



OHIO AUDITOR OF STATE
KEITH FABER



**STAR COMMUNITY JUSTICE CENTER
SCIOTO COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Period Ended June 30, 2018	3
Notes to the Financial Statements For the Year Ended June 30, 2018	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Period Ended June 30, 2017	11
Notes to the Financial Statements For the Year Ended June 30, 2017	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

STAR Community Justice Center
Scioto County
4696 Gallia Pike
Franklin Furnace, Ohio 45629

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

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and the related notes of the STAR Community Justice Center, Scioto County, Ohio (the Facility) as of and for the years ended June 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Facility's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Facility's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Facility prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Rehabilitation and Corrections, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Facility does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Rehabilitation and Corrections permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund of the STAR Community Justice Center, Scioto County, as of and for the years ended June 30, 2018 and 2017 in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Facility's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2019

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
For the Period Ended June 30, 2018

	State Appropriations and Grants		Offender Funds		Totals
	ODRC 501-501	Star Brown Co. Collaboration	Resident Program	Offender Personal Funds	
Cash Receipts:					
Intergovernmental	\$7,919,497	\$15,977	\$0	\$0	\$7,935,474
Receipts for offenders	0	0	0	396,959	396,959
Collections from offenders	0	0	301,823	804	302,627
Commissions	0	0	114,793	0	114,793
Reimbursement	243,538	0	45	294	243,877
Miscellaneous	0	0	1,239	0	1,239
<i>Total Cash Receipts</i>	<u>8,163,035</u>	<u>15,977</u>	<u>417,900</u>	<u>398,057</u>	<u>8,994,969</u>
Cash Disbursements:					
Personnel	5,932,982	12,762	0	0	5,945,744
Operating costs	1,329,754	0	364	291	1,330,409
Program costs	164,813	0	436,065	0	600,878
Equipment	44,797	0	0	0	44,797
Offender Disbursements:					
Offender legal obligations	0	0	0	8,604	8,604
Offender reimbursements	0	0	0	328,448	328,448
Offender payments to CBCF	0	0	0	43,163	43,163
Offender savings paid at exit	0	0	0	21,070	21,070
<i>Total Cash Disbursements</i>	<u>7,472,346</u>	<u>12,762</u>	<u>436,429</u>	<u>401,576</u>	<u>8,323,113</u>
Disbursements from prior FY (Including refund to ODRC)	<u>833,215</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>833,215</u>
<i>Total Receipts Over/(Under) Disbursements</i>	<u>(142,526)</u>	<u>3,215</u>	<u>(18,529)</u>	<u>(3,519)</u>	<u>(161,359)</u>
Fund Cash Balances, July 1, 2017	<u>1,068,411</u>	<u>0</u>	<u>122,069</u>	<u>20,680</u>	<u>1,211,160</u>
<i>Fund Cash Balances, June 30, 2018</i>	<u>\$925,885</u>	<u>\$3,215</u>	<u>\$103,540</u>	<u>\$17,161</u>	<u>\$1,049,801</u>
Unpaid Obligations/Open Purchase Orders	<u>\$1,945,381</u>				

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

This page intentionally left blank.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 1 – Reporting 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 250 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 Facility serves the following Counties:

ADAMS COUNTY	BROWN COUNTY	CLINTON COUNTY
HIGHLAND COUNTY	LAWRENCE COUNTY	PICKAWAY COUNTY
PIKE COUNTY	ROSS COUNTY	SCIOTO COUNTY

For the year ended June 30, 2018, the financial statement presents all funds related to the Facility.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility 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. The funds of the Facility are presented below:

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/Brown Co. Collaboration Funding Are funds that are provided on a contractual basis with Brown County for services that are provided directly to their county. The contractual amounts have been derived based on contracts that have been approved by both the Brown County Board of Commissioners and the STAR Community Justice Center Facility Governing Board. These funds are used solely to pay the salary and fringe benefits for the employee providing these services to Brown County.

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.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2018

Resident Program Fund Are 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 commissary commissions, vending commissions and facility recycling, etc. 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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Corrections requires.

Budgetary Process

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.

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 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 5)

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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.

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

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.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2018 follows:

2018 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$7,919,497	\$7,879,327	\$40,170

Note 4 – 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, 2018.

Note 5 – 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 year 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	
	2018
Cash, July 1	\$1,068,411
Disbursements Against Prior Year Budget	(\$833,215)
Payable to ODRC, July 1	
Sub-Total	\$235,196
501 Cash Receipts	7,919,497
Budgetary Basis Disbursements	(7,879,327)
Amount Subject to Refund, June 30	\$275,366
One-Twelfth of 501 Award	659,958
Refundable to ODRC	-

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Facility 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 (if material).

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

There have been no significant changes from prior years in coverage.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2018.

School Teachers Retirement System

The Facility's certified teachers belong to the State Teachers Retirement System (STRS). STRS 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. STRS members contributed 14 percent of their gross salaries to STRS. The Facility contributed an amount equal to 14 percent of participants' gross salaries to STRS. The Facility has paid all contributions required through June 30, 2018.

Note 8 – Postemployment Benefits

Both OPERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 0 percent of the employer contribution to fund these benefits, and STRS currently contributes 0 percent to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 9 – Contingent Liabilities

The Facility is not currently subject to any lawsuits. Lawsuits that were previously notated have been resolved as noted in the documentation that was previously provided to the Auditor of State.

Note 10 – Related Party Transactions

The Facility has not participated in any related party transactions during the Fiscal Year ending June 30, 2018.

Note 11 – Subsequent Events

Included in the Budgetary Disbursements for 2018 are \$650,520.02 in expenses that were incurred prior to the end of the fiscal year but were not paid until after June 30, 2018.

Also, during January 2018, the Center entered into a Memorandum of Understanding with SEPTA Correctional Facility for the operation of SEPTA Correctional Facility and its program redesign for the term of the agreement. The term of the agreement was for February 1, 2018 to June 30, 2019. Under the agreement, the SEPTA Facility Governing Board shall maintain its statutory duties and responsibilities as required by law. On January 30, 2019, the SEPTA Correctional Facility Governing Board passed a resolution to dissolve the SEPTA Correctional Facility as a legal entity and to legally become part of STAR Community Justice Center effective July 1, 2019.

Note 12 - Family Fund

The Facility's employees have an account titled Family Fund that employees contribute to through participation in activities such as 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 or staff appreciation. The activity for this fund is maintained separately from all operating activity of the Facility. The accompanying financial statements do not include this activity.

The Family Fund financial activity for the year ended June 30, 2018 was as follows:

Beginning Cash Balance	\$ 6,699
Receipts	\$ 7,021
Disbursements	\$ 13,720
Ending Cash Balance	\$ 0

The Family Fund account was closed in June 2018.

This page intentionally left blank.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
For the Period Ended June 30, 2017

	State Appropriations and Grants	Offender Funds		Other	Totals
	ODRC 501-501	Resident Program	Offender Personal Funds	Employee Healthcare Account	
Cash Receipts:					
Intergovernmental	\$7,921,319	\$0	\$0	\$0	\$7,921,319
Receipts for offenders	0	0	349,427	0	349,427
Collections from offenders	0	270,619	1,932	0	272,551
Commissions	0	101,259	0	0	101,259
Reimbursement	197,627	2,173	14	0	199,814
Miscellaneous	0	2,364	462	0	2,826
<i>Total Cash Receipts</i>	<u>8,118,946</u>	<u>376,415</u>	<u>351,835</u>	<u>0</u>	<u>8,847,196</u>
Cash Disbursements:					
Personnel	5,410,064	0	0	22,470	5,432,534
Operating costs	1,480,930	252	13	8	1,481,203
Program costs	273,170	318,317	0	0	591,487
Equipment	50,908	0	0	0	50,908
Offender Disbursements:					
Offender legal obligations	0	0	4,235	0	4,235
Offender reimbursements	0	0	291,737	0	291,737
Offender payments to CBCF	0	0	31,512	0	31,512
Offender savings paid at exit	0	0	16,630	0	16,630
<i>Total Cash Disbursements</i>	<u>7,215,072</u>	<u>318,569</u>	<u>344,127</u>	<u>22,478</u>	<u>7,900,246</u>
Disbursements from prior FY (Including refund to ODRC)	<u>1,092,663</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,092,663</u>
<i>Total Receipts Over/(Under) Disbursements</i>	<u>(188,789)</u>	<u>57,846</u>	<u>7,708</u>	<u>(22,478)</u>	<u>(145,713)</u>
Fund Cash Balances, July 1, 2016	<u>1,257,200</u>	<u>64,223</u>	<u>12,972</u>	<u>22,478</u>	<u>1,356,873</u>
<i>Fund Cash Balances, June 30, 2017</i>	<u>\$1,068,411</u>	<u>\$122,069</u>	<u>\$20,680</u>	<u>\$0</u>	<u>\$1,211,160</u>
Unpaid Obligations/Open Purchase Orders	<u>\$1,728,712</u>				

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

This page intentionally left blank.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 – Reporting 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 250 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 Facility serves the following Counties:

ADAMS COUNTY	BROWN COUNTY	CLINTON COUNTY
HIGHLAND COUNTY	LAWRENCE COUNTY	PICKAWAY COUNTY
PIKE COUNTY	ROSS COUNTY	SCIOTO COUNTY

For the year ended June 30, 2017, the financial statement presents all funds related to the Facility.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility 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. The funds of the Facility are presented below:

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.

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.

Resident Program Fund Are 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 commissary commissions, vending commissions and facility recycling, etc. 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.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2017

Other Funds

Employee Healthcare Fund This fund was created to account for monies related to the Employees Health Reimbursement Arrangement (HRA). This HRA was administered through a third party administrator, Chard Snyder. Each employee enrolled in the United Healthcare coverage plan was also enrolled in the HRA. The purpose of the HRA was to reimburse employees for medical expenses applying to the United Healthcare out of pocket maximum (in network only) over specified thresholds. The arrangement was discontinued. The Fund was closed out in February 2017.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Corrections requires.

Budgetary Process

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.

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 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 5)

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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.

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

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.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2017 follows:

2017 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$7,921,319	\$7,858,495	\$62,824

Note 4 – 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, 2017.

Note 5 – 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 year 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	
	2017
Cash, July 1	\$1,257,200
Disbursements Against Prior Year Budget	(\$1,092,663)
Payable to ODRC, July 1	
Sub-Total	\$164,537
501 Cash Receipts	7,921,319
Budgetary Basis Disbursements	(7,858,495)
Amount Subject to Refund, June 30	227,361
One-Twelfth of 501 Award	660,110
Refundable to ODRC	-

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Facility 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 (if material).

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

There have been no significant changes from prior years in coverage.

Self-Insurance

At the Facility's last benefit plan renewal on September 1, 2016, our Health Reimbursement Arrangement (HRA) through third party administrator Chard-Snyder was discontinued.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2017.

School Teachers Retirement System

The Facility's certified teachers belong to the State Teachers Retirement System (STRS). STRS 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. STRS members contributed 14 percent of their gross salaries to STRS. The Facility contributed an amount equal to 14 percent of participants' gross salaries to STRS. The Facility has paid all contributions required through June 30, 2017.

Note 8 – Postemployment Benefits

Both OPERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and STRS currently contributes 0 percent to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2017.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
STAR Community Justice Center
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 9– Contingent Liabilities

The Facility is not currently subject to any lawsuits. Lawsuits that were previously notated have been resolved as noted in the documentation that was previously provided to the Auditor of State.

Note 10 – Related Party Transactions

The Facility has not participated in any related party transactions during the Fiscal Year ending June 30, 2017

Note 11 – Subsequent Events

Included in the Budgetary Disbursements for 2017 are \$833,215 in expenses that were incurred prior to the end of the fiscal year but were not paid until after June 30, 2017.

Also, during January 2018, the Center entered into a Memorandum of Understanding with SEPTA Correctional Facility for the operation of SEPTA Correctional Facility and its program redesign for the term of the agreement. The term of the agreement was for February 1, 2018 to June 30, 2019. Under the agreement, the SEPTA Facility Governing Board shall maintain its statutory duties and responsibilities as required by law. On January 30, 2019, the SEPTA Correctional Facility Governing Board passed a resolution to dissolve the SEPTA Correctional Facility as a legal entity and to legally become part of STAR Community Justice Center effective July 1, 2019.

Note 12 - Family Fund

The Facility's employees have an account titled Family Fund that employees contribute to through participation in activities such as 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 or staff appreciation. The activity for this fund is maintained separately from all operating activity of the Facility. The accompanying financial statements do not include this activity.

The Family Fund financial activity for the year ended June 30, 2017 was as follows:

Beginning Cash Balance	\$4,493
Receipts	\$13,898
Disbursements	\$11,692
Ending Cash Balance	\$6,699

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

STAR Community Justice Center
Scioto County
4696 Gallia Pike
Franklin Furnace, Ohio 45629

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

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the STAR Community Justice Center, Scioto County, Ohio (the Facility) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 16, 2019 wherein we noted the Facility followed financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Facility's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Facility's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Facility's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Facility's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Facility's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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
MAY 28, 2019**