



OHIO AUDITOR OF STATE  
**KEITH FABER**





**RIVER CITY CORRECTIONAL CENTER  
HAMILTON COUNTY  
JUNE 30, 2020 AND 2019**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) for the Year Ended June 30, 2020 .....	3
Notes to the Financial Statements for the Year Ended June 30, 2020 .....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) for the Year Ended June 30, 2019 .....	11
Notes to the Financial Statements for the Year Ended June 30, 2019 .....	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

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

River City Correctional Center  
Hamilton County  
3220 Colerain Avenue  
Cincinnati, Ohio 45225

To the 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 River City Correctional Center, Hamilton County, (the Facility) as of and for the years ended June 30, 2020 and 2019.

### ***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 permit. 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, 2020 and 2019, 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 River City Correctional Center, Hamilton County as of and for the years ended June 30, 2020 and 2019 in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 2.

***Emphasis of Matter***

As discussed in Note 9 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Facility. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021, 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  
June 14, 2021

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
**River City Correctional Center**

*Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended June 30, 2020*

	<b>State Appropriations and Grants</b>				<b>Offender Funds</b>		<b>Totals</b>
	ODRC 501-501	Probation Improvement and Incentive Grant	Federal	Capital Improvement Fund	Resident Program	Offender Personal Funds	
<b>Cash Receipts:</b>							
Intergovernmental	\$ 6,444,152	\$ -	\$ 33,840	\$ -	\$ -	\$ -	\$ 6,477,992
Receipts for offenders	-	-	-	-	1,997	125,593	127,590
Collections from offenders	-	-	-	-	16,914	34,792	51,706
Commissions	-	-	-	-	97,478	-	97,478
Reimbursements	115,898	-	-	46,030	-	4,437	166,365
Miscellaneous receipts	-	-	-	-	12,162	-	12,162
<b>Total Cash Receipts</b>	<b>6,560,050</b>	<b>-</b>	<b>33,840</b>	<b>46,030</b>	<b>128,551</b>	<b>164,822</b>	<b>6,933,293</b>
<b>Cash Disbursements:</b>							
Personnel	4,761,827	-	33,840	-	-	-	4,795,667
Operating costs	1,162,763	29,572	-	-	-	-	1,192,335
Program costs	89,678	-	-	-	127,232	-	216,910
Capital project	-	-	-	38,410	-	-	38,410
Offender disbursements:							
Offender legal obligations	-	-	-	-	-	5,499	5,499
Offender reimbursements	-	-	-	-	-	107,798	107,798
Offender payments to CBCF	-	-	-	-	-	29,447	29,447
Offender savings paid at exit	-	-	-	-	-	26,804	26,804
<b>Total Cash Disbursements</b>	<b>6,014,268</b>	<b>29,572</b>	<b>33,840</b>	<b>38,410</b>	<b>127,232</b>	<b>169,548</b>	<b>6,412,870</b>
Disbursements from prior grant year (Including refund to ODRC)	340,792	-	-	-	-	-	340,792
<b>Total Receipts Over/(Under) Disbursements</b>	<b>204,990</b>	<b>(29,572)</b>	<b>-</b>	<b>7,620</b>	<b>1,319</b>	<b>(4,726)</b>	<b>179,631</b>
Fund Cash Balances, July 1	355,531	100,174	-	52,502	71,146	8,308	587,661
Fund Cash Balances, June 30	<u>\$ 560,521</u>	<u>\$ 70,602</u>	<u>\$ -</u>	<u>\$ 60,122</u>	<u>\$ 72,465</u>	<u>\$ 3,582</u>	<u>\$ 767,292</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 960,870</u>						

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

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**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 1 – Reporting Entity**

The River City Correctional Center (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 with housing to serve approximately 200 offenders as of June 30, 2020. The Center primarily serves Hamilton County, but has residents from several other Ohio counties.

A Facilities Governing Board oversees the Center’s operations. Hamilton County Court of Common Pleas judges comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and the Hamilton County Commissioners appoint the remaining one-third of the Facilities Governing Board members.

For the year ended June 30, 2020, the financial statement presents all funds related to the Center.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Center 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 Center 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 Center to support general operating costs.

***Probation Improvement and Incentive Grant*** ODRC grants this funding to the Center to support evidence-based practices to reduce the number of felony offenders on probation supervision who violate the conditions of supervision.

***Federal*** Reports amounts received from the Federal government, including amounts passed through ODRC and other state agencies. This fund consists of the following grants:

***ABLE*** The ABLE grant passes through the Cincinnati Public School District and provides funding for adult basic literacy and education programs.

***Residential Substance Abuse Grant*** The state grants this funding to the Center to support substance abuse programs for offenders.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Capital Improvement Fund** The capital improvement fund reports amounts received from the ODRC to finance all or part of the cost of upgrading the Center’s building, equipment and other capital improvements. It additionally includes the amounts related to the Center’s primary computer database system development and upkeep.

**Offender Funds**

**Resident Program Fund** ORC 2301.58 established the Resident Program Fund. Upon approval of the Center governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the Center from commissions on telephone systems, commissary operations, reimbursable costs such as per diem and medical services, and similar services.

**Offender Personal Funds** This fund reports 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.

**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 Center 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 disbursements 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 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. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

**Encumbrances** Disbursements from State appropriations and Grants are subject to Hamilton 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 encumbered for commitments through the end of the new grant period, which covers two fiscal years (June 30, 2021). Amounts not liquidated within ninety days of June 30, 2021 are subject to refund to ODRC, unless ODRC approves an extension.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

The Center records disbursements for acquisitions of capital assets when paid. Those items with a value in excess of \$5,000 are reported to, and documented by, the Hamilton County Auditor. 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 some types of unused leave. The financial statements do not include a liability for unpaid leave.

**Note 3 – Budgetary Activity**

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2020 follows:

2020 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 6,444,152	\$ 6,975,138	\$ (530,986)

The budgetary expenses include purchase orders that were opened for the entire biennial grant period which as of July 1, 2019, has been amended by the ODRC to a two-year period, covering July 1, 2019- June 30, 2021.

**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 Center.

***Offender Funds***

***Deposits***

The Center has Federal Deposit Insurance Corporation coverage of \$250,000 for Offender Funds. The Center had no uncollateralized amounts at June 30, 2020.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 5 – Risk Management**

***Commercial Insurance***

The Center is a named party in Hamilton County’s commercial insurance policy for the following risks:

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

The Center also maintains its own commercial general liability umbrella coverage, with a specific rider for nurse’s professional liability. There has been no significant changes in coverage from the previous year. There have been no claims in the past three years.

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All of 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 this plan’s benefits, which include post retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants’ gross salaries. The Center has paid all contributions required through June 30, 2020.

**Note 7 – Postemployment Benefits**

OPERS offers 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 contributed 0% of the employer contribution to fund these benefits.

**Note 8 – Contingent Liabilities**

***Litigation***

The Center’s management is not currently aware of any pending lawsuits or litigation.

***Grants***

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 501 ODRC Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2020.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 9 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Facility. The Facility's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Facility's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
**River City Correctional Center**

*Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended June 30, 2019*

	State Appropriations and Grants			Offender Funds			Totals
	ODRC 501-501	Probation Improvement and Incentive Grant	Federal	Capital Improvement Fund	Resident Program	Offender Personal Funds	
<b>Cash Receipts:</b>							
Intergovernmental	\$ 6,150,367	\$ -	\$ 83,590	\$ 176,810	\$ -	\$ -	\$ 6,410,767
Receipts for offenders	-	-	-	-	2,309	123,935	126,244
Collections from offenders	-	-	-	-	29,189	118,197	147,386
Commissions	-	-	-	-	74,210	-	74,210
Reimbursements	-	-	-	-	-	5,749	5,749
Miscellaneous Receipts	283	-	-	-	-	-	283
<b>Total Cash Receipts</b>	<b>6,150,650</b>	<b>-</b>	<b>83,590</b>	<b>176,810</b>	<b>105,708</b>	<b>247,881</b>	<b>6,764,639</b>
<b>Cash Disbursements:</b>							
Personnel	4,530,978	-	33,840	-	-	-	4,564,818
Operating costs	1,293,979	11,375	-	-	-	-	1,305,354
Program costs	(29,838)	-	43,793	-	131,661	-	145,616
Capital project	-	-	-	50,098	-	-	50,098
Offender Disbursements:							
Offender legal obligations	-	-	-	-	-	22,278	22,278
Offender reimbursements	-	-	-	-	-	112,749	112,749
Offender payments to CBCF	-	-	-	-	-	39,263	39,263
Offender savings paid at exit	-	-	-	-	-	72,184	72,184
<b>Total Cash Disbursements</b>	<b>5,795,119</b>	<b>11,375</b>	<b>77,633</b>	<b>50,098</b>	<b>131,661</b>	<b>246,474</b>	<b>6,312,360</b>
Disbursements from prior FY (Including refund to ODRC)	419,186	-	-	-	-	-	419,186
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(63,655)</b>	<b>(11,375)</b>	<b>5,957</b>	<b>126,712</b>	<b>(25,953)</b>	<b>1,407</b>	<b>33,093</b>
Fund Cash Balances, July 1	419,186	111,549	(5,957)	(74,210)	97,099	6,901	554,568
Fund Cash Balances, June 30	<u>\$ 355,531</u>	<u>\$ 100,174</u>	<u>\$ -</u>	<u>\$ 52,502</u>	<u>\$ 71,146</u>	<u>\$ 8,308</u>	<u>\$ 587,661</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 353,248</u>						

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

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**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 1 – Reporting Entity**

The River City Correctional Center (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 200 offenders as of June 30, 2019. The Center primarily serves Hamilton County, but has residents from several other Ohio counties.

A Facilities Governing Board oversees the Center’s operations. Hamilton County Court of Common Pleas judges comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and the Hamilton County Commissioners appoint the remaining one-third of the Facilities Governing Board members.

For the year ended June 30, 2019, the financial statement presents all funds related to the Center.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Center 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 Center are presented below:

**State Appropriations and Grants**

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***Federal*** Reports amounts received from the Federal government, including amounts passed through ODRC and other state agencies. This fund consists of the following grants:

***ABLE*** The ABLE grant passes through the Cincinnati Public School District and provides funding for adult basic literacy and education programs.

***Residential Substance Abuse Grant*** The state grants this funding to the Center to support substance abuse programs for offenders.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Capital Improvement Fund** The capital improvement fund reports amounts received from the ODRC to finance all or part of the cost of upgrading the Center’s building, equipment and other capital improvements. It additionally includes the amounts related to the Center’s primary computer database system development and upkeep.

**Offender Funds**

**Resident Program Fund** ORC 2301.58 established the Resident Program Fund. Upon approval of the Center governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the Center from commissions on telephone systems, commissary operations, reimbursable costs such as per diem and medical services, and similar services.

**Offender Personal Funds** This fund reports 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.

**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 Center 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 disbursements 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 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. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

**Encumbrances** Disbursements from State appropriations and Grants are subject to Hamilton 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 5)

A summary of 2019 budgetary activity appears in Note 3.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Deposits and Investments***

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

***Capital Assets***

The Center records disbursements for acquisitions of capital assets when paid. Those items with a value in excess of \$5,000 are reported to, and documented by, the Hamilton County Auditor. 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 some types of unused leave. The financial statements do not include a liability for unpaid leave.

**Note 3 – Budgetary Activity**

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2019 follows:

2019 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 6,150,650	\$ 6,148,367	\$ 2,283

**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 Center.

***Offender Funds***

***Deposits***

The Center has Federal Deposit Insurance Corporation coverage of \$250,000 for Offender Funds. The Center had no uncollateralized amounts at June 30, 2019.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

**Note 5 – Refund to ODRC**

Per grant guidelines as outlined by ODRC, grant funds not expended prior to June 30 must be returned to ODRC. Expenditures encumbered prior to June 30 must be paid within 90 days after the end of the grant period. Any unspent and unencumbered funds remaining at June 30 must be returned when invoiced by ODRC.

Programs have the option to retain up to 1/12<sup>th</sup> of the value of the subsequent year’s grant award as a cash reserve for cash flow purposes. The 1/12<sup>th</sup> cash reserve was established in the grant guidelines to assist programs that cannot be supported by local funds while new grant encumbrances are encumbered by ODRC at the beginning of each State fiscal year. The cash reserve allows programs to have up to one month’s worth of cash on hand to make payroll and other necessary expenditures until the first quarterly payment is received from ODRC. This cash reserve does not increase the annual grant award, but can be used for grant expenditures and replenished as grant funds are received. The Center does not utilize this cash reserve. The Center refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC	
	2019
Cash, July 1	\$ 419,186
Disbursements Against Prior Year Budget	(419,186)
Payable to ODRC, July 1	-
Sub-Total	-
501 Cash Receipts	6,150,650
Budgetary Basis Disbursements	(6,148,367)
Amount Subject to Refund, June 30	2,283
Refundable to ODRC	\$ 2,283

**Note 6 – Risk Management**

***Commercial Insurance***

The Center is a named party in Hamilton County’s commercial insurance policy for the following risks:

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

The Center also maintains its own commercial general liability umbrella coverage, with a specific rider for nurse’s professional liability. There has been no significant changes in coverage from the previous year. There have been no claims in the past three years.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*River City Correctional Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All of 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 this plan's benefits, which include post retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants' gross salaries. The Center has paid all contributions required through June 30, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers 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 contributed 0% of the employer contribution to fund these benefits.

**Note 9 – Contingent Liabilities**

***Litigation***

The Center's management is not currently aware of any pending lawsuits or litigation.

***Grants***

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the 501 ODRC Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2019.

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

River City Correctional Center  
Hamilton County  
3220 Colerain Avenue  
Cincinnati, Ohio 45225

To the 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 River City Correctional Center, Hamilton County, (the Facility) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2021, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitation and Corrections permits rather than accounting principles generally accepted in the United States of America. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Facility.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Facility's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 financial statements. 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
June 14, 2021



# OHIO AUDITOR OF STATE KEITH FABER



**RIVER CITY CORRECTIONAL CENTER**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/29/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)