



**Auditor of State
Betty Montgomery**

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Judicial Corrections Board:

We have audited the accompanying financial statements of STAR Community Justice Center, Scioto County, Ohio (the Center), as of and for the years ended June 30, 2004, 2003 and 2002. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Offender Personal and Commissary Funds for the nine months ended March 31, 2004 or the year ended June 30, 2003. We also did not audit the financial statement of the Family Fund for the four months ended October 31, 2002. Other auditors audited those financial statements, included with Offender Funds in the accompanying financial statements. They have furnished their reports thereon to us, and we base our opinions, in so far as it relates to the aforementioned amounts included for Offender Funds, on the reports of the other auditors.

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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statement for 2002 presents only the receipts, disbursements, and cash balances related to State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Center. This statement is not intended to present the cash receipts, disbursements, and balances of all Center funds for the year ended June 30, 2002.

As discussed in Note 1, the Center prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the STAR Community Justice Center as of June 30, 2004 and 2003 and State Appropriations and Grants fund cash balances and unpaid obligations as of June 30, 2002, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2005, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our 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.

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

Betty Montgomery
Auditor of State

March 23, 2005

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2004**

	State Appropriations and Grants				Offender Funds			Totals
	ODRC	Federal	Capital	Offender	Commissary	Family		
	501-501	Grant Match	Federal	CAP 003	Personal Funds	Fund	Fund	
Cash Receipts:								
Intergovernmental	\$ 1,843,303	\$ -	\$ 114,151	\$ 12,259	\$ -	\$ -	\$ -	\$ 1,969,713
Receipts for Offenders	-	-	-	-	64,624	-	-	64,624
Collections from Offenders	-	-	-	-	-	18,735	-	18,735
Commissions	-	-	-	-	-	11,441	851	12,292
Other	28,779	-	-	-	-	268	847	29,894
Transfer In/Out	7,308	(2,900)	(4,408)	-	-	-	-	-
Total Cash Receipts	1,879,390	(2,900)	109,743	12,259	64,624	30,444	1,698	2,095,258
Cash Disbursements:								
Personnel	1,428,412	3,072	72,898	-	-	-	-	1,504,382
Operating Costs	303,695	-	-	-	-	27,069	-	330,764
Program Costs	19,679	-	20,402	-	-	-	-	40,081
Equipment	9,049	-	34,665	-	-	-	-	43,714
Capital Project	-	-	-	13,443	-	-	-	13,443
Offender Disbursements:								
Offender Legal Obligations	-	-	-	-	19,161	-	-	19,161
Offender Payments to CBCF	-	-	-	-	23,936	-	-	23,936
Offender Other Payments	-	-	-	-	12,147	4,509	1,243	17,899
Offender Savings Paid at Exit	-	-	-	-	8,639	-	-	8,639
Total Cash Disbursements	1,760,835	3,072	127,965	13,443	63,883	31,578	1,243	2,002,019
Disbursements from Prior FY	116,037	-	-	-	-	-	-	116,037
Total Receipts Over/(Under) Disbursements	2,518	(5,972)	(18,222)	(1,184)	741	(1,134)	455	(22,798)
Fund Cash Balances, July 1, 2003	240,072	7,700	23,714	1,185	2,122	6,559	1,305	282,657
Fund Cash Balances, June 30, 2004	\$ 242,590	\$ 1,728	\$ 5,492	\$ 1	\$ 2,863	\$ 5,425	\$ 1,760	\$ 259,859
Unpaid Obligations/Open Purchase Orders	\$ 214,385	\$ 1,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,184

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

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>			Totals
	Federal		Capital CAP 003	Offender				
	ODRC 501-501	Grant Match		Federal	Personal Funds	Commissary Fund	Family Fund	
Cash Receipts:								
Intergovernmental	\$ 1,732,929	\$ 206,531	\$ 76,000	\$ 1,068,078	\$ -	\$ -	\$ -	\$ 3,083,538
Receipts for Offenders	-	-	-	-	116,888	-	-	116,888
Collections from Offenders	-	-	-	-	-	16,419	-	16,419
Commissions	-	-	-	-	-	10,307	925	11,232
Other	30,965	-	-	-	-	712	1,067	32,744
Total Cash Receipts	<u>1,763,894</u>	<u>206,531</u>	<u>76,000</u>	<u>1,068,078</u>	<u>116,888</u>	<u>27,438</u>	<u>1,992</u>	<u>3,260,821</u>
Cash Disbursements:								
Personnel	1,361,362	50,689	40,185	-	-	-	-	1,452,236
Operating Costs	262,888	-	-	-	-	16,782	-	279,670
Program Costs	15,069	211,889	5,669	-	-	-	-	232,627
Equipment	400	-	6,432	-	-	-	-	6,832
Capital Project	-	-	-	1,068,077	-	-	-	1,068,077
Offender Disbursements:								
Offender Legal Obligations	-	-	-	-	39,739	-	-	39,739
Offender Payments to CBCF	-	-	-	-	25,216	400	-	25,616
Offender Other Payments	-	-	-	-	21,690	4,448	1,815	27,953
Offender Savings Paid at Exit	-	-	-	-	33,093	-	-	33,093
Total Cash Disbursements	<u>1,639,719</u>	<u>262,578</u>	<u>52,286</u>	<u>1,068,077</u>	<u>119,738</u>	<u>21,630</u>	<u>1,815</u>	<u>3,165,843</u>
Disbursements from Prior FY	193,619	5,641	-	-	-	-	-	199,260
Total Receipts Over/(Under) Disbursements	<u>(69,444)</u>	<u>(61,688)</u>	<u>23,714</u>	<u>1</u>	<u>(2,850)</u>	<u>5,808</u>	<u>177</u>	<u>(104,282)</u>
Fund Cash Balances, July 1, 2002	309,516	69,388	-	1,184	4,972	751	1,128	386,939
Fund Cash Balances, June 30, 2003	<u>\$ 240,072</u>	<u>\$ 7,700</u>	<u>\$ 23,714</u>	<u>\$ 1,185</u>	<u>\$ 2,122</u>	<u>\$ 6,559</u>	<u>\$ 1,305</u>	<u>\$ 282,657</u>
Unpaid Obligations/Open Purchase Orders	\$ 220,984	\$ 7,072	\$ 35,039	\$ -	\$ -	\$ -	\$ -	\$ 263,095

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

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2002**

	State Appropriations and Grants				Totals
	ODRC 501-501	Federal		Capital CAP 003	
		Grant Match	Federal		
Cash Receipts:					
Intergovernmental	\$ 1,694,306	\$ 82,471	\$ 5,823	\$ 1,592,535	\$ 3,375,135
Other	10,060	-	-	-	10,060
Transfer In/Out	(31,960)	31,895	65	-	-
Total Cash Receipts	1,672,406	114,366	5,888	1,592,535	3,385,195
Cash Disbursements:					
Personnel	1,145,887	91,282	13,063	-	1,250,232
Operating Costs	235,097	-	-	-	235,097
Program Costs	26,406	7,919	5,823	-	40,148
Equipment	58,782	-	-	-	58,782
Capital Project	-	-	-	1,591,373	1,591,373
Total Cash Disbursements	1,466,172	99,201	18,886	1,591,373	3,175,632
Disbursements from Prior FY	654,270	-	-	-	654,270
Total Receipts Over/(Under) Disbursements	(448,036)	15,165	(12,998)	1,162	(444,707)
Fund Cash Balances, July 1, 2001	757,552	54,223	12,998	22	824,795
Fund Cash Balances, June 30, 2002	\$ 309,516	\$ 69,388	\$ -	\$ 1,184	\$ 380,088
Unpaid Obligations/Open Purchase Orders	\$ 200,719	\$ 7,405	\$ -	\$ 445,121	\$ 653,245

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

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**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The STAR Community Justice Center, Scioto County (the Center), provides an alternative to prison incarceration for felony offenders. The Center is the last step in the continuum of increasing punishment before prison incarceration. The Center is a minimum security operation housing approximately sixty offenders. The Judicial Corrections Board administers the Center. The Board is comprised of common pleas court judges from the Counties the Center serves. The Board includes at least one common pleas court judge from each county the Center serves. The Center serves the following counties:

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

For the year ended June 30, 2002, the accompanying financial statement presents only the activity of State appropriations received through the Ohio Department of Rehabilitations and Corrections. For the years ended June 30, 2004 and 2003, the financial statements present all funds related to the Center.

B. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State requires.

C. Cash and Investments

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

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Center uses fund accounting to segregate amounts that are restricted as to use. The Center 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 Center to support general operating costs.

Federal Grant Match: Reports amounts received to meet any Federal program matching fund requirements. The Center received Treatment Alternatives to Street Crimes (TASC) and Residential Substance Abuse Treatment (RSAT).

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC. The Center received Adult Basic Literacy Education (ABLE) and Title I for contracting instructors and specialists to aid in the rehabilitation of attendees.

Capital CAP 003: Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

Offender Funds

Offender Personal Funds: Are amounts the Center receives and holds in a custodial capacity for each offender while confined. The Center holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Center makes payments as directed by the offender or per program requirements. Upon release, the Center 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. This fund receives other Offender Funds, such as telephone and vending commissions, and from phone card sales. This 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 Offender Funds.

Family: Reports amounts received from staff for casual day and from vending commissions. This fund pays for miscellaneous items like flowers or gifts for staff on special occasions.

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

1. Appropriations

The Center 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 Center cannot spend or obligate (i.e., encumber) more than the appropriation. The Center 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 Center commits to make a payment. The budgetary disbursement amounts reported in Note 3 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 2004, 2003 and 2002 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Center records acquisitions of property, plant, and equipment as capital project disbursements when paid. The financial statements do not report these items as assets.

G. Accumulated Leave

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

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2004, 2003 and 2002 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,843,303	\$1,820,167	\$23,136

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,732,929	\$1,724,791	\$8,138

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,694,306	\$1,681,691	\$12,615

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 Center.

OFFENDER FUNDS

Deposits

The Center has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender, Commissary and Family Funds. There were no uncollateralized amounts at June 30, 2004 or 2003.

**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

4. REFUND TO ODRC

The agreement between the County and ODRC permits the Center to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Center 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 Center refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC			
	2004	2003	2002
Cash, July 1	\$ 240,072	\$ 309,516	\$ 757,552
Disbursements Against Prior Year Budget	(116,037)	(193,619)	(654,270)
Sub-Total	124,035	115,897	103,282
501 Cash Receipts	1,843,303	1,732,929	1,694,306
Budgetary Basis Disbursements	(1,820,167)	(1,724,791)	(1,681,691)
Amount Subject to Refund, June 30	147,171	124,035	115,897
Less Cash to be Retained	(147,171)	(124,035)	(115,897)
Refundable to ODRC	\$ 0	\$ 0	\$ 0

5. RETIREMENT SYSTEMS

The Center'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 2004, 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries to OPERS. The Center contributed an amount equal to 13.55 percent of participants' gross salaries. The Center has paid all contributions required through June 30, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Center has obtained commercial insurance for the following risks:

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

7. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2004 totaled \$10,272 and consisted of unpaid amounts due from offenders upon discharge. All receivables are considered collectible in full.

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**Auditor of State
Betty Montgomery**

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

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

To the Judicial Corrections Board:

We have audited the financial statements of STAR Community Justice Center, Scioto County, Ohio (the Center), as of and for the years ended June 30, 2004, 2003 and 2002 and have issued our report thereon dated March 23, 2004. Our audit for the year ended June 30, 2002 included only State Appropriations and Grants the Ohio Department of Rehabilitation and Corrections paid to the Center. Our opinions on the financial statements of the Offender Personal Fund and Commissary Fund for the nine months ended March 31, 2004 and the year ended June 30, 2003 and for the Family Fund for the four months ended October 31, 2002, which are included as Offender Funds in the accompanying financial statements, were based solely on the reports of other auditors. 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 Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Center's management dated March 23, 2005, we reported other matters involving internal control over financial reporting.

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Center's management dated March 23, 2005, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 23, 2005



**Auditor of State
Betty Montgomery**

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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
APRIL 12, 2005**