The Center's activities are reported in a governmental fund. The governmental fund financial statements provide a detailed view of the Center's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Center's programs. The Center's one governmental fund is presented on the financial statements in a separate column. The Center has only one fund, a General Fund which is presented as a major. The Center has no non-major funds (funds whose activity or balances are not large enough to warrant separate reporting). Because the Center reports on a modified cash basis, the total of the governmental fund matches governmental activities and no reconciliation is required.

**The Center as a Whole**

Table 1 provides a summary of the Center's net assets for 2005 compared to 2004 and 2003 on a modified cash basis:

(Table 1)

**Net Assets**

	Governmental Activities		
	2005	2004	2003
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 414,525	\$ 22,063	\$ 212,446
Total Assets	414,525	22,063	212,446
<b>Net Assets</b>			
Unrestricted	414,525	22,063	212,446
Total Net Assets	\$ 414,525	\$ 22,063	\$ 212,446

As mentioned previously, net assets of governmental activities increased \$392,462 or 1799 percent during 2005. The primary reason for the increase in cash balances was due to the implementation of a 90-day Extended Detention Unit. This also allowed for increased tuition reimbursements.

Also as mentioned previously, net assets of governmental activities decreased \$190,383 or 90 percent during 2004. The primary reason for the decrease in cash balance were due to a decrease in out of county reimbursement, tuition reimbursements, and the closing of the north wing 9 bed units for renovation.

Table 2 reflects the changes in net assets in 2005, 2004 and 2003.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

(Table 2)  
**Changes in Net Assets**

	Governmental Activities		
	2005	2004	2003
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$709,152	\$371,482	\$110,489
Operating Grants and Contributions	98,160	97,991	72,147
Capital Grants, Interest and Contributions	0	0	0
Total Program Receipts	<u>807,312</u>	<u>469,473</u>	<u>182,636</u>
General Receipts:			
Member County Contributions	1,640,839	1,537,203	1,525,771
Miscellaneous	11,883	11,135	22,187
Total General Receipts	<u>1,652,722</u>	<u>1,548,338</u>	<u>1,547,958</u>
Total Receipts	<u>2,460,034</u>	<u>2,017,811</u>	<u>1,730,594</u>
Disbursements:			
General Government:			
Personal Services	1,230,087	1,131,963	975,053
Fringe Benefits	425,728	416,406	354,283
Materials and Supplies	150,190	149,710	154,736
Contractual Services	179,671	155,162	126,575
Debt	66,940	70,180	68,095
Other	14,956	284,773	117,726
Total General Government	<u>2,067,572</u>	<u>2,208,194</u>	<u>1,796,468</u>
Increase (Decrease) in Net Assets	392,462	(190,383)	(65,874)
Net Assets, Beginning of Year	<u>22,063</u>	<u>212,446</u>	<u>278,320</u>
Net Assets, End of Year	<u><u>\$414,525</u></u>	<u><u>\$22,063</u></u>	<u><u>\$212,446</u></u>

In 2005, program receipts represented only 33 percent of total receipts and are comprised of charges for services, including tuition reimbursements, out of county per diem, and various State and Federal grants.

General receipts represent 67 percent of the Center's total receipts, and of this amount, over 99 percent are member County contributions for the operation of the facility.

Disbursements for General Government represent the costs of operating the Center. General Government disbursements represented 100 percent of total disbursements and are comprised of employee wages and benefits, materials and supplies, contractual services, debt and other.

In 2004, program receipts represent 23 percent of total receipts and are comprised of charges for services, including tuition reimbursements, out of County per diem, and various State and Federal grants.

General receipts represent 77 percent of the Center's total receipts, and this amount, over 99 percent are member county contributions for the operation of the facility.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

Disbursements for General Government represent the cost of operating the Center. General Government disbursements represented 100 percent of total disbursements and are comprised of employee wages and benefits, materials and supplies, contractual services, debt and other

**Governmental Activities**

If you look at the Statement of Activities for 2005 on page 10 and for 2004 on page 16, you will see that the first column lists the major disbursements of the Center. The next column identifies the amount of these disbursements. In 2005, the major program disbursements for governmental activities were: Personal Services and benefits, which accounted for 80 percent of total disbursements. In 2004, the major program disbursements for governmental activities were: Personal Services and benefits, which accounted for 70 percent of total disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants and contributions received by the Center that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by member county contributions. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost Of Services 2004	Net Cost of Services 2004
General Government:				
Personal Services	\$1,230,087	(\$470,384)	\$1,131,963	(\$696,389)
Fringe Benefits	425,728	(425,728)	416,406	(416,406)
Materials and Supplies	150,190	(102,581)	149,710	(115,811)
Contractual Services	179,671	(179,671)	155,162	(155,162)
Debt	66,940	(66,940)	70,180	(70,180)
Other	14,956	(14,956)	284,773	(284,773)
Total Expenses	<u>\$2,067,572</u>	<u>(\$1,260,260)</u>	<u>\$2,208,194</u>	<u>(\$1,738,721)</u>

In 2005, the dependence upon member County contributions for facility operations is apparent as over 61 percent of governmental activities are supported through these general receipts.

In 2004, the dependence upon member county contribution for facility operation is apparent as over 79 percent of governmental activities are supported through these general receipts.

**The Center's General Fund**

In 2005, the General Fund had receipts of \$2,460,034 and disbursements of \$2,067,572. The fund balance of the General Fund increased \$392,462 as a result of member County contributions for the operation of the facility, tuition reimbursements, and out of county reimbursements.

In 2004, the General Fund had receipts of \$2,017,811 and disbursements of \$2,208,194. The fund balance of the General Fund decreased \$190,383 as a result of decreased income from out of county income and the closing of a 9 bed unit for renovation.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

---

**General Fund Budgeting Highlights**

The Center budget is prepared according to Ohio law and approved by the Board of Trustees which governs the budget of the Center. The Center one budgeted fund is the General Fund.

The Center did amend budgeted appropriations during 2005. Actual receipts were \$328,274 more than anticipated due to out of county reimbursements and tuition reimbursements. Final disbursements were budgeted at \$2,104,358 while actual disbursements were \$2,067,572. Appropriations exceeded expenditures by \$36,786.

The Center did amend budgeted receipts and appropriations during 2004. Actual receipts were \$73,814 less than anticipated due to a decrease in out of County reimbursements and tuition reimbursements. Final disbursements were budgeted at \$2,300,549 while actual disbursements were \$2,211,209. Actual expenditures ended the year \$89,340 below the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

The Center does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2005, the Center is obligated to reimburse the County for the debt issued to construct the facility. At year end only one year remained on the liability which amounted to \$65,000.

**Contacting the Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Center's finances and to reflect the Center's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tami Sowder, Business Manager, 18100 State Route 4, Marysville, Ohio 43040.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Equity In Pooled Cash And Cash Equivalents	\$ 414,525
	<hr/>
<b><i>Total Assets</i></b>	<b>414,525</b>
	<hr/> <hr/>
<b><u>Net Assets</u></b>	
Unrestricted	414,525
	<hr/>
<b>Total Net Assets</b>	<b>\$ 414,525</b>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

CENTRAL OHIO YOUTH CENTER  
UNION COUNTY

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Cash Disbursement	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Service	Operating Grants and Contributions	Total
<b><u>Governmental Activities</u></b>				
<b>General Government:</b>				
<b>Detention Facility</b>				
Personnel Expenses	\$ 1,230,087	\$ 709,152	\$50,551	\$ (470,384)
Fringe Benefits	425,728			(425,728)
Materials & supplies	150,190		47,609	(102,581)
Contractual Services	179,671			(179,671)
Debt	66,940			(66,940)
Other	14,956			(14,956)
<b>Total Governmental Activities</b>	<b>\$ 2,067,572</b>	<b>\$ 709,152</b>	<b>\$ 98,160</b>	<b>\$ (1,260,260)</b>

General Receipts	
Member County Contributions	1,640,839
Miscellaneous	11,883
<b>Total General Receipts</b>	<b>1,652,722</b>
Change in Net Assets	392,462
Net Assets Beginning of Year	22,063
Net Assets End of Year	<b>\$414,525</b>

See accompanying notes to the basic financial statements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUND  
DECEMBER 31, 2005**

---

	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 414,525
<b>Total Assets</b>	<u>414,525</u>
<b>Fund Balances</b>	
Unreserved, Reported In: General Fund	414,525
<b>Total Fund Balances</b>	<u>\$ 414,525</u>

See accompanying notes to the basic financial statements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED  
CASH BASIS FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

---

	<u>General</u>
<b>Receipts:</b>	
Charges for Service	\$ 709,152
Intergovernmental	98,160
Member County contributions	1,640,839
Miscellaneous	11,883
<b>Total Receipts</b>	<u>2,460,034</u>
<b>Disbursements</b>	
Personnel Expenses	1,230,087
Fringe Benefits	425,728
Materials & Supplies	150,190
Contractual Services	179,671
Debt	66,940
Other	14,956
<b>Total Disbursements</b>	<u>2,067,572</u>
<b>Excess Receipts Over Disbursements</b>	<u>392,462</u>
<b>Fund Balance - Beginning of Year</b>	<u>22,063</u>
<b>Fund Balance End of Year</b>	<u>\$ 414,525</u>

See accompanying notes to the basic financial statements.



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges For Service	\$ 368,874	\$ 368,874	\$ 709,152	\$ 340,278
Intergovernmental	25,000	25,000	98,160	73,160
Member County contributions	1,689,722	1,729,886	1,640,839	(89,047)
Miscellaneous	8,000	8,000	11,883	3,883
<b>Total Receipts</b>	<u>2,091,596</u>	<u>2,131,760</u>	<u>2,460,034</u>	<u>328,274</u>
<b>Disbursements</b>				
Personnel Expese	1,241,247	1,231,217	1,230,087	1,130
Fringe Benefits	342,103	426,625	425,728	897
Materials & Supplies	120,167	150,532	150,190	342
Contractual Services	135,715	182,730	179,671	3,059
Debt	66,940	98,104	66,940	31,164
Other	15,500	15,150	14,956	194
<b>Total Disbursements</b>	<u>1,921,672</u>	<u>2,104,358</u>	<u>2,067,572</u>	<u>36,786</u>
Net Change in Fund Balance	169,924	27,402	392,462	365,060
<b>Fund Balance, Beginning of Year</b>	<u>22,063</u>	<u>22,063</u>	<u>22,063</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>3,015</u>	<u>3,015</u>	<u>3,015</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 195,002</u></u>	<u><u>\$ 52,480</u></u>	<u><u>\$ 417,540</u></u>	<u><u>\$ 365,060</u></u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2004**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Equity In Pooled Cash And Cash Equivalents	\$ 22,063
	<hr/>
<b>Total Assets</b>	<b>\$22,063</b>
	<hr/> <hr/>
<b><u>Net Assets</u></b>	
Unrestricted	\$22,063
	<hr/>
<b>Total Net Assets</b>	<b>\$ 22,063</b>
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

CENTRAL OHIO YOUTH CENTER  
UNION COUNTY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Cash Disbursement	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Service	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
General Government:				
Detention Facility				
Personnel Expenses	\$ 1,131,963	\$ 371,482	\$64,092	\$ (696,389)
Fringe Benefits	416,406			(416,406)
Materials & supplies	149,710		33,899	(115,811)
Contractual Services	155,162			(155,162)
Debt	70,180			(70,180)
Other	284,773			(284,773)
<b>Total Governmental Activities.....</b>	<b>\$ 2,208,194</b>	<b>\$ 371,482</b>	<b>\$ 97,991</b>	<b>\$ (1,738,721)</b>
General Receipts				
Member County Contributions				
Miscellaneous				
				1,537,203
				11,135
<b>Total General Receipts</b>				<b>1,548,338</b>
Change in Net Assets				(190,383)
Net Assets Beginning of Year				212,446
Net Assets End of Year				<b>\$ 22,063</b>

See accompanying notes to the basic financial statements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUND  
DECEMBER 31, 2004**

---

	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 22,063
<b>Total Assets</b>	<u><u>22,063</u></u>
<b>Fund Balances</b>	
Reserved:	
Reserved for Encumbrances	3,015
Unreserved, Reported In:	
General Fund	19,048
<b>Total Fund Balances</b>	<u><u>\$ 22,063</u></u>

**See accompanying notes to the basic financial statements**

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED  
CASH BASIS FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

---

	<u>General</u>
<b>Receipts:</b>	
Charges for Service	\$ 371,482
Intergovernmental	97,991
Member County Contributions	1,537,203
Miscellaneous	11,135
<b>Total Receipts</b>	<u>2,017,811</u>
<b>Disbursements</b>	
Personnel Expenses	1,131,963
Fringe Benefits	416,406
Materials & Supplies	149,710
Contractual Services	155,162
Debt	70,180
Other	284,773
<b>Total Disbursements</b>	<u>2,208,194</u>
<b>Total Receipts Under Disbursements</b>	<u>(190,383)</u>
<b>Fund Balance - Beginning of Year</b>	<u>212,446</u>
<b>Fund Balance End of Year</b>	<u>\$ 22,063</u>

See accompanying notes to the basic financial statements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Charges For Service	\$ 123,600	\$ 362,357	\$ 371,482	\$ 9,125
Intergovernmental	25,000	97,991	97,991	0
Member County Contributions	1,521,886	1,537,203	1,537,203	0
Miscellaneous	2,500	94,074	11,135	(82,939)
<b>Total Receipts</b>	<u>1,672,986</u>	<u>2,091,625</u>	<u>2,017,811</u>	<u>(73,814)</u>
<b>Disbursements</b>				
Personnel Expense	1,005,756	1,132,009	1,131,963	46
Fringe Benefits	433,340	417,173	416,406	767
Materials & Supplies	115,873	150,019	149,710	309
Contractual Services	136,590	158,340	158,177	163
Debt	111,037	157,624	70,180	87,444
Other	11,500	285,384	284,773	611
<b>Total Disbursements</b>	<u>1,814,096</u>	<u>2,300,549</u>	<u>2,211,209</u>	<u>89,340</u>
Net Change in Fund Balance	(141,110)	(208,924)	(193,398)	15,526
<b>Fund Balance, Beginning of Year</b>	<u>212,446</u>	<u>212,446</u>	<u>212,446</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>103</u>	<u>103</u>	<u>103</u>	<u>0</u>
<b>Fund Balance, End of Year</b>	<u>\$ 71,439</u>	<u>\$ 3,625</u>	<u>\$ 19,151</u>	<u>\$ 15,526</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

---

**Note 1 - Reporting Entity**

The Central Ohio Youth Center, Union County, Ohio (the Center) was established in 1973 in accordance with section 2151.34 of the Ohio Revised Code. The Center is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center is a joint venture operated by Champaign, Delaware, Madison, and Union Counties for the purpose of providing short-term care in a secure facility for juveniles who are accused, pending court action, adjudicated, or awaiting transfer to another facility. The participating Counties share the operating expenses of the Center based on their usage.

The Center is operated under the direction of a board of trustees. All appointment to such board of trustees are made from persons who are recommend and approved by the juvenile court judge or judges of the county of which such person is resident.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Center is obligated for the debt of the organization. The Center is also financially accountable for any organizations that are fiscally dependent on the Center in that the Center approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Center, are accessible to the Center and are significant in amount to the Center.

**Jointly Governed and Other Related Organization.** A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Center participates in the County Risk Sharing Authority (CORSAs), a public entity risk pool. Note 10 to the basic financial statements provide additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following are the more significant of the Center's accounting policies.

**A. Basis of Presentation**

The Center's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Center as a whole. These statements include the financial activities of the Center. The activities of the Center are considered governmental.

Governmental activities generally are financed through charges for services, member county contributions, intergovernmental revenues or other non-exchange transactions.

The statement of net assets presents the modified cash balance of the governmental activities of the Center at year-end. The statement of activities compares disbursements with program receipts for each of the Center's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Center is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions, including interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Center's general receipts.

**Fund Financial Statements**

During the year, the Center segregates transactions related to certain Center functions or activities in a separate fund to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The Center has one fund.

**B. Fund Accounting**

The Center uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Center's funds are governmental.

**Governmental Funds**

The Center classifies funds financed primarily from intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Center's major governmental fund is the General Fund. The General Fund is used to account for all financial resources. The General Fund balance is available to the Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

**C. Basis of Accounting**

The Center's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Center's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.



**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting (continued)**

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

The General Fund is legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and appropriations, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Center's Board of Trustees may appropriate.

Appropriations are the Board of Trustees authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established at the function level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Center's Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Board of Trustees.

Appropriations are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

**E. Cash and Investments**

As required by the Ohio Revised Code, the Union County Treasurer holds the Center's cash as custodian for the Center. The Center's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**F. Inventory and Prepaid Items**

The Center reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**H. Interfund Receivables/Payables**

The Center reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Center's cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Center recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Center's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Center's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

The Center reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for outstanding encumbrances at year end.

**Note 3 - Change in Basis of Accounting**

For the year ended December 31, 2004, the Center revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at December 31, 2004 (budgetary basis) amounted to \$3,015 for the general fund. There were not any outstanding encumbrances at December 31, 2005.

**Note 5 - Funding**

The Board of Trustees has the responsibility for funding the Center in accordance with one of the following methods:

1. In proportion to the number of children from such county who are maintained in the home during the year;
2. By a levy submitted to the Joint Board of Commissioners under Division (A) of Section 5705.19 of the Ohio Revised Code and approved by the electors of the Center;
3. In proportion to the taxable property of each county, as shown on the tax duplicate; and
4. In any combination of the above.

**Note 6 - Risk Management**

The Center is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, and natural disasters. By contracting with the County Risk Sharing Authority (CORSA) for liability and property insurance, the Center has addressed these various types of risk.

The CORSA program has a \$2,500 deductible. General liability, law enforcement liability, and automobile liability insurance is maintained in the amount of \$1,000,000 for each occurrence. Errors and Omissions Liability is \$1,000,000 each occurrence and \$1,000,000 annual aggregate. Excess Liability is \$2,000,000.

**Note 7 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Center participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 7 - Defined Benefit Pension Plans (Continued)**

**A. Ohio Public Employees Retirement System (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Center's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, 2004, and 2003 were \$152,362, \$141,928, and \$119,459 respectively; 92 percent has been contributed for 2005, and 100 percent has been contributed for 2004 and 2003.

**B. State Teachers Retirement System**

The Center contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at [www.strsoh.org](http://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 final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 7 - Defined Benefit Pension Plans (Continued)**

**B. State Teachers Retirement System (Continued)**

For the year ended December 31, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Center's required contributions for pension obligations for the year ended December 31, 2005, 2004, and 2003 were \$14,711, \$12,070, and \$10,759 respectively; 92 percent has been contributed for 2005, and 100 percent has been contributed for 2004 and 2003.

**Note 8 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$44,947. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.5 billion and \$18.7 billion, respectively.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 8 - Postemployment Benefits (Continued)**

**A. Ohio Public Employees Retirement System (Continued)**

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**B. State Teachers Retirement System**

STRS Ohio provides comprehensive health care benefits to retired teachers and their dependents. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the system based on authority granted by State statute. The system is on a pay-as-you-go basis.

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. During 2004 and 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

**Note 9 - Debt**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Multi-County Juvenile Detention Facility Bond Issue	\$65,000	5.2-5.6%

The outstanding bond issue was for constructing and improving the Youth Center. Union County issued this debt on behalf of the Center. The Center makes payments to the County for retirement of the debt. The last principal and interest payment on the debt will be made on December 1, 2006 for \$68,640.

**Note 10 - Public Entity Risk Pool**

The County Risk Sharing Authority, Inc. (CORSA) is a shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-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. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, which will be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation.

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

---

**Note 10 - Public Entity Risk Pool (Continued)**

Only County Commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member'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. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the members' obligations to make coverage payments to CORSA. The participating members have no responsibility for the payment of the certificates. The Center does not have an equity interest in CORSA.

**Note 11 – Litigation**

The Center is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operation. The Center's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Center.

**Note 12 – Subsequent Event**

On May 25, 2006, the Center four members counties (Union, Champaign, Delaware and Madison) agreed to buyout the interest owned by Logan County in the joint venture. Logan County removed itself from the joint venture on April 10, 2003. The four member counties agreed to pay Logan County \$125,000 over four years \$50,000 in 2006, \$25,000 in 2007, \$25,000 in 2008, and \$25,000 in 2009 to separate itself from the Center.

**This page intentionally left blank**





**Auditor of State  
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities and the major fund of Central Ohio Youth Center, Union County, Ohio (the Center) as of and for the years ended December 31, 2005, and December 31, 2004, which collectively comprise the Center's basic financial statements and have issued our report thereon dated August 11, 2006, wherein we noted the Center revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Center's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable condition and, accordingly, would not necessary disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Center's management dated August 11, 2006, we reported a matter involving internal control over financial reporting which we did not deem a reportable condition.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Center's management dated August 11, 2006, we reported a matter related to noncompliance we deemed immaterial.

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



**Betty Montgomery**  
Auditor of State

August 11, 2006

**CENTRAL OHIO YOUTH CENTER  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 and 2004**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

<b>Finding Number</b>	2005-001
-----------------------	----------

**Reportable Condition**

The Center provides services in a secure facility for juveniles who are accused, pending court action, adjudicated, or awaiting transfer to another facility. These services are then billed back to the juvenile's home school district based on the number days of attendance for each juvenile and a standard daily billing rate.

In 2005 the Center maintained one hundred percent of the invoices sent to school districts and the student attendance sheets on the Center's computer. Hard copies of these files were not maintained. When the Center's computer malfunctioned these records were lost. The Center also disposed of fifty percent of the 2004 attendance sheets. Additionally, the Board did not approve the daily rates used to bill the school districts in 2004 and 2005.

When proper supporting documentation is not maintained the Center is unable to verify services provided.

The Center should maintain original attendance sheets and copies of all invoices to corroborate the services billed to School Districts. Additionally, the Board should approve the rates used to generate amounts billed.

**Officials' Response:**

The Center will back up all future school billing computer files and a hard copy will be kept on file. The day sheets (attendance records) will be kept on file. The day sheets will be kept and filed with the billings.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CENTRAL OHIO YOUTH CENTER**

**UNION COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 10, 2006**