



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

RIVER CITY CORRECTIONAL CENTER

HAMILTON COUNTY

REGULAR AUDIT

YEARS ENDED JUNE 30, 2024 and 2023



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Governing Board
River City Correctional Center
3220 Colerain Ave
Cincinnati, Ohio 45225

We have reviewed the *Independent Auditors' Report* of the River City Correctional Center, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The River City Correctional Center is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 07, 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of the Facility Governing Board
River City Correctional Center:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of River City Correctional Center (the "Center") which comprises the cash balances, receipts and disbursements for each fund as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying 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 as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits as described in Note 1.

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* section of our report, the accompanying 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 Center as of June 30, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Center on 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Ohio Department of Rehabilitation and Corrections. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement make by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's 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 Center's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 30, 2024

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, 2024

	State Appropriations and Grants			Offender Funds		
	ODRC 501-501	Federal	Capital Improvement Fund	Resident Program	Offender Personal Funds	Totals
Cash Receipts:						
Intergovernmental	\$ 6,646,079	\$ 71,125	\$ 122,940	\$ -	\$ -	\$ 6,840,144
Receipts for offenders	-	-	-	-	148,655	148,655
Collections from offenders	-	-	-	-	311,968	311,968
Commissions	-	-	-	90,325	-	90,325
Reimbursements	21,763	-	-	-	16,609	38,372
Miscellaneous receipts	-	-	-	62,979	-	62,979
Total Cash Receipts	6,667,842	71,125	122,940	153,304	477,232	7,492,443
Cash Disbursements:						
Personnel	4,968,725	55,800	-	-	-	5,024,525
Operating costs	1,553,024	35,125	209,576	-	-	1,797,725
Program costs	89,411	-	-	182,850	-	272,261
Offender disbursements:						
Offender reimbursements	-	-	-	-	22,568	22,568
Offender payments to CBCF	-	-	-	-	347,211	347,211
Offender savings paid at exit	-	-	-	-	146,368	146,368
Total Cash Disbursements	6,611,160	90,925	209,576	182,850	516,147	7,610,658
Disbursements from prior grant year (Including refund to ODRC)	441,523	-	-	-	-	441,523
Total Receipts Over/(Under) Disbursements	(384,841)	(19,800)	(86,636)	(29,546)	(38,915)	(559,738)
Fund Cash Balances, July 1	498,487	21,600	86,636	74,317	60,827	741,867
Fund Cash Balances, June 30	\$ 113,646	\$ 1,800	\$ -	\$ 44,771	\$ 21,912	\$ 182,129
Open Purchase Order Balances June 30	<u>\$ 86,621</u>					

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

**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, 2024*

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, 2024. 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, 2024, 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, 2024*

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 includes cash disbursed against the current year budget plus amounts obligated for commitments through the end of the grant period, which covers two fiscal years (July 1, 2023-June 30, 2025).

A summary of 2024 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, 2024*

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, 2024 follows:

2024 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation	Budgetary	
Authority	Disbursements	Variance
\$ 6,646,079	\$ 6,697,781	\$ (51,702)

The budgetary expenses include purchase orders that were opened for the entire biennial grant period covering July 1, 2023-June 30, 2025

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, 2024.

**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, 2024*

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 have 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 Plan

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, 2024.

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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2023. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 % during fiscal year 2024.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**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, 2024*

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, 2024.

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, 2023

	State Appropriations and Grants			Offender Funds			Totals
	ODRC 501-501	Federal	Capital Improvement Fund	Resident Program	Offender Personal Funds		
Cash Receipts:							
Intergovernmental	\$ 6,462,411	\$ 21,600	\$ -	\$ -	\$ -	\$ -	\$ 6,484,011
Receipts for offenders				292	89,943		90,235
Collections from offenders				346	140,434		140,780
Commissions				123,919	-		123,919
Reimbursements	3,900	-	-	-	90,412		94,312
Miscellaneous receipts	-	-	-	4,579	-		4,579
Total Cash Receipts	6,466,311	21,600		129,136	320,789		6,937,836
Cash Disbursements:							
Personnel	5,016,115	-	-	-	-		5,016,115
Operating costs	1,212,019	-	-	-	-		1,212,019
Program costs	83,066	-	-	204,977	-		288,043
Offender disbursements:							
Offender legal obligations	-	-	-	-	1,892		1,892
Offender reimbursements	-	-	-	-	33,795		33,795
Offender payments to CBCF	-	-	-	-	233,850		233,850
Offender savings paid at exit	-	-	-	-	8,267		8,267
Total Cash Disbursements	6,311,200	-	-	204,977	277,804		6,793,981
Disbursements from prior grant year (Including refund to ODRC)	-	-	-	-	-		-
Total Receipts Over/(Under) Disbursements	155,111	21,600	-	(75,841)	42,985		143,855
Fund Cash Balances, July 1	343,376	-	86,636	150,158	17,842		598,012
Fund Cash Balances, June 30	\$ 498,487	\$ 21,600	\$ 86,636	\$ 74,317	\$ 60,827	\$	\$ 741,867
Open Purchase Order Balances June 30	\$ 408,247						

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

**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, 2023*

Note 1 – Reporting Entity

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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, 2023, 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, 2023*

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 includes cash disbursed against the current year budget plus amounts obligated for commitments through the end of the grant period, which covers two fiscal years (July 1, 2021-June 30, 2023).

A summary of 2023 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, 2023*

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, 2023 follows:

2023 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation	Budgetary	
Authority	Disbursements	Variance
\$ 6,462,411	\$ 6,719,447	\$ (257,036)

The budgetary expenses include purchase orders that were opened for the entire biennial grant period covering July 1, 2021-June 30, 2023

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, 2023.

**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, 2023*

Note 5 – Refund to ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum Reserve Cap determined by ODRC 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	2022-2023
Cash, July 1	\$546,660
Disbursements Against Prior Year Budget	-
Payable to ODRC, July 1	-
Sub-Total	<u>546,660</u>
501 Cash Receipts	12,685,108
Budgetary Basis Disbursements	<u>(12,750,356)</u>
Amount Subject to Refund, June 30	<u>481,412</u>
Cash Reserve Cap	<u>(545,000)</u>
Refundable to ODRC	<u><u>(\$63,588)</u></u>

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 have been no significant changes in coverage from the previous year. There have been no claims in the past three years.

Note 7 – Defined Benefit Pension Plan

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.

**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, 2023*

Note 7 – Defined Benefit Pension Plan (Continued)

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, 2023.

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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 % during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 % during fiscal year 2023.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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, 2023.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Facility Governing Board
River City Correctional Center:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of River City Correctional Center (the "Center") as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 30, 2024, wherein we noted the Center follows accounting practices the Ohio Department of Rehabilitation and Corrections prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Center's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the finding identified in our audit and described in the accompanying schedule of finds and responses. The Center's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 30, 2024

**River City Correctional Center
Schedule of Findings and Responses
Years Ended June 30, 2024 and 2023**

2024-001 Financial Reporting

During the course of our audit, we identified misstatements in the financial statements for the years ended June 30, 2024 and 2023 that were not initially identified by the Center's internal control over financial reporting. A deficiency in internal control exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. In this case, the internal controls over the preparation and review of the Center's financial statements did not operate as designed.

We proposed audit adjustments for the year end June 30, 2023, to accurately report cash receipts and cash disbursements activity in the Offender Fund – Resident Program and State Appropriation and Grants Fund – ODRC 501-501. Additionally, we proposed audit adjustments for the year ended June 30, 2024 to accurately report cash disbursement activity in the State Appropriation and Grants Fund – ODRC 501-501.

We recommend the Center enhance its internal controls over financial reporting with steps such as management's review to ensure the preparation of complete, accurate and reliable financial statements.

Views of Responsible Officials: We will enhance our internal controls over financial reporting with steps such as additional management analysis of the financial statements.



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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 2/20/2025

65 East State 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