



Mary Taylor, CPA
Auditor of State

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

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Mary Taylor, CPA
Auditor of State

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

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

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While the Ohio Department of Rehabilitations and Corrections (ODRC) does not require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format ODRC prescribes or permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 4, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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

We have audited the accompanying financial statements of River City Correctional Center, Hamilton County, Ohio (the Center), as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Center has prepared these financial statements using accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Center does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Center uses. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Center as of June 30, 2008 and 2007 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of River City Correctional Center, Hamilton County, Ohio as of June 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Center has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 4, 2009

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
RIVER CITY CORRECTIONAL CENTER**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2008**

	<u>State Appropriations and Grants</u>		<u>Offender Funds</u>		<u>Totals</u>
	<u>ODRC 501-501</u>	<u>Federal</u>	<u>Offender Personal Funds</u>	<u>I & E Telephone Commissions</u>	
Cash Receipts:					
Intergovernmental	\$ 6,046,840	\$ 51,271	\$ -	\$ -	\$6,098,111
Receipts for offenders	0	0	176,451	10,338	186,789
Collections from offenders	0	0	0	7,078	7,078
Commissions	0	0	0	38,010	38,010
Reimbursement	283	0	0	2,198	2,481
Total Cash Receipts	<u>6,047,123</u>	<u>51,271</u>	<u>176,451</u>	<u>57,624</u>	<u>6,332,469</u>
Cash Disbursements:					
Personnel	4,890,462	33,500	0	0	4,923,962
Operating costs	898,812	55,122	827	0	954,761
Program costs	25,057	0	0	57,930	82,987
Equipment	6,918	0	0	0	6,918
Offender Disbursements:					
Offender legal obligations	0	0	13,388	0	13,388
Offender reimbursements			64,461		64,461
Offender payments to CBCF			61,724		61,724
Offender savings paid at exit	0	0	38,804	0	38,804
Total Cash Disbursements	<u>5,821,249</u>	<u>88,622</u>	<u>179,204</u>	<u>57,930</u>	<u>6,147,005</u>
Disbursements from Prior FY (including refund to ODRC)	<u>167,970</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>167,970</u>
Total Receipts Over/(Under) Disbursements	<u>57,904</u>	<u>(37,351)</u>	<u>(2,753)</u>	<u>(306)</u>	<u>17,494</u>
Fund Cash Balances, July 1, 2007	<u>130,223</u>	<u>(17,714)</u>	<u>4,939</u>	<u>9,938</u>	<u>127,386</u>
Fund Cash Balances, June 30, 2008	<u>\$ 188,127</u>	<u>\$ (55,065)</u>	<u>\$ 2,186</u>	<u>\$ 9,632</u>	<u>\$ 144,880</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 233,949</u>				

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
RIVER CITY CORRECTIONAL CENTER**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2007**

	<u>State Appropriations and Grants</u>		<u>Offender Funds</u>		Totals
	ODRC 501-501	Federal	Offender Personal Funds	I & E Telephone Commissions	
Cash Receipts:					
Intergovernmental	\$ 6,004,806	\$ 156,975	\$ -	\$ -	\$6,161,781
Receipts for offenders	0	0	186,409	9,718	196,127
Collections from offenders	0	0	0	3,886	3,886
Commissions	0	0	0	44,501	44,501
Reimbursement	575	0	0	1,078	1,653
Total Cash Receipts	<u>6,005,381</u>	<u>156,975</u>	<u>186,409</u>	<u>59,183</u>	<u>6,407,948</u>
Cash Disbursements:					
Current:					
Personnel	4,911,397	91,204	0	0	5,002,601
Operating costs	982,340	83,485	585	0	1,066,410
Program costs	18,536	0	0	68,271	86,807
Equipment	33,925	0	0	0	33,925
Offender Disbursements:					
Offender legal obligations	0	0	5,862	0	5,862
Offender reimbursements	0	0	68,106	0	68,106
Offender payments to CBCF	0	0	77,795	0	77,795
Offender savings paid at exit	0	0	31,409	0	31,409
Total Cash Disbursements	<u>5,946,198</u>	<u>174,689</u>	<u>183,757</u>	<u>68,271</u>	<u>6,372,915</u>
Disbursements from Prior FY (including refund to ODRC)	<u>40,026</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,026</u>
Total Receipts Over/(Under) Disbursements	<u>19,157</u>	<u>(17,714)</u>	<u>2,652</u>	<u>(9,088)</u>	<u>(4,993)</u>
Fund Cash Balances, July 1, 2006	<u>111,066</u>	<u>0</u>	<u>2,287</u>	<u>19,026</u>	<u>132,379</u>
Fund Cash Balances, June 30, 2007	<u>\$ 130,223</u>	<u>\$ (17,714)</u>	<u>\$ 4,939</u>	<u>\$ 9,938</u>	<u>\$ 127,386</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 101,106</u>				

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The River City Correctional Center, Hamilton County, Ohio (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. A Facilities Governing Board oversees the Center's operations. Common pleas judges from the County the Center serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Center matters. The Center serves Hamilton County.

For the years ended June 30, 2008 and 2007, the financial statement presents all funds related to the Center.

B. Basis of Accounting

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Correction prescribes or permits. 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.

These statements adequately disclose material matters the Ohio Department of Rehabilitation and Correction requires.

C. 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.

D. Fund Accounting

The Center uses fund accounting to segregate amounts that are restricted as to use. The Center has the following funds:

State Appropriations and Grants

Ohio Department of Rehabilitation and Correction (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Center to support general operating costs.

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

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Grant Name	Pass-Through Entity	Description of Grant
ABLE	ODRC	Funding for adult basic literacy and education program
Title I	ODRC	Federal funding to help academically at risk students
National School Lunchroom	Ohio Department of Education (ODE)	Funding to provide nutritious meals for children.

Offender Funds

Offender Personal Funds: Are 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.

Industrial and Entertainment Fund: This fund receives other Offender Funds, such as telephone and commissary commissions, and per diem rates charged to employed offenders. This fund pays for programs and services benefiting offenders, such as indigent offenders' supplies and entertainment. The Offender Personal Fund reimburses this fund for costs chargeable to Offender Personal Fund.

E. Budgetary Process

1. 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.

2. 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 2 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 4.)

A summary of 2008 and 2007 budgetary activity appears in Note 2.

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

The Center records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these acquisitions as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Center uses.

2. Budgetary Activity

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2008 and 2007 follows:

2008 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$6,046,840	\$6,055,198	(\$8,358)

2007 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$6,004,806	\$6,047,304	(\$42,498)

3. 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 \$100,000 for Offender Funds. There are no uncollateralized amounts at June 30, 2008 and 2007.

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

4. 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 years 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.

	2008	2007
Cash, July 1	\$130,223	\$111,066
Disbursements Against Prior Year Budget	(\$101,106)	(\$40,026)
Payable to ODRC, July 1	(\$66,864)	(\$66,864)
Sub-Total	(\$37,747)	\$4,176
501 Cash Receipts	6,046,840	6,004,381
Budgetary Basis Disbursements	6,055,198	6,047,304
Amount Subject to Refund, June 30	-	-
One-Twelfth of 501 Award	503,927	500,400
Refundable to ODRC	-	-

Calculation of Payable to ODRC

	2008	2007
Payable, July 1	66,864	66,864
Cash Refunded	(66,864)	-
Refundable to ODRC, June 30	-	-
Payable, June 30	-	66,864

5. Retirement Systems

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9 percent of their gross salaries from July 2006 through December 2006 and 9.5 percent from January 2007 through June 2007. For 2008, OPERS members contributed 9.5 percent of their gross salaries from July 2007 through December 2007 and 10 percent from January 2008 through June 2008. The Facility contributed an amount equaling 13.75 percent from July 2006 through December 2006 and 13.85 percent from January 2007 through June 2007. For 2008, the Facility contributed an amount equaling 13.85 percent of their gross salaries from July 2007 through December 2007 and 14 percent from January 2008 through June 2008. The Facility has paid all contributions required through June 30, 2008.

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

6. Risk Management

Commercial Insurance

The Center is included in Hamilton County's commercial insurance policies for the following risks:

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

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Mary Taylor, CPA

Auditor of State

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

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

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

We have audited the financial statements of the River City Correctional Center, Hamilton County, Ohio (the Center), as of and for the year ended June 30, 2008 and 2007, and have issued our report thereon dated August 4, 2009, wherein we noted the Center followed accounting practices the Ohio Department of Rehabilitation and Correction prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Center's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe finding number 2008-001 is also a material weakness.

We also noted certain matters that we reported to the Facility's management in a separate letter dated August 4, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Center's management in a separate letter dated August 4, 2009.

We intend this report solely for the information and use of management and the Facility Governing Board. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 4, 2009

**RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

Significant Deficiency / Material Weakness

The Center is required to properly post receipts to their accounting records in order to present financial statements that accurately present the financial activity of the Center at year end. There were several instances where receipts were not properly posted resulting in improper presentation on the Center's financial statement line item classifications:

- ODRC receipts were posted as transfer-ins instead of the proper classification of intergovernmental receipts in the amount of \$6,046,840 during 2008 and \$6,004,806 during 2007.
- Title 1, ABLE and lunchroom receipts were posted as reductions of expenditures instead of the proper classification of intergovernmental receipts during 2008 and 2007. The following amounts were posted as reductions of expenditures during 2008 and 2007:

2008	Amount
Title I Grant	\$2,500
ABLE Grant	\$15,214
National School Lunchroom Program	\$33,557
2007	Amount
Title I Grant	\$65,682
ABLE Grant	\$54,390
National School Lunchroom Program	\$36,902

As a result of these misclassifications, receipts for certain line items and funds were incorrectly reported on the Center's financial statements. Reclassifications and adjustments were made to individual line items and funds on the financial statements to properly present these receipts. The Center should exercise due care when posting receipts to their account records to ensure that they are properly posted to the ledgers and properly reflected in their annual financial statements.

Officials' Response:

We did not receive a response from officials regarding the above finding.

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RIVER CITY CORRECTIONAL CENTER
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007 AND JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Leave balance incorrectly calculated	Partially	Corrective action taken regarding that particular employee. However, management letter recommendation issued regarding incorrectly calculated leave balances during this audit period.



Mary Taylor, CPA
Auditor of State

**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
AUGUST 25, 2009**