

***RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2018 & 2017



OHIO AUDITOR OF STATE KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the River City Correctional Center, Hamilton County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2018. 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 12, 2019

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RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY, OHIO
Audit Report
For the Years Ended June 30, 2018 and 2017

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REPORT OF INDEPENDENT ACCOUNTANTS

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 and related notes of the River City Correctional Center, Hamilton County, (the Center) as of and for the years ended June 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 2 of the financial statements, the Center 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 Center 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

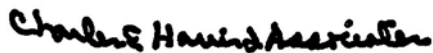
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center 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 disbursement for each fund of the River City Correctional Center, Hamilton 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 December 19, 2018, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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.



Charles E. Harris & Associates, Inc.
December 19, 2018

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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 Cash Fund Balances
For the Year Ended June 30, 2018
(Unaudited)

	State Appropriations and Grants			Offender Funds			Totals
	ODRC 501-501	Probation Improvement and Incentive Grant	Federal	Capital Improvement Fund	Resident Program	Offender Personal Funds	
Cash Receipts:							
Intergovernmental	\$ 6,215,745	\$ 140,315	\$ 38,940	\$ 17,486	\$ -	\$ -	\$ 6,412,486
Receipts for offenders	-	-	-	-	1,201	56,137	57,338
Collections from offenders	-	-	-	-	13,473	133,104	146,577
Commissions	-	-	-	-	96,065	-	96,065
Reimbursements	-	-	-	-	-	905	905
Miscellaneous Receipts	10,323	-	-	-	-	-	10,323
Total Cash Receipts	6,226,068	140,315	38,940	17,486	110,739	190,146	6,723,694
Cash Disbursements:							
Personnel	4,527,555	26,357	38,940	-	-	-	4,592,852
Operating costs	1,251,061	-	-	-	-	-	1,251,061
Program costs	29,974	7,307	5,957	-	88,653	-	131,891
Capital project	-	-	-	158,904	-	-	158,904
Offender Disbursements:							
Offender legal obligations	-	-	-	-	-	12,655	12,655
Offender reimbursements	-	-	-	-	-	67,369	67,369
Offender payments to CBCF	-	-	-	-	-	79,931	79,931
Offender savings paid at exit	-	-	-	-	-	28,814	28,814
Total Cash Disbursements	5,808,590	33,664	44,897	158,904	88,653	188,769	6,323,477
Disbursements from prior FY (Including refund to ODRC)	464,351	-	-	-	-	-	464,351
Total Receipts Over/(Under) Disbursements	(46,873)	106,651	(5,957)	(141,418)	22,086	1,377	(64,134)
Fund Cash Balances, July 1	466,059	4,898	-	67,208	75,013	5,524	618,702
Fund Cash Balances, June 30	\$ 419,186	\$ 111,549	\$ (5,957)	\$ (74,210)	\$ 97,099	\$ 6,901	\$ 554,568
Unpaid Obligations/Open Purchase Orders	\$ 407,873						

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, 2018

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, 2018. 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, 2018, 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, 2018

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 2018 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, 2018

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, 2018 follows:

2018 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 6,215,745	\$ 6,215,703	\$ 42

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, 2018.

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, 2018

Note 5 – Refund to ODRC

The agreement between the County and ODRC permits the Center to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Center must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the 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 Center refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC	
	2018
Cash, July 1	\$ 466,059
Disbursements Against Prior Year Budget	(464,351)
Payable to ODRC, July 1	-
Sub-Total	1,708
501 Cash Receipts	6,215,745
Budgetary Basis Disbursements	(6,215,703)
Amount Subject to Refund, June 30	1,750
Refundable to ODRC	\$ 1,750

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.

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.

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, 2018

Note 7 – Defined Benefit Pension Plans (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, 2018.

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 contributes 0% of the employer contribution to fund these benefits for January 1, 2018 through June 30, 2018 and 1% for July 1, 2017 through December 31, 2017.

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, 2018.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
River City Correctional Center
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances
For the Year Ended June 30, 2017

	State Appropriations and Grants				Offender Funds		Totals
	ODRC 501-501	Probation Improvement and Incentive Grant	Federal	Computer Improvement Fund	Resident Program	Offender Personal Funds	
Cash Receipts:							
Intergovernmental	\$ 6,287,553	\$ 49,009	\$ 37,224	\$ -	\$ -	\$ -	\$ 6,373,786
Receipts for offenders	-	-	-	-	1,500	312,336	313,836
Collections from offenders	-	-	-	-	17,883	-	17,883
Commissions	-	-	-	-	71,343	-	71,343
Total Cash Receipts	6,287,553	49,009	37,224	-	90,726	312,336	6,776,848
Cash Disbursements:							
Personnel	4,522,583	66,983	40,724	-	-	-	4,630,290
Operating costs	1,304,119	16,561	-	-	-	-	1,320,680
Program costs	3,874	-	-	-	55,526	-	59,400
Capital project	-	-	-	63,270	-	-	63,270
Offender Disbursements:							
Offender legal obligations	-	-	-	-	-	32,276	32,276
Offender reimbursements	-	-	-	-	-	70,284	70,284
Offender payments to CBCF	-	-	-	-	-	85,566	85,566
Offender savings paid at exit	-	-	-	-	-	124,482	124,482
Total Cash Disbursements	5,830,576	83,544	40,724	63,270	55,526	312,608	6,386,248
Disbursements from prior FY (Including refund to ODRC)	468,312	-	-	-	-	-	468,312
Total Receipts Over/(Under) Disbursements	(11,335)	(34,535)	(3,500)	(63,270)	35,200	(272)	(77,712)
Fund Cash Balances, July 1	477,394	39,433	3,500	130,478	39,813	5,796	696,414
Fund Cash Balances, June 30	\$ 466,059	\$ 4,898	\$ -	\$ 67,208	\$ 75,013	\$ 5,524	\$ 618,702
Unpaid Obligations/Open Purchase Orders	\$ 453,962						

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, 2017

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, 2017. The Center serves Hamilton County.

A Facilities Governing Board oversees the Center's operations. Hamilton County 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 one-third and advise the Facilities Governing Board regarding Center matters.

For the year ended June 30, 2017, 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.

Computer Improvement The computer improvement fund reports amounts received from the ODRC to finance all or part of the cost of upgrading the Center's computer equipment.

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, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

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 reported 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 2017 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, 2017

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. 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, 2017 follows:

2017 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 6,287,553	\$ 6,284,538	\$ 3,015

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, 2017.

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, 2017

Note 5 – Refund to ODRC

The agreement between the County and ODRC permits the Center to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Center must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the 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 Center refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC	
	2017
Cash, July 1	\$ 477,394
Disbursements Against Prior Year Budget	(468,312)
Payable to ODRC, July 1	-
Sub-Total	9,082
501 Cash Receipts	6,287,553
Budgetary Basis Disbursements	(6,284,538)
Amount Subject to Refund, June 30	12,097
Refundable to ODRC	\$ 12,097

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. Settled claims have not exceeded coverage in the past three years.

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 postretirement 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, 2017

Note 7 – Defined Benefit Pension Plans (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, 2017.

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 contributes 2% 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, 2017.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S 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

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

To the Facility Governing Board:

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, the cash balances, receipts and disbursements by fund of the River City Correctional Center, Hamilton County, (the Center) 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 December 19, 2018, wherein we noted the Center followed accounting practices the Ohio Department of Rehabilitations and Corrections permits rather than accounting principles generally accepted in the United States of America.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for 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 Center'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.

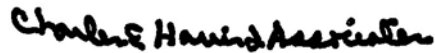
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 grant 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*.

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

December 19, 2018

RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY
For the Year Ended June 30, 2018

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2016-001	The Facility did not reconcile its bank accounts in a timely manner.	Corrected	

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OHIO AUDITOR OF STATE
KEITH FABER



RIVER CITY CORRECTIONAL CENTER

HAMILTON 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
FEBRUARY 26, 2019**