



Dave Yost • Auditor of State



**STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

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# Dave Yost • Auditor of State

STAR Community Justice Center  
Scioto County  
4578 Gallia Pike  
Franklin Furnace, Ohio 45629

To the Members of the Judicial Advisory Board and Facility Governing Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While the Ohio Department of Rehabilitations and Corrections (ODRC) does not require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format ODRC prescribes or permits.

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**Dave Yost**  
Auditor of State

January 11, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

STAR Community Justice Center  
Scioto County  
4578 Gallia Pike  
Franklin Furnace, Ohio 45629

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited the accompanying financial statements of the STAR Community Justice Center, Scioto County, Ohio (the Facility), as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Facility has prepared these financial statements using accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Facility does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Facility uses. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of the STAR Community Justice Center, Scioto County, Ohio, as of June 30, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Facility has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2011, on our consideration of the Facility'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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

January 11, 2011



**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY  
STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE PERIOD ENDED JUNE 30, 2010**

	<b>State Appropriations and Grants</b>	<b>Offender Funds</b>		<b>Totals</b>
	ODRC 501-501	Offender Personal Funds	Commissary	
<b>Cash Receipts:</b>				
Intergovernmental	\$ 3,035,919			\$ 3,035,919
Collections from offenders		69,774	40,124	109,898
Commissions			12,953	12,953
Reimbursement	33,768			33,768
Miscellaneous			85	85
<b>Total Cash Receipts</b>	<b>3,069,687</b>	<b>69,774</b>	<b>53,162</b>	<b>3,192,623</b>
<b>Cash Disbursements:</b>				
Personnel	2,213,975			2,213,975
Operating costs	425,569		56,794	482,363
Program costs	49,639			49,639
Equipment	166,934			166,934
Offender Disbursements:				
Offender legal obligations		3,006		3,006
Offender reimbursements		9,032		9,032
Offender payments to CBCF		48,690		48,690
Offender savings paid at exit		5,072		5,072
<b>Total Cash Disbursements</b>	<b>2,856,117</b>	<b>65,800</b>	<b>56,794</b>	<b>2,978,711</b>
Disbursements from prior fiscal year (Including refund to ODRC)	94,349			94,349
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>119,221</b>	<b>3,974</b>	<b>(3,632)</b>	<b>119,563</b>
Fund Cash Balances, July 1, 2009	278,713	4,045	11,188	293,946
Fund Cash Balances, June 30, 2010	<u>\$ 397,934</u>	<u>\$ 8,019</u>	<u>\$ 7,556</u>	<u>\$ 413,509</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 213,569</u>			

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

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY  
STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE PERIOD ENDED JUNE 30, 2009**

	<b>State Appropriations and Grants</b>	<b>Offender Funds</b>		<b>Totals</b>
	ODRC 501-501	Offender Personal Funds	Commissary	
<b>Cash Receipts:</b>				
Intergovernmental	\$ 2,317,139			\$ 2,317,139
Collections from offenders		51,411	29,726	81,137
Commissions			13,146	13,146
Reimbursement	26,620			26,620
<b>Total Cash Receipts</b>	<b>2,343,759</b>	<b>51,411</b>	<b>42,872</b>	<b>2,438,042</b>
<b>Cash Disbursements:</b>				
Personnel	1,788,676			1,788,676
Operating costs	363,082		42,786	405,868
Program costs	47,768			47,768
Equipment	49,699			49,699
Offender Disbursements:				
Offender legal obligations		4,677		4,677
Offender reimbursements		8,649		8,649
Offender payments to CBCF		36,827		36,827
Offender savings paid at exit		2,262		2,262
<b>Total Cash Disbursements</b>	<b>2,249,225</b>	<b>52,415</b>	<b>42,786</b>	<b>2,344,426</b>
Disbursements from prior fiscal year (Including refund to ODRC)	94,543			94,543
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(9)</b>	<b>(1,004)</b>	<b>86</b>	<b>(927)</b>
Fund Cash Balances, July 1, 2008	278,722	5,049	11,102	294,873
Fund Cash Balances, June 30, 2009	<u>\$ 278,713</u>	<u>\$ 4,045</u>	<u>\$ 11,188</u>	<u>\$ 293,946</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 94,535</u>			

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

**STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The STAR Community Justice Center (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 130 residents as of June 30, 2010 offenders. A Facilities Governing Board oversees the Facility's operations. Common Pleas Judges from the counties the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Adams County	Highland County	Pike County
Brown County	Lawrence County	Ross County
Clinton County	Pickaway County	Scioto County

For the years ended June 30, 2010 and 2009, the financial statements presents all funds related to the Facility.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Corrections prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Ohio Department of Rehabilitation and Corrections requires.

**C. Deposits**

The Scioto County Treasurer is the custodian of the Facility's grant funds and State appropriations. The County holds these Facility assets in the County's deposit and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

**D. Fund Accounting**

The Facility uses fund accounting to segregate amounts that are restricted as to use. The Facility has the following funds:

**State Appropriations and Grants**

Ohio Department of Rehabilitation and Corrections (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Facility to support general operating costs.

**STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**Offender Funds**

Offender Personal Funds: Are amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

Commissary: Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58. The Fund receives other offender funds such as telephone and vending commissions, and from phone card sales. The Fund pays for programs and services benefiting offenders, such as indigent offenders' supplies and entertainment. The Offender Personal Fund reimburses this Fund for costs chargeable to the individual resident's account.

**E. Budgetary Process**

**1. Appropriations**

The Facility must budget its intended uses of ODRC 501-501 funding as part of its funding application to ODRC. After ODRC approves the budget, the Board formally adopts it. The Facility cannot spend or obligate (i.e., encumber) more than the appropriation. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

**2. Encumbrances**

Disbursements from State appropriations and Grants are subject to Scioto County's payment approval process. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension (see Note 4).

A summary of 2010 and 2009 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The Facility records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these acquisitions as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**2. Budgetary Activity**

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2010 and 2009 follows:

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$3,035,919	\$3,035,848	\$71

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,317,139	\$2,316,953	\$186

**3. Collateral on Deposits and Investments**

**Grants and State Appropriations**

The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Facility.

**Offender Funds**

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$250,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2010 and 2009.

**4. Refund to ODRC**

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the years ending June 30. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Facility refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC		
	2010	2009
Cash, July 1	\$278,713	\$278,722
Disbursements Against Prior Year Budget	(\$94,349)	(\$94,543)
Sub-Total	\$184,364	\$184,179
501 Cash Receipts	3,035,919	2,317,139
Budgetary Basis Disbursements	(3,035,848)	(2,316,953)
Amount Subject to Refund, June 30	\$184,435	184,365
One-Twelfth of 501 Award	252,993	193,095
Refundable to ODRC	\$0	\$0

**STAR COMMUNITY JUSTICE CENTER  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**5. Retirement System**

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 and 10 percent of their gross salaries and the Facility contributed an amount equaling 14 and 14 percent, respectively, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2010.

**6. Risk Management**

**Commercial Insurance**

The Facility has obtained commercial insurance for the following risks:

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

**7. Family Fund**

The Facility's employees have an account titled Family Fund that employees contribute to through participation in jeans days and vending commissions. The monies collected are used for employee related disbursements, such as wedding gifts for fellow employees; baby shower gifts for fellow employees; and food and supplies for an annual employee Christmas dinner. The money in this Fund belongs to the employees of the Facility and the Facility accounts for this activity separate from all operating activity of the Facility. The accompanying financial statements do not include this activity.

The Family Fund financial activity for the years ended June 30 follows:

	<u>2010</u>	<u>2009</u>
Beginning Cash Balance	\$ 1,263	\$ 1,121
Receipts	2,222	1,298
Disbursements	<u>(1,785)</u>	<u>(1,156)</u>
Ending Cash Balance	<u>\$ 1,700</u>	<u>\$ 1,263</u>



# Dave Yost • Auditor of State

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

STAR Community Justice Center  
Scioto County  
4578 Gallia Pike  
Franklin Furnace, Ohio 45629

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited the financial statements of the STAR Community Justice Center, Scioto County, Ohio (the Facility), as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon January 11, 2011, wherein we noted the Facility prepared its financial statements using accounting practices the Ohio Department of Rehabilitations and Corrections prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 Facility's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Facility's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Facility's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Facility's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of management, the Facility Governing Board, the Judicial Advisory Board, and others within the Facility. We intend it for no one other than these specified parties.

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**Dave Yost**  
Auditor of State

January 11, 2011





# Dave Yost • Auditor of State

**STAR COMMUNITY JUSTICE CENTER**

**SCIOTO 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  
JANUARY 25, 2011**