



Mary Taylor, CPA
Auditor of State

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustess:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Juvenile District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Juvenile District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Belmont Harrison Juvenile District, Belmont County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years ended December 31, 2006 and 2005, and the respective budgetary comparison for the BJA Congressionally Mandated Award Special Revenue Fund thereof for the year ended December 31, 2005, in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2007, on our consideration of the Juvenile District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Governmental Accounting Standards Board 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 27, 2007

Belmont Harrison Juvenile District
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The discussion and analysis of the Belmont Harrison Juvenile District's financial performance provides an overall review of the Juvenile District's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Juvenile District's cash basis of accounting. The intent of this discussion and analysis is to look at the Juvenile District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Juvenile District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year 2006 are as follows:

- Net assets increased \$77,348.
- General receipts accounted for \$584,747 in receipts or 37 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$977,688 or 63 percent of total receipts of \$1,562,435.
- The Juvenile District had \$1,485,087 in disbursements related to governmental activities; only \$977,688 of these disbursements were offset by program specific charges for services and operating grants and contributions.
- The Juvenile District's only major fund was the General Fund. The General Fund had \$1,537,577 in receipts and \$1,455,758 in disbursements. The General Fund's cash balance increased \$81,819.

Key financial highlights for the year 2005 are as follows:

- Net assets decreased \$23,026.
- General receipts accounted for \$693,306 in receipts or 50 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$696,167 or 50 percent of total receipts of \$1,389,473.
- The Juvenile District had \$1,412,499 in disbursements related to governmental activities; only \$696,167 of these disbursements were offset by program specific charges for services and operating grants and contributions.
- The Juvenile District had two major funds, the General Fund and the BJA Congressionally Mandated Award Fund. The General Fund had \$1,268,847 in receipts and \$1,260,706 in disbursements. The General Fund's cash balance increased \$8,141. The BJA Congressionally Mandated Award Fund had \$88,228 in receipts and \$114,134 in disbursements. The BJA Congressionally Mandated Award Fund's cash balance decreased \$25,906.

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 Juvenile District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Belmont Harrison Juvenile District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

Belmont Harrison Juvenile District
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Juvenile District, presenting both an aggregate view of the Juvenile District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Juvenile District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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.

Basis of Accounting

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

As a result of using the 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 cash basis of accounting.

Reporting the Juvenile District as a Whole

The statement of net assets and the statement of activities reflect how the Juvenile District did financially during 2006 and 2005, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Juvenile District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program. 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 Juvenile District's general receipts.

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

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Juvenile District's basic detention service is reported. Charges for services and state and federal grants finance most of these activities. Benefits provided through the governmental activities are not necessarily paid for by the people receiving them.

Belmont Harrison Juvenile District
 Management's Discussion and Analysis
 For the Years Ended December 31, 2006 and 2005
 Unaudited

Reporting the Juvenile District's Most Significant Fund

Fund Financial Statements

Fund financial statements provide detailed information about the Juvenile District's major funds – not the Juvenile District as a whole. The Juvenile District 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 funds of the Juvenile District are governmental.

Governmental Funds - The Juvenile District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Juvenile District's governmental operations and the detention services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Juvenile District's detention programs. The Juvenile District's significant governmental funds are presented on the financial statements in a separate column. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Juvenile District's major governmental funds are the General Fund for 2006 and the General Fund and the BJA Congressionally Mandated Award Fund for 2005. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

THE JUVENILE DISTRICT AS A WHOLE

Table 1 provides a summary of the Juvenile District's net assets for 2006 compared to 2005 and 2005 compared to 2004 on a cash basis:

(Table 1)

Net Assets - Cash Basis

	Governmental Activities		
	2006	2005	2004
Assets			
Cash and Cash Equivalents	\$124,965	\$47,617	\$70,643
Total Assets	<u>\$124,965</u>	<u>\$47,617</u>	<u>\$70,643</u>
Net Assets			
Restricted for:			
Other Purposes	\$2,956	\$7,427	\$38,593
Unrestricted	122,009	40,190	32,050
Total Net Assets	<u>\$124,965</u>	<u>\$47,617</u>	<u>\$70,643</u>

As mentioned previously, net assets increased \$77,348 for the year 2006 and decreased \$23,026 for the year 2005.

Belmont Harrison Juvenile District
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Table 2 provides a summary of the Juvenile District's change in net assets for 2006 compared to 2005 and 2005 compared to 2004 on a cash basis:

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2006	2005	2004
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$908,175	\$541,109	\$627,384
Operating Grants and Contributions	69,513	155,058	209,122
Total Program Receipts	<u>977,688</u>	<u>696,167</u>	<u>836,506</u>
General Receipts:			
Grants and Entitlements Not Restricted to Specific Programs	505,951	595,490	388,750
Advances from Belmont County General Fund	0	0	84,146
Other Receipts	78,796	97,816	73,779
Total General Receipts	<u>584,747</u>	<u>693,306</u>	<u>546,675</u>
Total Receipts	<u>1,562,435</u>	<u>1,389,473</u>	<u>1,383,181</u>
Disbursements:			
Detention Services:			
Salaries	839,120	834,621	800,012
Supplies	37,924	34,058	46,634
Materials	2,687	843	2,493
Equipment	26,118	17,360	47,969
Contracts - Repairs	19,048	26,072	15,906
Contracts - Services	63,030	59,843	74,406
Medical Fees	9,155	10,116	14,331
Medicare	11,719	9,785	10,277
Travel and Expenses	5,449	7,281	10,376
Public Employee's Retirement	114,423	102,445	99,316
Worker's Compensation	12,992	10,595	10,179
Unemployment Compensation	0	2,527	0
Food Service	64,895	66,383	76,908
Other	268,917	172,306	150,088
Activities	4,241	4,235	3,943
Contingency Fund	1,338	1,124	937
Consultants	4,031	52,905	41,385
Total Disbursements	<u>1,485,087</u>	<u>1,412,499</u>	<u>1,405,160</u>
Increase (Decrease) in Net Assets	77,348	(23,026)	(21,979)
Net Assets, January 1	47,617	70,643	92,622
Net Assets, December 31	<u>\$124,965</u>	<u>\$47,617</u>	<u>\$70,643</u>

The total revenues increased for the Juvenile District's detention services by 12%, whereas expenditures increased approximately 5%. The Juvenile District is dependent on transfers from the Belmont County General Fund to subsidize the costs of the detention services provided by the Juvenile District. In 2006, 37 percent of the Juvenile District's total receipts were from general receipts, consisting mainly of transfers-in, amounting to \$584,747. In 2005, 50 percent of the Juvenile District's total receipts were from general receipts, consisting mainly of transfers-in, amounting to \$693,306. Program cash receipts accounted for 63 percent of the Juvenile District's total receipts in year 2006. Program cash receipts

Belmont Harrison Juvenile District
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

accounted for 50 percent of the Juvenile District's total receipts in year 2005. Charges for services for board and care, and contract services with local school district, juvenile courts, and children services were the primary source of program revenues, representing \$908,175 in 2006. Charges for services for board and care, and contract services with local school district, juvenile courts, and children services were the primary source of program revenues, representing \$541,109 in 2005.

Governmental Activities

If you look at the Statement of Activities – Cash Basis on pages 10 and 15, you will see that the first column lists the major services provided by the Juvenile District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for salaries and other expenses, which account for 56% and 18% for 2006 of all governmental disbursements, respectively. The major program disbursements for governmental activities are for salaries and other expenses, which account for 59% and 12% for 2005 of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Juvenile District 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 Belmont and Harrison County subsidies. 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.

(Table 3)

	Governmental Activities					
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
	Detention Services:					
Salaries	\$839,120	\$289,895	\$834,621	\$426,821	\$800,012	\$350,526
Supplies	37,924	13,102	34,058	18,208	46,634	21,281
Materials	2,687	929	843	458	2,493	1,187
Equipment	26,118	435	17,360	1,706	47,969	(7,151)
Contracts-Repairs	19,048	6,581	26,072	14,169	15,906	7,573
Contracts-Services	63,030	21,776	59,843	32,524	74,406	35,446
Medical Fees	9,155	3,163	10,116	5,498	14,331	6,823
Medicare	11,719	4,049	9,785	5,318	10,277	4,893
Travel and Expenses	5,449	2,170	7,281	3,374	10,376	4,583
Public Employee's Retirement	114,423	39,530	102,445	55,676	99,316	47,285
Worker's Compensation	12,992	4,488	10,595	5,759	10,179	4,872
Unemployment Compensation	0	0	2,527	1,373	0	0
Food Service	64,895	22,419	66,383	36,078	76,908	36,617
Other	268,917	92,904	172,306	93,577	150,088	66,763
Activities	4,241	1,465	4,235	2,301	3,943	1,877
Contingency Fund	1,338	462	1,124	611	937	447
Consultants	4,031	4,031	52,905	12,881	41,385	(14,368)
Total Disbursements	\$1,485,087	\$507,399	\$1,412,499	\$716,332	\$1,405,160	\$568,654

Charges for services and operating grants of \$977,688 (66% of the total costs of services) were received and used to fund the expenses of the Juvenile District for 2006. The remaining \$507,399 in detention services was fully covered by remaining general receipts, including unrestricted grants and entitlements and other receipts.

Belmont Harrison Juvenile District
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Charges for services and operating grants of \$696,167 (49% of the total costs of services) were received and used to fund the expenses of the Juvenile District for 2005. The remaining \$716,332 in detention services was not fully covered by remaining general receipts, including unrestricted grants and entitlements and other receipts.

THE JUVENILE DISTRICT'S FUNDS

The governmental funds had total receipts of \$1,562,435 and disbursements of \$1,485,087 for the year 2006. The governmental funds had an increase in the cash balance of \$77,348. The governmental funds had total receipts of \$1,389,473 and disbursements of \$1,412,499 for the year 2005. The governmental funds had a decrease in the cash balance of \$23,026.

General Fund Budgeting Highlights

The Juvenile District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund in 2006 and the General Fund and the BJA Congressionally Mandated Award Fund in 2005.

During the course of 2006 and 2005, the Juvenile District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were significant changes between the original and the final budget since the Juvenile District budgets throughout the year on as needed basis.

ECONOMIC FACTORS

In 2005, an Attorney General's Opinion stated the Juvenile District could no longer bill parents for their child's stay in the Juvenile District's facility, but could only bill the child for their stay. Revenues have decreased as a result of this opinion.

In 2005, the Juvenile District received an additional grant for the purchase of security cameras in the amount of \$10,462, as well as the BJA Congressionally Mandated Award Grant in the amount of \$88,228 for personnel and consultant costs. Also, in October of 2005, the Juvenile District entered into a contract with the Belmont County Jobs and Family Services Department for a Pregnancy Prevention Program Grant which will increase revenues by \$90,000 over the next 12 months.

In April 2005, the Juvenile District negotiated a new union contract with its employees which will increase salaries for the next three years and in May 2005, the County negotiated new rates for hospitalization and prescription insurance coverage for employees, thus increasing the expenses of the Juvenile District.

In 2006, the Juvenile District received the Juvenile Accountability Incentive Block Grant in the amount of \$24,858 for equipment purchases. Also, in 2006, the Juvenile District's charges for services increased dramatically due to an increase in placement billings from other counties and also board and care tuition from school districts.

Contacting the Juvenile District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Juvenile District's finances and to reflect the Juvenile District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information, should be directed to Lorrie Jeskey, Financial Officer, Belmont Harrison Juvenile District, 210 Fox Shannon Place, St. Clairsville, Ohio 43950.

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY**

**Statement of Net Assets - Cash Basis
December 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$124,965</u>
<i>Total Assets</i>	<u>124,965</u>
Net Assets	
Restricted for:	
Other Purposes:	
BJA Congressionally Mandated Award	2,953
Gender Specific Grant Program	3
Unrestricted	<u>122,009</u>
<i>Total Net Assets</i>	<u><u>\$124,965</u></u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
<i>Detention Services:</i>				
Salaries	\$839,120	\$523,485	\$25,740	(\$289,895)
Supplies	37,924	23,659	1,163	(13,102)
Materials	2,687	1,676	82	(929)
Equipment	26,118	786	24,897	(435)
Contracts - Repairs	19,048	11,883	584	(6,581)
Contracts - Services	63,030	39,321	1,933	(21,776)
Medical Fees	9,155	5,711	281	(3,163)
Medicare	11,719	7,311	359	(4,049)
Travel and Expenses	5,449	3,125	154	(2,170)
Public Employee's Retirement	114,423	71,383	3,510	(39,530)
Worker's Compensation	12,992	8,105	399	(4,488)
Food Service	64,895	40,485	1,991	(22,419)
Other	268,917	167,764	8,249	(92,904)
Activities	4,241	2,646	130	(1,465)
Contingency Fund	1,338	835	41	(462)
Consultants	4,031	0	0	(4,031)
<i>Total Governmental Activities</i>	<u>\$1,485,087</u>	<u>\$908,175</u>	<u>\$69,513</u>	<u>(507,399)</u>
 General Receipts				
Grants and Entitlements not Restricted to Specific Programs				505,951
Other Receipts				78,796
<i>Total General Receipts</i>				<u>584,747</u>
Change in Net Assets				77,348
<i>Net Assets Beginning of Year</i>				<u>47,617</u>
<i>Net Assets End of Year</i>				<u>\$124,965</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$122,009	\$2,956	\$124,965
<i>Total Assets</i>	\$122,009	\$2,956	\$124,965
Fund Balances			
Reserved for Encumbrances	\$57,075		\$57,075
Unreserved, Undesignated Reported in:			
General Fund	64,934		64,934
Special Revenue Funds		\$2,956	2,956
<i>Total Fund Balances</i>	\$122,009	\$2,956	\$124,965

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006**

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Intergovernmental	\$550,606	\$ 24,858	\$575,464
Charges for Services	908,175		908,175
Other Receipts	78,796		78,796
<i>Total Receipts</i>	<u>1,537,577</u>	<u>24,858</u>	<u>1,562,435</u>
Disbursements			
Current:			
Salaries	839,120		839,120
Supplies	37,924		37,924
Materials	2,687		2,687
Equipment	1,260	24,858	26,118
Contracts - Repairs	19,048		19,048
Contracts - Services	63,030		63,030
Medical Fees	9,155		9,155
Medicare	11,719		11,719
Travel and Expenses	5,009	440	5,449
Public Employee's Retirement System	114,423		114,423
Worker's Compensation	12,992		12,992
Food Service	64,895		64,895
Other	268,917		268,917
Activities	4,241		4,241
Contingency Fund	1,338		1,338
Consultants		4,031	4,031
<i>Total Disbursements</i>	<u>1,455,758</u>	<u>29,329</u>	<u>1,485,087</u>
<i>Net Change in Fund Balances</i>	81,819	(4,471)	77,348
<i>Fund Balances Beginning of Year</i>	<u>40,190</u>	<u>7,427</u>	<u>47,617</u>
<i>Fund Balances End of Year</i>	<u>\$122,009</u>	<u>\$2,956</u>	<u>\$124,965</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$300,000	\$525,231	\$550,606	\$25,375
Charges for Services	200,000	844,356	908,175	63,819
Other Receipts		115,789	78,796	(36,993)
<i>Total Receipts</i>	<u>500,000</u>	<u>1,485,376</u>	<u>1,537,577</u>	<u>52,201</u>
Disbursements				
Current:				
Salaries	284,411	844,439	839,120	5,319
Supplies	14,000	45,000	44,924	76
Materials	1,250	3,942	3,812	130
Equipment	1,000	1,500	1,260	240
Contracts - Repairs	1,000	19,823	19,798	25
Contracts - Services	32,000	79,000	78,530	470
Medical Fees	4,800	10,954	10,955	(1)
Medicare	4,321	12,712	11,719	993
Travel and Expenses	1,500	5,809	5,809	0
Public Employee's Retirement	40,487	116,459	114,423	2,036
Worker's Compensation	5,250	12,992	12,992	0
Unemployment Compensation	1,250			0
Food Service	30,000	70,550	70,445	105
Other	98,271	301,386	299,046	2,340
<i>Total Disbursements</i>	<u>519,540</u>	<u>1,524,566</u>	<u>1,512,833</u>	<u>11,733</u>
<i>Net Change in Fund Balance</i>	(19,540)	(39,190)	24,744	63,934
<i>Fund Balance Beginning of Year</i>	19,540	19,540	19,540	0
Prior Year Encumbrances Appropriated	<u>20,650</u>	<u>20,650</u>	<u>20,650</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$20,650</u>	<u>\$1,000</u>	<u>\$64,934</u>	<u>\$63,934</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY**

**Statement of Net Assets - Cash Basis
December 31, 2005**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$47,617</u>
<i>Total Assets</i>	<u>47,617</u>
Net Assets	
Restricted for:	
Other Purposes:	
BJA Congressionally Mandated Award Program	7,424
Gender Specific Grant Program	3
Unrestricted	<u>40,190</u>
<i>Total Net Assets</i>	<u><u>\$47,617</u></u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Detention Services:				
Salaries	\$834,621	\$323,560	\$84,240	(\$426,821)
Supplies	34,058	14,371	1,479	(18,208)
Materials	843	362	23	(458)
Equipment	17,360	815	14,839	(1,706)
Contracts - Repairs	26,072	11,191	712	(14,169)
Contracts - Services	59,843	25,685	1,634	(32,524)
Medical Fees	10,116	4,342	276	(5,498)
Medicare	9,785	4,200	267	(5,318)
Travel and Expenses	7,281	2,327	1,580	(3,374)
Public Employee's Retirement	102,445	43,971	2,798	(55,676)
Worker's Compensation	10,595	4,547	289	(5,759)
Unemployment Compensation	2,527	1,085	69	(1,373)
Food Service	66,383	28,492	1,813	(36,078)
Other	172,306	73,862	4,867	(93,577)
Activities	4,235	1,818	116	(2,301)
Contingency Fund	1,124	481	32	(611)
Consultants	52,905	0	40,024	(12,881)
<i>Total Governmental Activities</i>	<u>\$1,412,499</u>	<u>\$541,109</u>	<u>\$155,058</u>	<u>(716,332)</u>
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				595,490
Other Receipts				<u>97,816</u>
<i>Total General Receipts</i>				<u>693,306</u>
Change in Net Assets				(23,026)
<i>Net Assets Beginning of Year</i>				<u>70,643</u>
<i>Net Assets End of Year</i>				<u>\$47,617</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005**

	General	BJA Congressionally Mandated Award	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$40,190	\$7,424	\$3	\$47,617
<i>Total Assets</i>	<u>\$40,190</u>	<u>\$7,424</u>	<u>\$3</u>	<u>\$47,617</u>
Fund Balances				
Reserved for Encumbrances	\$20,650	\$4,471		\$25,121
Unreserved, Undesignated Reported in:				
General Fund	19,540			19,540
Special Revenue Funds		2,953	\$3	2,956
<i>Total Fund Balances</i>	<u>\$40,190</u>	<u>\$7,424</u>	<u>\$3</u>	<u>\$47,617</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005**

	General	BJA Congressionally Mandated Award	Other Governmental Funds	Total Governmental Funds
Receipts				
Intergovernmental	\$629,922	\$88,228	\$32,398	\$750,548
Charges for Services	541,109			541,109
Other Receipts	97,816			97,816
<i>Total Receipts</i>	<u>1,268,847</u>	<u>88,228</u>	<u>32,398</u>	<u>1,389,473</u>
Disbursements				
Current:				
Salaries	753,848	60,082	20,691	834,621
Supplies	33,482		576	34,058
Materials	843			843
Equipment	1,898		15,462	17,360
Contracts - Repairs	26,072			26,072
Contracts - Services	59,843			59,843
Medical Fees	10,116			10,116
Medicare	9,785			9,785
Travel and Expenses	5,421	1,860		7,281
Public Employee's Retirement System	102,445	0		102,445
Worker's Compensation	10,595	0		10,595
Unemployment Compensation	2,527	0		2,527
Food Service	66,383	0		66,383
Other	172,089	217		172,306
Activities	4,235			4,235
Consultants		51,975	930	52,905
Contingency Fund	1,124			1,124
<i>Total Disbursements</i>	<u>1,260,706</u>	<u>114,134</u>	<u>37,659</u>	<u>1,412,499</u>
<i>Net Change in Fund Balances</i>	8,141	(25,906)	(5,261)	(23,026)
<i>Fund Balances Beginning of Year</i>	<u>32,049</u>	<u>33,330</u>	<u>5,264</u>	<u>70,643</u>
<i>Fund Balances End of Year</i>	<u>\$40,190</u>	<u>\$7,424</u>	<u>\$3</u>	<u>\$47,617</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**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</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$300,000	\$626,521	\$629,922	\$3,401
Charges for Services	200,000	536,966	541,109	4,143
Other Receipts		97,516	97,816	300
<i>Total Receipts</i>	<u>500,000</u>	<u>1,261,003</u>	<u>1,268,847</u>	<u>7,844</u>
Disbursements				
Current:				
Salaries	255,733	759,203	753,848	5,355
Supplies	20,000	36,515	36,482	33
Materials		886	843	43
Equipment		1,900	1,898	2
Contracts - Repairs	12,000	26,400	26,272	128
Contracts - Services	35,000	67,767	67,843	(76)
Medical Fees	8,000	10,917	10,916	1
Medicare	5,000	11,588	9,785	1,803
Travel and Expenses	3,000	5,768	5,721	47
Public Employee's Retirement	55,000	105,188	102,445	2,743
Worker's Compensation	12,000	10,595	10,595	0
Unemployment Compensation	1,000	3,340	2,527	813
Food Service	37,982	72,818	72,383	435
Other	63,750	174,312	174,089	223
Activities	2,000	4,471	4,435	36
Contingency Fund	1,000	1,183	1,274	(91)
<i>Total Disbursements</i>	<u>511,465</u>	<u>1,292,851</u>	<u>1,281,356</u>	<u>11,495</u>
<i>Net Change in Fund Balance</i>	(11,465)	(31,848)	(12,509)	19,339
<i>Fund Balance Beginning of Year</i>	11,465	11,465	11,465	0
Prior Year Encumbrances Appropriated	<u>20,584</u>	<u>20,584</u>	<u>20,584</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$20,584</u>	<u>\$201</u>	<u>\$19,540</u>	<u>\$19,339</u>

See accompanying notes to the basic financial statements

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY, OHIO**

**Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual (Budget Basis)
BJA Congressionally Mandated Award
For the Year Ended December 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental		\$88,228	\$88,228	\$0
<i>Total Receipts</i>	\$0	88,228	88,228	0
Disbursements				
Current:				
Salaries	10,000	60,082	60,082	0
Travel and Expenses	300	2,300	2,300	0
Other	1,533	3,170	217	2,953
Consultants	7,220	56,006	56,006	0
<i>Total Disbursements</i>	19,053	121,558	118,605	2,953
<i>Net Change in Fund Balance</i>	(19,053)	(33,330)	(30,377)	2,953
<i>Fund Balance Beginning of Year</i>	33,330	33,330	33,330	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$14,277</u>	<u>\$0</u>	<u>\$2,953</u>	<u>\$2,953</u>

See accompanying notes to the basic financial statements

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Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont Harrison Juvenile District, Belmont County (the Juvenile District), as a body corporate and politic. The Juvenile District is directed by an appointed six-member Board of Trustees. The Juvenile District provides governmental detention services for juveniles, including secured detention facilities, supervised group home facilities, and an aftercare program.

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

The reporting entity is composed of the primary government. The primary government consists of all funds that are not legally separate from the Juvenile District.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Juvenile District's accounting policies.

A. Basis of Presentation

The Juvenile District'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.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Juvenile District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Juvenile District at year end. The statement of activities compares disbursements with program receipts for each program or function of the Juvenile District'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 Juvenile District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Juvenile District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Juvenile District.

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the Juvenile District segregates transactions related to certain Juvenile District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Juvenile District 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Juvenile District 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. The funds of the Juvenile District are presented as governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Juvenile District are financed. The following are the Juvenile District's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Juvenile District for any purpose provided it is expended or transferred according to the general laws of Ohio.

BJA Congressionally Mandated Award Fund – This is a Federal grant fund from the Department of Youth Services to provide gender specific programming to female offenders which includes educational services, medical services, counseling, social skill development, employment skills, living skills, social interest training, and victimization education.

The BJA Congressionally Mandated Award Fund was a major fund for 2005 only. The other governmental funds of the Juvenile District account for grants and other resources whose use is restricted for a particular purpose.

C. Basis of Accounting

The Juvenile District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Juvenile District'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.

As a result of the use of this 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 liabilities and their related expenses) are not recorded in these financial statements.

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the annual budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The annual budget demonstrates a need for existing or increased rates. The certificate of estimated resources establishes a limit on the amount the Juvenile District may appropriate. The appropriations resolution is the Juvenile District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Juvenile District Board. The legal level of control has been established by the Juvenile District Board at the fund and object level for all funds.

The certificate of estimated resources may be amended during the year if the Juvenile District's fiscal officer projects increases or decreases in revenue. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Juvenile District.

The appropriations resolution is 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 resolution for that fund, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Juvenile District during the year.

E. Cash and Cash Equivalents

As required by Ohio Revised Code, the Belmont County Treasurer is the custodian for the Juvenile District's cash. The County's cash and investment pool holds the Juvenile District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by writing to the Belmont County Treasurer Joseph A. Gaudio, 101 West Main Street, St. Clairsville, Ohio 43950.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. 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.

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 Juvenile District's cash basis of accounting.

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Juvenile District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. 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. Net assets restricted for other purposes primarily include activities involving the Juvenile District's federal grant programs. The Juvenile District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

L. Fund Balance Reserves

The Juvenile District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of the fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Compliance

The Juvenile District did not encumber all commitments as required by Ohio Rev. Code Section 5705.41(D)(1).

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 and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The following table summarizes the adjustments necessary to reconcile the cash and budgetary basis statements.

	Net Change in Fund Balance		BJA
	General Fund		Congressionally Mandated Award
	2006	2005	2005
Cash Basis	\$81,819	\$8,141	(\$25,906)
Encumbrances	(57,075)	(20,650)	(4,471)
Budget Basis	<u>\$24,744</u>	<u>(\$12,509)</u>	<u>(\$30,377)</u>

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 5 – Risk Management

The Belmont County Commissioners, on behalf-of the Juvenile District, provided insurance coverage for the following risks through the County Risk Sharing Authority (CORSA):

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

The Juvenile District, through the Belmont County Commissioners, also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

Note 6 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Juvenile District 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 OPERS 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.

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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the years ended December 31, 2006 and 2005, members of all three plans were required to contribute 9 and 8.5 percent, respectively, of their annual covered salary to fund pension obligations. The Juvenile District's contribution rate for pension benefits for 2006 and 2005 was 13.7 and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Juvenile District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$92,216, \$81,395, and \$82,081, respectively. The Juvenile District has paid all contributions required through December 31, 2006.

B. State Teachers Retirement System

For certified teachers employed by the Juvenile District, the Juvenile District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 - Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System (Continued)

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of 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 fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, 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 DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP.

Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of 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 DCP 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.

For the fiscal years ended June 30, 2006 and 2005, plan members were required to contribute 10 percent of their annual covered salary and the Juvenile District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The Juvenile District's required contribution for pension obligations for the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$23,241, \$21,440 and \$21,202, respectively. The full amount has been contributed for fiscal years 2006 and 2005.

Note 7 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (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 OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". 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 2006 employer contribution rate was 13.7 percent of covered payroll; 4.5 percent was the portion used to fund health care. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4.0 percent was the portion used to fund health care.

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 7 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

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, 2005, include a rate of return on investments of 6.5 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 .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

All investments are carried at market value. 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 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$1,249,478. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2005 (the latest information available), was \$11.1 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. State Teachers Retirement System

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the STRS based on authority granted by State statute. STRS is funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most 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 funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2006 and 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Juvenile District, this amount was \$1,660 and \$1,531, respectively.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.5 billion at June 30, 2006. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000, and STRS had 119,184 eligible benefit recipients.

Belmont Harrison Juvenile District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Contingent Liabilities

The Juvenile District is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Juvenile District's financial conditions.

Amounts grantor agencies pay to the Juvenile District are subject to audit and adjustment. Grantors may require the Juvenile District to refund any disallowed costs. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes such refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Belmont Harrison Juvenile District, Belmont County, Ohio (the Juvenile District), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Juvenile District's basic financial statements and have issued our report thereon dated August 27, 2007. 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 Juvenile District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Juvenile District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Juvenile District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the Juvenile District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Juvenile District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Juvenile District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Juvenile District's management in a separate letter dated August 27, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Juvenile District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-001.

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



Mary Taylor, CPA
Auditor of State

August 27, 2007

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2006-001

Noncompliance and Significant Deficiency

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code Sections 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket Certificate – Fiscal officers may prepare so-called "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate – The Juvenile District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2006-001
(Continued)**

Noncompliance and Significant Deficiency (Continued)

Although the obligations paid by the Juvenile District had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 39% and 19% of transactions tested in 2006 and 2005, respectively, and there was no evidence of a "Then and Now" certificate being utilized by the Juvenile District Financial Officer. Also, the Board did not set a limit on the amount for which a blanket purchase may be issued. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Juvenile District's funds exceeding budgetary spending limitations, we recommend that the Juvenile District Financial Officer obtain the certification from the County Auditor that the funds are or will be available prior to an obligation being incurred by the Juvenile District. When prior certification is not possible, "then and now" certification should be used.

Officials' Responses: We did not receive a response from Officials to the finding reported above.

**BELMONT HARRISON JUVENILE DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	A reportable condition was issued in regards to the designation of outstanding prior year advances as permanent transfers.	Yes	N/A.



Mary Taylor, CPA
Auditor of State

BELMONT HARRISON JUVENILE DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2007**