

# *Multi-County Juvenile Attention System*

## *AUDIT REPORT*

*FOR THE YEAR ENDED DECEMBER 31, 2008*

*Charles E. Harris and Associates, Inc.*  
Certified Public Accountants and Government Consultants





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Multi-County Juvenile Attention System  
815 Faircrest Street, S.W.  
Canton, Ohio 44706-4844

We have reviewed the *Report of Independent Accountants* of the Multi-County Juvenile Attention System, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 7, 2009

**This Page is Intentionally Left Blank.**

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM**  
**AUDIT REPORT**

For the year ended December 31, 2008

Table of Contents

<u>Title</u>	<u>Page</u>
Report of Independent Accountants .....	1-2
Management’s Discussion and Analysis .....	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities .....	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Community Corrections Facility Grant Fund	16
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund.....	17
Notes to the Basic Financial Statements .....	18-31
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i> .....	32-33
Status of Prior Audit’s Citations and Recommendations .....	34

**This Page is Intentionally Left Blank.**

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

---

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Multi-County Juvenile Attention System  
Stark County  
815 Faircrest Street, S.W.  
Canton, Ohio 44706-4844

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multi-County Juvenile Attention System (the System) as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the System'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the System as of December 31, 2008, and the respective changes in financial position and the budgetary comparison for the General Fund and Community Corrections Facility Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2009 on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

***Charles E. Harris & Associates, Inc.***

June 15, 2009



**Multi-County Juvenile Attention System**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

---

The discussion and analysis of the Multi-County Juvenile Attention System (the "System") financial performance provides an overall review of the System's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the System's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the System's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- General revenues accounted for \$252,769 in revenue or 2 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,415,248 or 98 percent of total revenues of \$11,668,017.
- Total program expenses were \$11,632,885.
- Net assets increased \$35,132, which represents a 1 percent decrease from 2007.

**Using this Annual Financial Report**

This report is designed to allow the reader to look at the financial activities of the Multi-County Juvenile Attention System as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the System operations, as they prefer.

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2008 and how they affected the operations of the System as a whole.

**Reporting the System as a Whole**

*Statement of Net Assets and the Statement of Activities*

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole System, presenting both an aggregate view of the System's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the System's most significant fund with all other nonmajor funds presented in total in one column. In the case of the Multi-County Juvenile Attention System, the general fund and community corrections facility grant fund are the most significant funds.

A question typically asked about the System's finances "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

**Multi-County Juvenile Attention System**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

---

These two statements report the System's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the System as a whole, the *financial position* of the System has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the System's programs and services, which consist entirely of children services.

**Reporting the System's Most Significant Fund**

The analysis of the System's major funds begins on page 6. Fund financial reports provide detailed information about the System's major funds. The System uses several funds to account for financial transactions. However, these fund financial statements focus on the System's most significant funds. The System's major governmental funds are the general fund and the community corrections facility grant fund.

**Governmental Funds** - The System's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the System's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the community corrections facility grant fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The System adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Fiduciary Fund** - The System acts in a trustee capacity as an agent a private organization. This activity is reported in an agency fund. The System's fiduciary activity is reported in a separate Statement of Fiduciary Assets and Liabilities on page 16. This activity is excluded from the System's other financial statements because the assets cannot be utilized by the System to finance its operations.

**Multi-County Juvenile Attention System**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2008

---

**The System as a Whole**

Recall that the Statement of Net Assets provides the perspective of the System as a whole. Table 1 provides a summary of the System's net assets for 2008 compared to 2007:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Current and Other Assets	\$ 1,844,156	\$ 1,904,781
Capital Assets	5,947,662	6,089,532
<i>Total Assets</i>	7,791,818	7,994,313
<b>Liabilities</b>		
Current and Other Liabilities	802,120	1,058,042
Long-Term Liabilities	574,203	555,908
<i>Total Liabilities</i>	1,376,323	1,613,950
<b>Net Assets</b>		
Invested in Capital Assets	5,947,662	6,089,532
Restricted for Other Purposes	363,697	143,873
Unrestricted	104,136	146,958
<i>Total Net Assets</i>	\$ 6,415,495	\$ 6,380,363

Total assets decreased by \$202,495. This decrease was the result of decrease in capital assets, which was due to depreciation expense.

Total liabilities decreased by \$237,627. This was the result of a decrease in accrued wages and benefits. In 2007, December's health insurance premiums were not paid until January of the following year, which resulted in a liability at year end. However, in 2008, December's health insurance premiums were paid in full at year end with no liability reported.

**Multi-County Juvenile Attention System**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

---

This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the System's financial status and possibly project future problems.

**(Table 2)**  
**Changes in Net Assets – Governmental Activities**

	2008	2007
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$ 9,414,755	\$ 8,978,643
Operating Grants and Contributions	2,000,493	2,018,967
<i>General Revenue:</i>		
Miscellaneous	252,769	174,825
<i>Total Revenues</i>	11,668,017	11,172,435
 <b>Program Expenses</b>		
Children Services	11,632,885	11,406,376
<i>Increase (Decrease) in Net Assets</i>	35,132	(233,941)
 <i>Net Assets Beginning of Year</i>	6,380,363	6,614,304
 <i>Net Assets End of Year</i>	\$ 6,415,495	\$ 6,380,363

**Governmental Activities**

The program revenues for the governmental activities comes from several different sources, the most significant being charges to the member counties for services provided to juveniles who are residents of the counties. Other prominent sources are grants and intergovernmental revenue. Program revenues increased by \$417,638, this is mainly due to an increase in charges for services and additional sales of beds to nonmembers agencies.

General revenue includes miscellaneous revenues and gain on disposal of capital assets.

**Multi-County Juvenile Attention System**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

---

**The System's Funds**

Information about the System's governmental funds begins on page 10. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues (exclusive of other financing sources) of \$11,586,816 and expenditures (exclusive of other financing uses) of \$11,472,720. The total change in fund balance was \$182,946. The fund balance in the general fund decreased by \$36,509; from \$544,073 in 2007 to \$507,564 in 2008. The fund balance in the community corrections facility grant fund was \$100,446 at the end of 2007 and increased by \$143,531 to \$243,977 at the end of 2008. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

***General Fund Budgeting Highlights***

The System'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 fund is the general fund.

During the course of 2008, the System did not amend its general fund budget. The System uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the original and final budget basis revenue estimate was \$9,635,635. This was less than the actual budget revenue amount of \$9,782,150 by \$146,515. Actual expenditures (exclusive of other financing uses) were \$10,239,419 which was \$498,575 lower than the original and final budget amounts of \$10,737,994. The majority of the decrease was in the areas of personal services, fringe benefits and contractual services. The System's general fund balance at the end of the year was \$789,948 reflecting additional funds budgeted but not expended or encumbered.

**Multi-County Juvenile Attention System**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2008

---

**Capital Assets**

At the end of year 2008, the System had \$5,947,662 invested in land, buildings and building improvements, furniture and equipment, improvements other than buildings and vehicles. Table 3 shows fiscal year 2008 balances compared with 2007.

**(Table 3)**  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	Governmental Activities	
	2008	2007
Land	\$ 27,400	\$ 27,400
Buildings and Building Improvements	5,131,597	5,247,475
Furniture and Equipment	577,650	573,869
Improvements Other Than Buildings	16,543	5,383
Vehicles	194,472	235,405
Totals	\$ 5,947,662	\$ 6,089,532

The \$141,870 decrease in capital assets was attributable to depreciation expense exceeding additional purchases. Note 5 provides capital asset activity during the 2008 year.

**Current Financial Related Activities**

The major revenue source for the System is funding provided by the participating counties. Specific amounts paid by each participating county are computed based on a formula of population and usage. The revenue from the counties is expected to be sufficient to maintain a breakeven cash flow. The System also receives a State of Ohio grant for the operations of the Community Corrections Facility, as well as revenue from the United States Department of Agriculture. Beginning in 2007, the Community Corrections Facility grant activity is accounted for in a separate fund, identified by the Stark County Auditor as Fund #654. In 2007, the System also established a new fund to set aside money to finance the future construction of the Tuscarawas Attention Center as County Auditor fund #646.

**Contacting the System's Finance Department**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mellissa Clark, Director of Administrative Services of Multi-County Juvenile Attention System, 815 Faircrest St. S.W., Canton, Ohio 44706, or e-mail [mdclark@mcjas.org](mailto:mdclark@mcjas.org).

**Multi-County Juvenile Attention System**

*Statement of Net Assets*

*December 31, 2008*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,492,198
Accounts Receivable	250,929
Intergovernmental Receivable	55,453
Materials and Supplies Inventory	17,717
Prepaid Items	27,859
Nondepreciable Capital Assets	27,400
Depreciable Capital Assets (Net)	<u>5,920,262</u>
<i>Total Assets</i>	<u>7,791,818</u>
<b>Liabilities</b>	
Accounts Payable	166,866
Accrued Wages	342,276
Intergovernmental Payable	292,978
Long Term Liabilities:	
Due Within One Year	309,445
Due In More Than One Year	<u>264,758</u>
<i>Total Liabilities</i>	<u>1,376,323</u>
<b>Net Assets</b>	
Invested in Capital Assets	5,947,662
Restricted for Capital Projects	97,728
Restricted for Other Purposes	265,969
Unrestricted	<u>104,136</u>
<i>Total Net Assets</i>	<u>\$ 6,415,495</u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**

*Statement of Activities*

*For the Year Ended December 31, 2008*

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Human Services:				
Children Services	\$ 11,632,885	\$ 9,414,755	\$ 2,000,493	\$ (217,637)
<i>Total Governmental Activities</i>	<u>\$ 11,632,885</u>	<u>\$ 9,414,755</u>	<u>\$ 2,000,493</u>	<u>(217,637)</u>
<b>General Revenues</b>				
				183,919
				<u>68,850</u>
				<u>252,769</u>
				35,132
				<u>6,380,363</u>
				<u>\$ 6,415,495</u>

See accompanying notes to the financial statements.



**Multi-County Juvenile Attention System**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2008*

	<u>General</u>	<u>Community Corrections Facility Grant</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,058,577	\$ 335,893	\$ 97,728	\$ 1,492,198
Accounts Receivable	250,560	369	0	250,929
Intergovernmental Receivable	21,282	12,548	21,623	55,453
Materials and Supplies Inventory	17,717	0	0	17,717
Prepaid Items	27,859	0	0	27,859
<i>Total Assets</i>	<u>\$ 1,375,995</u>	<u>\$ 348,810</u>	<u>\$ 119,351</u>	<u>\$ 1,844,156</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 144,136	\$ 22,730	\$ 0	\$ 166,866
Accrued Wages	298,430	43,846	0	342,276
Intergovernmental Payable	255,090	37,888	0	292,978
Deferred Revenue	170,775	369	0	171,144
<i>Total Liabilities</i>	<u>868,431</u>	<u>104,833</u>	<u>0</u>	<u>973,264</u>
<b>Fund Balances</b>				
Fund Balance:				
Reserved for Encumbrances	124,492	19,564	0	144,056
Undesignated, Unreserved Reported in:				
General Fund	383,072	0	0	383,072
Special Revenue Funds	0	224,413	21,623	246,036
Capital Projects Fund	0	0	97,728	97,728
<i>Total Fund Balances</i>	<u>507,564</u>	<u>243,977</u>	<u>119,351</u>	<u>870,892</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,375,995</u>	<u>\$ 348,810</u>	<u>\$ 119,351</u>	<u>\$ 1,844,156</u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2008*

---

<b>Total Governmental Fund Balances</b>	\$ 870,892
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,947,662
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
Charges for Services	171,144
Compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(574,203)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 6,415,495</u></u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
For the Year Ended December 31, 2008*

	General	Community Corrections Facility Grant	Other Governmental Fund	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$ 181,245	\$ 1,560,668	\$ 267,067	\$ 2,008,980
Gift and Donations	1,715	100	0	1,815
Tuition	354,745	0	0	354,745
Sales	55,602	56	0	55,658
Board and Care	850,689	0	0	850,689
Contract Services	8,112,635	0	0	8,112,635
Other	183,919	18,375	0	202,294
<i>Total Revenues</i>	<u>9,740,550</u>	<u>1,579,199</u>	<u>267,067</u>	<u>11,586,816</u>
<b>Expenditures</b>				
Current:				
Human Services				
Children Services				
Personal Services	5,156,528	738,683	0	5,895,211
Fringe Benefits	2,913,456	380,210	0	3,293,666
Materials and Supplies	310,787	76,393	288,871	676,051
Contractual Services	1,163,001	145,164	0	1,308,165
Capital Outlay	144,428	114,860	0	259,288
Other	36,941	3,398	0	40,339
<i>Total Expenditures</i>	<u>9,725,141</u>	<u>1,458,708</u>	<u>288,871</u>	<u>11,472,720</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	15,409	120,491	(21,804)	114,096
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sales of Capital Assets	68,850	0	0	68,850
Transfers In	0	23,040	97,728	120,768
Transfers Out	(120,768)	0	0	(120,768)
<i>Total Financing Sources and Uses</i>	<u>(51,918)</u>	<u>23,040</u>	<u>97,728</u>	<u>68,850</u>
<i>Net Change in Fund Balance</i>	(36,509)	143,531	75,924	182,946
<i>Fund Balances Beginning of Year</i>	<u>544,073</u>	<u>100,446</u>	<u>43,427</u>	<u>687,946</u>
<i>Fund Balances End of Year</i>	<u>\$ 507,564</u>	<u>\$ 243,977</u>	<u>\$ 119,351</u>	<u>\$ 870,892</u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2008*

Net Change in Fund Balances - Total Governmental Funds \$ 182,946

***Amounts reported for governmental activities in the  
statement of activities are different because:***

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense. This is the amount by which  
depreciation exceeded capital outlay in the current period.

Capital Asset Additions	\$ 251,001	
Current Year Depreciation	(392,141)	
Total	(141,140)	(141,140)

Governmental funds only report the disposal of capital assets to the extent  
proceeds are received from the sale. In the statement of  
activities, a gain or loss is reported for each disposal. (730)

Revenues in the statement of activities that do not provide  
current financial resources are not reported as revenues  
in the funds

Intergovernmental	(10,302)	
Charges for Services	22,653	
Total	12,351	12,351

Compensated absences reported in the statement of activities,  
do not require the use of current financial resources  
and therefore are not reported as expenditures  
in governmental funds. (18,295)

*Change in Net Assets of Governmental Activities* \$ 35,132

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 180,428	\$ (19,572)
Gift and Donations	0	0	1,715	1,715
Tuition	375,000	375,000	369,972	(5,028)
Sales	0	0	55,602	55,602
Board and Care	850,000	850,000	877,879	27,879
Contract Services	8,112,635	8,112,635	8,112,635	0
Other	98,000	98,000	183,919	85,919
<i>Total Revenues</i>	<u>9,635,635</u>	<u>9,635,635</u>	<u>9,782,150</u>	<u>146,515</u>
<b>Expenditures:</b>				
Current:				
Human Services				
Children Services				
Personal Services	5,454,343	5,454,343	5,255,211	199,132
Fringe Benefits	3,011,871	3,011,871	2,915,988	95,883
Materials and Supplies	432,054	432,054	404,481	27,573
Contractual Services	1,400,958	1,400,958	1,328,913	72,045
Capital Outlay	300,042	300,042	281,411	18,631
Other	138,726	138,726	53,415	85,311
<i>Total Expenditures</i>	<u>10,737,994</u>	<u>10,737,994</u>	<u>10,239,419</u>	<u>498,575</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,102,359)	(1,102,359)	(457,269)	645,090
<b>Other Financing Sources:</b>				
Proceeds from Sale of Assets	0	0	68,850	68,850
Transfers Out	(97,728)	(120,768)	(120,768)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(97,728)</u>	<u>(120,768)</u>	<u>(51,918)</u>	<u>68,850</u>
<i>Net Change in Fund Balance</i>	(1,200,087)	(1,223,127)	(509,187)	713,940
<i>Fund Balance Beginning of Year</i>	702,001	702,001	702,001	0
Prior Year Encumbrances Appropriated	597,134	597,134	597,134	0
<i>Fund Balance End of Year</i>	<u>\$ 99,048</u>	<u>\$ 76,008</u>	<u>\$ 789,948</u>	<u>\$ 713,940</u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Community Corrections Facility Grant  
 For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,455,735	\$ 1,455,735	\$ 1,554,067	\$ 98,332
Gift and Donations	0	0	100	100
Sales	0	0	56	56
Other	0	0	18,375	18,375
<i>Total Revenues</i>	<u>1,455,735</u>	<u>1,455,735</u>	<u>1,572,598</u>	<u>116,863</u>
<b>Expenditures:</b>				
Current:				
Human Services				
Children Services				
Personal Services	804,940	804,940	752,051	52,889
Fringe Benefits	391,103	391,103	377,537	13,566
Materials and Supplies	96,688	116,277	88,209	28,068
Contractual Services	124,804	190,284	152,212	38,072
Capital Outlay	116,647	116,647	114,860	1,787
Other	8,200	8,200	3,817	4,383
<i>Total Expenditures</i>	<u>1,542,382</u>	<u>1,627,451</u>	<u>1,488,686</u>	<u>138,765</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(86,647)	(171,716)	83,912	255,628
<b>Other Financing Sources:</b>				
Transfers In	0	23,040	23,040	0
<i>Net Change in Fund Balance</i>	(86,647)	(148,676)	106,952	255,628
<i>Fund Balance Beginning of Year</i>	<u>186,647</u>	<u>186,647</u>	<u>186,647</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 100,000</u>	<u>\$ 37,971</u>	<u>\$ 293,599</u>	<u>\$ 255,628</u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Fund*  
*December 31, 2008*

---

---

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,780</u>
<b>Liabilities</b>	
Undistributed Monies	\$ <u>1,780</u>

See accompanying notes to the financial statements.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 1: REPORTING ENTITY**

Multi-County Juvenile Attention System, Stark County, (the “System”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The System is directed by an eighteen-member Board of Trustees from Carroll, Columbiana, Holmes, Stark, Tuscarawas, and Wayne Counties. The System provides facilities for juveniles for training, treatment, and rehabilitation as directed by the Juvenile Courts. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

The reporting entity is required to be comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the System are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the System. For the System, this includes general operations.

Component units are legally separate organizations for which the System is financially accountable. The System is financially accountable for an organization if the System appoints a voting majority of the organization’s governing board and (1) the System is able to significantly influence the programs or services performed or provided by the organization; or (2) the System is legally entitled to, or can otherwise access, the organization’s resources; the System is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the System is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the System in that the System approves the budget, the issuance of debt or the levying of taxes. The System does not have any component units.

The System is involved with the Stark County Schools Council of Governments Health Benefits Program, which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 12.

Management believes the basic financial statements included in the report represent all of the funds of the System over which the System has the ability to exercise direct operating control.

The financial statements of the System have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The System also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the System's accounting policies are described below.

***A. Basis of Presentation***

The System's basic financial statements consist of government-wide 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.



**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
December 31, 2008

---

**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 System as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund.

The statement of net assets presents the financial condition of the governmental activities of the System at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the System's governmental activities of the System. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the System, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the System.

***Fund Financial Statements*** During the year, the System segregates transactions related to certain System 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 System at this more detailed level. The focus of governmental fund financial statements is on the major funds. The major funds are presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

***B. Fund Accounting***

The System uses funds 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. There are two categories of funds: governmental and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the System'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 System for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

The other governmental funds of the System accounts for grants and other resources whose use is restricted to a particular purpose.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
December 31, 2008

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fiduciary Fund*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the System under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the System's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The System's only fiduciary fund is an agency fund that accounts for donations received for a gang assessment program in conjunction with Stark County Citizens' Council for Non-Violence and Kent State University.

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the System are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The fiduciary fund also uses the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Non-Exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the System, available means expected to be received within sixty days of the fiscal year-end.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Nonexchange transactions, in which the System receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the System must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the System on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: school tuition, board and care, grants and entitlements.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***E. Pooled Cash and Cash Equivalents***

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2008 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment and an expenditure/expense is reported in the year in which services are consumed.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***G. Materials and Supplies Inventory***

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories consist of purchased food.

***H. Capital Assets***

All capital assets of the System are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The System maintains a capitalization threshold of \$300. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land and construction-in-progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	30 Years
Equipment	10 Years
Improvements Other Than Buildings	10 Years
Vehicles	10 Years

***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The System records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the System has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end, taking into consideration any limits specified in the System's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***J. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

***K. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2008, none of the System's net assets were restricted by enabling legislation.

The System applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***L. Fund Balance Reserves***

The System reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances.

***M. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the System Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

***N. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***O. Budgetary Data***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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 Board of Trustees may appropriate. The County Budget Commission must also approve the annual appropriation measure. Budgetary modifications may only be made by resolution of the Board of Trustees at the legal level of control, which has been established at the object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the System. 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 the final appropriations were enacted by the Board of Trustees.

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 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.

***P. Implementation of New Accounting Policies***

For 2008, the System has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," and GASB Statement No. 50, "Pension Disclosures."

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers.

GASB Statement No. 49 provides guidance on calculating and reporting the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

The implementation of GASB Statement No. 45, No. 49, and No. 50 did not affect the presentation of the financial statements of the System.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
 December 31, 2008

---

**NOTE 3: BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the community corrections facility grant fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the community corrections facility grant fund.

**Net Change in Fund Balance**

	General Fund	Community Corrections Facility Grant
GAAP Basis	\$ (36,509)	\$ 143,531
Revenue accruals	41,600	(6,601)
Expenditure accruals	(245,649)	12,316
Encumbrances	<u>(268,629)</u>	<u>(42,294)</u>
Budget Basis	<u>\$ (509,187)</u>	<u>\$ 106,952</u>

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
 December 31, 2008

**NOTE 4: RECEIVABLES**

Receivables at December 31, 2008 consisted of accounts (school tuition and board and care) and intergovernmental receivables arising from grants, entitlements and shared revenues. Accounts and intergovernmental receivables are deemed collectible in full.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Wayne County Title VI E	\$ 30,917
USDA Reimbursement	24,536
Total All Funds	\$ 55,453

**NOTE 5: CAPITAL ASSETS**

A summary of changes in capital assets during 2008 follows:

	<u>Balance</u> 12/31/2007	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/2008
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 27,400	\$ 0	\$ 0	\$ 27,400
<i>Capital Assets, being depreciated:</i>				
Buildings and Building Improvements	10,129,676	119,449	(83,924)	10,165,201
Furniture and Equipment	1,303,576	119,670	(40,313)	1,382,933
Improvements Other Than Buildings	6,800	11,882	0	18,682
Vehicles	466,774	0	0	466,774
<i>Total Capital Assets, being depreciated</i>	<u>11,906,826</u>	<u>251,001</u>	<u>(124,237)</u>	<u>12,033,590</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(4,882,201)	(235,327)	83,924	(5,033,604)
Furniture and Equipment	(729,707)	(115,159)	39,583	(805,283)
Improvements Other Than Buildings	(1,417)	(722)	0	(2,139)
Vehicles	(231,369)	(40,933)	0	(272,302)
<i>Total Accumulated Depreciation</i>	<u>(5,844,694)</u>	<u>(392,141) *</u>	<u>123,507</u>	<u>(6,113,328)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>6,062,132</u>	<u>(141,140)</u>	<u>(730)</u>	<u>5,920,262</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 6,089,532</u>	<u>\$ (141,140)</u>	<u>\$ (730)</u>	<u>\$ 5,947,662</u>

\*Depreciation expense was charged entirely to children services governmental function.



**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
 December 31, 2008

**NOTE 6: GENERAL LONG-TERM OBLIGATIONS**

The changes in the System's long-term obligations during the fiscal year 2008 were as follows:

	Outstanding 01/01/08	Additions	Reductions	Outstanding 12/31/08	Due Within One Year
Compensated Absences	<u>\$ 555,908</u>	<u>\$ 50,038</u>	<u>\$ (31,743)</u>	<u>\$ 574,203</u>	<u>\$ 309,445</u>

Compensated absences will be paid from the general fund.

**NOTE 7: RISK MANAGEMENT**

***A. General Insurance***

The System is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and natural disasters. In May 2006, MCJAS joined CORSA, County Risk Sharing Authority. The deductible is \$2,500 per incident.

***B. Fidelity Bond***

The superintendent is covered under a surety bond in the amount of \$10,000.

***C. Workers' Compensation***

The System pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries. Currently, the System participates in Retrospective Rating Program. The System is liable for employee injuries that occurred on the job for up to ten years under this program.

***D. Risk Sharing Pool***

The System has contracted with Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the System by grouping with other members of the Health Benefits Program. The experience of all participating entities is calculated as one and a common premium rate is applied to all member entities.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

**NOTE 7: RISK MANAGEMENT (Continued)**

Rates are set through an annual calculation process. The System pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating entities. The employees share the cost of the monthly premium with the Board. For fiscal year 2008 the System's and the employee's premiums for health and dental insurance were \$1,035.08 and \$426.09 for family coverage and \$426.09 and \$54.10 for single coverage per employee per month, respectively. The dental insurance is provided by the System to qualified employees through the Stark County Schools Council of Governments. For fiscal year 2008 the System's cost for family coverage was \$962.62 for non-union staff and \$983.33 for union staff and for single coverage \$396.26 for non-union staff and \$404.79 for union staff per employee per month. Claims are paid for all participants regardless of claims flow. Upon termination, all System claims would be paid without regard to the System's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing entity subsequent to the settlement of all expenses and claims. Claims have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The System also pays \$2.90 for \$20,000 of life insurance coverage for each employee. The employee has the option to purchase \$20,000 additional coverage at their own cost.

**NOTE 8: DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

Plan Description - The System 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension 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 stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in State and local classifications contributed 10 percent of covered payroll.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)**

The System's contribution rate for 2008 was 14 percent. For 2008, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the System of 14 percent.

The System's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007 and 2006 were \$367,467, \$506,944 and \$552,413, respectively; 84 percent has been contributed for 2008 and 100 percent for 2007 and 2006. There were no contributions to the member-directed plan for 2008.

**NOTE 9: POSTEMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll for 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected. Active members do not make contributions to the post-employment health care plan.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
*December 31, 2008*

---

---

**NOTE 9: POSTEMPLOYMENT BENEFITS (Continued)**

The System's required contributions to OPERS for the years ended December 31, 2008, 2007 and 2006 were \$367,467, \$333,915 and \$270,202, respectively. 84 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**NOTE 10: OTHER EMPLOYEE BENEFITS**

*Compensated Absences*

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Vacation is accumulated based upon length of service as follows:

<u>Employee Years of Service</u>	<u>Hours Earned per Year</u>
1 - 7	80
8 - 14	120
15 - 24	160
Over 24 years	200

Vacation accumulation is limited to a maximum of that earned in three years of service at the employee's current rate of accumulation. All accumulated unused vacation time is paid upon termination of employment. In the case of death of the employee, a lump sum check will be paid to the employee's beneficiary or estate.

Employees earn sick leave at the rate of 4.6 hours for every 80 hours worked. Accumulation of sick leave is unlimited, but payment of sick leave upon retirement is one-quarter of the sick leave balance, not exceed 240 hours. If employment is terminated, payment of sick leave will occur if the employee has ten or more years of service. As of December 31, 2008, the total liability for unpaid compensated absences was \$574,203.

**Multi-County Juvenile Attention System**  
*Notes to The Basic Financial Statements*  
 December 31, 2008

**NOTE 11: TRANSFERS**

The System made the following transfers during 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Activities:</b>		
<b>Major funds:</b>		
General	\$ 0	\$ 120,768
Community Corrections Facility Grant	23,040	0
<b>Non-major fund:</b>		
Tuscarawas County Attention Center Capital Project Fund	97,728	0
Total	\$ 120,768	\$ 120,768

The General Fund transferred \$23,040 to the Community Corrections Facility Grant Fund. During 2007, it was determined the Community Corrections Facility Grant monies must be accounted for in a separate fund. This transfer represents unspent grant proceeds at the date of the transfer. The General Fund transferred \$97,728 to the Tuscarawas County Attention Center Capital Projects Fund for the construction of a new building to house the Tuscarawas Attention Center.

**NOTE 12: JOINTLY GOVERNED ORGANIZATION**

***Public Entity Risk Pool***

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38<sup>th</sup> Street NW, Canton, OH 44709.

**NOTE 13: CONTINGENCIES**

***A. Grants***

The System received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the System at December 31, 2008.

***B. Litigation***

The System is a party to several legal proceedings. Management is of the opinion that ultimate disposition of these proceedings will not have a material effect, if any, on the financial condition of the System.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

---

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Multi-County Juvenile Attention System  
Stark County  
815 Faircrest Street, S.W.  
Canton, Ohio 44706-4844

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 Multi-County Juvenile Attention System, Stark County, Ohio (the System) as of and for the year ended December 31, 2008, and have issued our report thereon dated June 15, 2009. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the System's financial statements that is more than inconsequential will not be prevented or detected by the System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the System's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted matters that we have reported to management of the System in a separate letter dated June 15, 2009.

This report is intended for the information and use of management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
June 15, 2009

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, as of December 31, 2007, reported no material citations or recommendations.





**Mary Taylor, CPA**  
Auditor of State

**MULTI-COUNTY JUVENILE ATTENTION SYSTEM**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 21, 2009**