



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

REGULAR AUDIT
FOR THE YEARS ENDED JUNE 30, 2022 and 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Center's Governing Board
River City Correctional Center
3220 Colerain Avenue
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, 2020 through June 30, 2022. 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

June 20, 2023

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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

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 States 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 the Ohio Department of Rehabilitation and Corrections permits. 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 made 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 May 31, 2023, 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
May 31, 2023

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, 2022

	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	\$ 6,222,697	\$ -	\$ 21,600	\$ 20,795	\$ -	\$ -	\$ 6,265,092
Receipts for offenders	-	-	-	-	1,319	163,258	164,577
Collections from offenders	-	-	-	-	53,103	12,302	65,405
Commissions	-	-	-	-	118,841	-	118,841
Reimbursements	146,687	-	-	13,340	-	10,529	170,556
Miscellaneous receipts	-	-	-	-	10,548	-	10,548
Total Cash Receipts	6,369,384	-	21,600	34,135	183,811	186,089	6,795,019
Cash Disbursements:							
Personnel	4,747,381	-	21,600	-	-	-	4,768,981
Operating costs	1,204,495	45,228	-	7,621	-	-	1,257,344
Program costs	79,033	-	-	-	139,829	-	218,862
Offender disbursements:							
Offender legal obligations	-	-	-	-	-	34,028	34,028
Offender reimbursements	-	-	-	-	-	116,685	116,685
Offender payments to CBCF	-	-	-	-	-	23,886	23,886
Offender savings paid at exit	-	-	-	-	-	2,387	2,387
Total Cash Disbursements	6,030,909	45,228	21,600	7,621	139,829	176,986	6,422,173
Disbursements from prior grant year (Including refund to ODRC)	541,759	-	-	-	-	-	541,759
Total Receipts Over/(Under) Disbursements	(203,284)	(45,228)	-	26,514	43,982	9,103	(168,913)
Fund Cash Balances, July 1	546,660	45,228	-	60,122	106,176	8,739	766,925
Fund Cash Balances, June 30	<u>\$ 343,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,636</u>	<u>\$ 150,158</u>	<u>\$ 17,842</u>	<u>\$ 598,012</u>
Open Purchase Order Balances June 30	<u>\$ 895,081</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, 2022

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, 2022. 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, 2022, 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, 2022

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 2022 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, 2022

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, 2022 follows:

<u>2022 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
<u>Appropriation</u>	<u>Budgetary</u>	
<u>Authority</u>	<u>Disbursements</u>	<u>Variance</u>
\$ 6,222,697	\$ 7,489,349	\$ (1,266,652)

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, 2022.

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, 2022

Note 5 – Refund to ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twenty-fourth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. No amounts are payable or due to ODRC until the end of the current period (July 1, 2022 – June 30, 2023).

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.

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, 2022.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 % during calendar year 2021.

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, 2022

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, 2022.

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, 2021

	State Appropriations and Grants				Offender Funds			Totals
	ODRC 501-501	COVID-19	Probation Improvement and Incentive Grant	Federal	Capital Improvement Fund	Resident Program	Offender Personal Funds	
Cash Receipts:								
Intergovernmental	\$ 6,444,152	\$ 100,721	\$ -	\$ 39,600	\$ 51,463	\$ -	\$ -	\$ 6,635,936
Receipts for offenders	-	-	-	-	-	3,044	120,262	123,306
Collections from offenders	-	-	-	-	-	19,288	384	19,672
Commissions	-	-	-	-	-	92,798	-	92,798
Reimbursements	145,551	-	-	-	-	5	7,163	152,719
Miscellaneous receipts	-	-	-	-	-	6,310	-	6,310
Total Cash Receipts	6,589,703	100,721	-	39,600	51,463	121,445	127,809	7,030,741
Cash Disbursements:								
Personnel	5,120,971	40,001	-	39,600	-	-	-	5,200,572
Operating costs	1,404,082	37,911	25,374	-	-	-	-	1,467,367
Program costs	78,003	22,809	-	-	-	88,514	-	189,326
Capital project	-	-	-	-	51,463	-	-	51,463
Offender disbursements:								
Offender legal obligations	-	-	-	-	-	-	87	87
Offender reimbursements	-	-	-	-	-	-	90,946	90,946
Offender payments to CBCF	-	-	-	-	-	-	21,064	21,064
Offender savings paid at exit	-	-	-	-	-	-	10,555	10,555
Total Cash Disbursements	6,603,056	100,721	25,374	39,600	51,463	88,514	122,652	7,031,380
Disbursements from prior grant year (Including refund to ODRC)	508	-	-	-	-	-	-	508
Total Receipts Over/(Under) Disbursements	(13,861)	-	(25,374)	-	-	32,931	5,157	(1,147)
Fund Cash Balances, July 1, restated	560,521	-	70,602	-	60,122	73,245	3,582	768,072
Fund Cash Balances, June 30	<u>\$ 546,660</u>	<u>\$ -</u>	<u>\$ 45,228</u>	<u>\$ -</u>	<u>\$ 60,122</u>	<u>\$ 106,176</u>	<u>\$ 8,739</u>	<u>\$ 766,925</u>
Open Purchase Order Balances June 30	<u>\$ 245,208</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, 2021

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, 2021. 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, 2021, 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.

Covid-19 Fund Federal money distributed by the State of Ohio as Coronavirus Emergency Supplemental Funding by the Ohio Department of Rehabilitation & Correction and the Ohio Dept. of Public Safety's Office of Criminal Justice Services.

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.

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, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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.

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, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 prior year, as the new grant period covers two fiscal years (July 1, 2019-June 30, 2021). The ODRC approved a two-month extension of the FY21 grant award until August 31, 2021. Amounts encumbered as of August 31, 2021 for commitments through the new extension period, and not liquidated by October 30, 2021 are subject to refund to the ODRC, unless ODRC approves an extension.

A summary of 2021 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, 2021 follows:

<u>2021 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
\$ 6,444,152	\$ 6,848,264	\$ (404,112)

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. The ODRC later further amended the FY20_21 award period by an additional two months, until August 31, 2021. The unpaid obligations/disbursements for this two-month extension are not fully reflected in the June 30, 2021 budgetary disbursement amount.

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, 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, 2021.

Note 5 – Refund to ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twenty-fourth (1/24th) of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the grant period 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	
	2020-2021
Cash, July 1	\$355,531
Disbursements Against Prior Year Budget	(341,300)
Payable to ODRC, July 1	-
Sub-Total	14,231
501 Cash Receipts	12,888,304
Budgetary Basis Disbursements	(12,601,083)
Refundable to ODRC	\$301,452

Per revised grant guidelines as outlined by ODRC, grant funds not expended or encumbered prior to the extended grant period end, August 31, 2021, must be returned to ODRC. Expenditures encumbered prior to that August 31 grant end date must be paid within 60 days after the end of the grant period. Any unspent and unencumbered funds remaining at August 31 must be returned when invoiced by ODRC.

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, 2021

Note 5 – Refund to ODRC (continued)

Previously, programs had the option to retain up to 1/12th of the value of the subsequent year's grant award as a cash reserve for cash flow purposes. The 1/12th 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 does not increase the grant award, but can be used for grant expenditures and replenished as grant funds are received. The Center does not utilize this cash reserve. Additionally, for FY21, the ODRC allowed a two-month extension of the grant period, which effectively served a similar purpose to the 1/12th cash reserve. Upon invoice from ODRC, the Center refunds the amounts computed below, less additional allowable extension period expenditures, in the fiscal year(s) following the end of the grant period.

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.

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, 2021.

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 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 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, 2021

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, 2021.

Note 10 – Prior Period Adjustment

Changes were made to the beginning balance of the Resident Program Fund as of July 1, 2020 to include cash from a sub account that was not previously included but was recommended to be included from the previous audit. The amount of the change was an increase of \$780.

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**INDEPENDENT AUDITOR'S REPORT**

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 the River City Correctional Center (the "Center") as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated May 31, 2023, 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. 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 or significant deficiencies may exist that have not been identified.

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*.

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
May 31, 2023

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 7/6/2023

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