



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

# **CITY OF CLEVELAND, OHIO**

CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

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CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Agriculture</b>				
Direct Programs:				
GLRI Mitigation Emerald Ash Borer	10.664			74,691
<b>Subtotal</b>			-	74,691
<b>Total Department of Agriculture</b>				
			-	74,691
<b>Department of Health and Human Services</b>				
Direct Programs:				
Healthy Start Initiative Yr 19	93.926		185,080	336,022
Healthy Start Initiative Yr 20	93.926		286,977	628,483
<b>Subtotal</b>			472,057	964,505
Substance Abuse and Mental Health Services Administration	93.243			68,890
<b>Subtotal</b>			-	68,890
Pass-Through Programs:				
Cuyahoga County District Board of Health:				
Public Health Emergency Preparedness 2020	93.069	18-100-12-PH-1120		101,833
Public Health Emergency Preparedness 2020-2021	93.069	18-100-12-PH-1221		38,590
Ohio Department of Health:				
City Readiness Initiative 2021	93.069	18-200-12-PH-1221		66,757
<b>Subtotal</b>			-	207,180
Public Health Emergency Preparedness 2019	93.074	18-200-12-PH-1019		13
City Readiness Initiative 2019	93.074	18-200-12-PH-1019		7,982
City Readiness Initiative 2020	93.074	18-200-12-PH-1120		75,092
<b>Subtotal</b>			-	83,087
Family Planning Services Title X FY 2020	93.217	18-200-11-RH-0620	18,416	273,715
Family Planning Services Title X FY 2021	93.217	18-200-11-RH-0721	63,910	348,418
<b>Subtotal</b>			82,326	622,133
COVID-19 Coronavirus Response	93.354	18-200-12-CO-0120		206,309
<b>Subtotal</b>			-	206,309
Maternal and Child Health Services Title X FY 2020	93.994	18-200-11-RH-0620	3,683	54,743
Maternal and Child Health Services Title X FY 2021	93.994	18-200-11-RH-0721	10,780	58,769
<b>Subtotal</b>			14,463	113,512
HIV Prevention 2019	93.940	18-200-12-HP-1219	164,908	206,989
<b>Subtotal</b>			164,908	206,989
Sexually Transmitted Diseases Control Program 2019	93.977	18-200-12-ST-1119		46,321
<b>Subtotal</b>			-	46,321
Western Reserve Area Agency on Aging (WRAAA):				
WRAAA OAA/ADRN/Supporting Services Project 2019	93.044			15,905
WRAAA ADRN 2020	93.044			310,469
<b>Subtotal</b>			-	326,374
WRAAA MIPPA 2020	93.071	20-01OHMIAA-00 & 20-01OHMIDR-00		8,269
<b>Subtotal</b>			-	8,269
WRAAA HEAP Outreach Program FY 2020	93.568	21-HA-156		16,105
<b>Subtotal</b>			-	16,105
Cuyahoga County:				
Temporary Assistance to Needy Families	93.558	AG1400113		64,281
<b>Subtotal</b>			-	64,281
<b>Total Department of Health and Human Services</b>				
			733,754	2,933,955

(Continued)

CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Housing &amp; Urban Development</b>				
Direct Programs:				
CDBG Yr 39	14.218		27,927	30,147
CDBG Yr 40	14.218		147,552	1,156,227
CDBG Yr 41	14.218		114,042	169,797
CDBG Yr 42	14.218		15,266	178,379
CDBG Yr 43	14.218		784,358	1,018,684
CDBG Yr 44	14.218		640,783	1,706,659
CDBG Yr 45	14.218		6,123,009	12,455,038
CDBG Yr 46	14.218		1,906,952	3,701,308
Neighborhood Stabilization Program 3	14.218			119
COVID-19 CARES Act CDBG 2020	14.218		1,230,730	1,230,730
<b>Subtotal - CDBG Entitlement Grants Cluster</b>			10,990,619	21,647,088
HOME Investment Partnerships Program 2015	14.239		616,798	673,614
HOME Investment Partnerships Program 2016	14.239		771,517	881,063
HOME Investment Partnerships Program 2017	14.239		1,716,782	1,716,782
HOME Investment Partnerships Program 2018	14.239		540,000	569,272
HOME Investment Partnerships Program 2019	14.239		1,080,000	1,358,634
HOME Investment Partnerships Program 2020	14.239			1,611
<b>Subtotal</b>			4,725,097	5,200,976
Emergency Shelter Grants Program 2018	14.231		560,959	565,380
Emergency Shelter Grants Program 2019	14.231		1,303,149	1,306,839
COVID-19 CARES Act Emergency Shelter Grants Program 2020	14.231		64,774	64,774
<b>Subtotal</b>			1,928,882	1,936,993
Housing Opportunities for Persons With AIDS 2014	14.241		43,879	43,879
Housing Opportunities for Persons With AIDS 2017	14.241		98,315	101,533
Housing Opportunities for Persons With AIDS 2018	14.241		132,911	135,946
Housing Opportunities for Persons With AIDS 2019	14.241		345,567	348,126
<b>Subtotal</b>			620,672	629,484
Lead-Based Paint Hazard Control in Privately-Owned Housing 2020	14.900		17,865	176,743
<b>Subtotal</b>			17,865	176,743
Lead-Based Paint Hazard Control in Privately-Owned Housing 2019	14.905		82,576	1,105,359
<b>Subtotal</b>			82,576	1,105,359
Pass-Through Program:				
Ohio Department of Development:				
Neighborhood Stabilization Program - State	14.228	AZ082641		187
<b>Subtotal</b>			-	187
<b>Total Department of Housing &amp; Urban Development</b>			18,365,711	30,696,830
<b>Department of Justice</b>				
Direct Programs:				
Greater Cleveland Drug Court - Men's Treatment	16.585			18,375
Recovery Project II	16.585			217
<b>Subtotal</b>			-	18,592
Cleveland Improving Criminal Justice Response Project	16.590			188,458
<b>Subtotal</b>			-	188,458
Public Safety Partnership and Community Policing Grants:				
Cleveland Universal Hiring II 2015	16.710			499,275
FY19 Law Enforcement Mental Health and Wellness Act	16.710			3,554
<b>Subtotal</b>			-	502,829

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CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Justice (Continued)</b>				
Direct Programs: (continued)				
2018-Edward Byrne Crime Justice Innovation	16.817		105,866	105,866
<b>Subtotal</b>			<u>105,866</u>	<u>105,866</u>
Crime Victim Assistance	16.582			91,356
<b>Subtotal</b>			<u>-</u>	<u>91,356</u>
FY 2017 Sexual Assault Kit	16.833		316,286	316,286
<b>Subtotal</b>			<u>316,286</u>	<u>316,286</u>
2017-Edward Byrne Memorial-JAG	16.738		114,232	257,560
2018-Edward Byrne Memorial-JAG	16.738		116,896	347,958
2019-Edward Byrne Memorial-JAG	16.738		147,668	149,620
<b>Subtotal</b>			<u>378,796</u>	<u>755,138</u>
COVID-19 BJA FY 20 Coronavirus Emergency Supplemental Funding Program	16.034			1,210,880
Pass-Through Programs:				
Ohio Department of Public Safety:				
COVID-19 2020 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CE-CTF-2089		15,728
<b>Subtotal</b>			<u>-</u>	<u>1,226,608</u>
2018-Edward Byrne Memorial JAG-NOLETF	16.738	2018-JG-A01-6444		16,555
2019-Edward Byrne Memorial JAG-NOLETF	16.738	2019-JG-A01-6444		49,329
<b>Subtotal</b>			<u>-</u>	<u>65,884</u>
State of Ohio - Office of Criminal Justice Services:				
Equitable Sharing Program - Asset Forfeiture Program	16.922			36,212
<b>Subtotal</b>			<u>-</u>	<u>36,212</u>
Cuyahoga County:				
VAWA Team Approach 2019 Law	16.588	2019-VP-VA2-V041		90,725
VAWA Team Approach 2017 Safety	16.588	2017-VP-VA2-V042		370
VAWA Team Approach 2019 Safety	16.588	2019-VP-VA2-V042		90,984
FY 2018 VAWA Sexual Assault	16.588	2018-VP-VA2-V045	11,988	11,988
<b>Subtotal</b>			<u>11,988</u>	<u>194,067</u>
<b>Total Department of Justice</b>			<u>812,936</u>	<u>3,501,296</u>
<b>Department of Commerce</b>				
Direct Programs:				
COVID-19 CARES Act - Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards	11.307			444,914
Pass-Through Programs:				
Ohio Department of Jobs and Family Services:				
U S Department of Commerce, Economic Development Administration:				
Revolving Loan Fund Grant - Economic Adjustment Assistance	11.307	See Footnote 1		3,272,068
<b>Subtotal</b>			<u>-</u>	<u>3,716,982</u>
<b>Total Department of Commerce</b>			<u>-</u>	<u>3,716,982</u>
<b>Department of Labor</b>				
Pass-Through Programs:				
Cuyahoga County:				
WIOA Adult Program	17.258	G-2021-15-0012		416,344
<b>Subtotal</b>			<u>-</u>	<u>416,344</u>
WIOA Youth Program	17.259	G-2021-15-0012		303,641
<b>Subtotal</b>			<u>-</u>	<u>303,641</u>
WIOA Dislocated Worker Program	17.278	G-2021-15-0012		110,616
<b>Subtotal</b>			<u>-</u>	<u>110,616</u>
<b>Subtotal - WIOA Cluster</b>			<u>-</u>	<u>830,601</u>

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CITY OF CLEVELAND  
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 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Labor (Continued)</b>				
Pass-Through Programs: (continued)				
Cuyahoga County: (continued)				
WIOA National Dislocated Worker Grants	17.277	DW-32582-18-60-A-42		8,264
<b>Subtotal</b>			-	8,264
Employment Service/Wagner-Peyser Funded Activities	17.207	G-2021-15-0012		113,053
<b>Subtotal</b>			-	113,053
Local Veterans' Employment Representative Program	17.245	G-2021-15-0012		35,329
<b>Subtotal</b>			-	35,329
<b>Total Department of Labor</b>			-	987,247
<b>Department of Transportation</b>				
Direct Programs:				
Airport Improvement Program	20.106			17,252,012
COVID-19 CARES Act - CLE	20.106			38,067,812
COVID-19 CARES Act - BLK	20.106			157,000
<b>Subtotal</b>			-	55,476,824
Pass-Through Programs:				
Ohio Department of Transportation & Northeast Ohio Area Coordinating Agency:				
Federal NOACA Vision for the Valley	20.205	PID100035		29,891
<b>Subtotal</b>			-	29,891
University Hospitals:				
Impaired Driving Enforcement Program 2019	20.616	OVI-2019-University Hospitals Clev-00005		3,668
<b>Subtotal</b>			-	3,668
Ohio Department of Public Safety:				
National Priority Safety Programs 2020	20.616	DDEP-2020-Cleveland Police Departme-00050		409
<b>Subtotal</b>			-	409
Selective Traffic Enforcement Program 2020	20.600	STEP-2020-Cleveland Police Departme-00080		4,088
<b>Subtotal</b>			-	4,088
<b>Subtotal - Highway Safety Cluster</b>			-	8,165
Impaired Driving Enforcement Program 2020	20.608	IDEP-2020-Cleveland Police Departme-00080		7,001
<b>Subtotal</b>			-	7,001
<b>Total Department of Transportation</b>			-	55,521,881
<b>Department of Environmental Protection Agency</b>				
Pass-Through Programs:				
Ohio Environmental Protection Agency:				
Air Pollution Control Program Support 2020	66.001	EPAFFG20		476,716
Air Pollution Control Program Support 2021	66.001	EPAFFG20		68,872
<b>Subtotal</b>			-	545,588
Air Pollution Control Program Support 2019	66.034	EPAFPM18		153,298
Air Pollution Control Program Support 2020	66.034	EPAFPM20		129,418
<b>Subtotal</b>			-	282,716
Ohio Water Development Authority:				
OWDA E. 185th & Marcella Road	66.458	8350		8,022,778
<b>Subtotal</b>			-	8,022,778
<b>Total Department of Environmental Protection Agency</b>			-	8,851,082

(Continued)

CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Homeland Security</b>				
Direct Programs:				
FY17 Port Security Grant	97.056			359,995
<b>Subtotal</b>			-	<u>359,995</u>
Assistance to Firefighters 2019	97.044			17,284
<b>Subtotal</b>			-	<u>17,284</u>
Bio-Watch Program 2019	97.091			149,432
Bio-Watch Program 2020	97.091			182,088
<b>Subtotal</b>			-	<u>331,520</u>
Pass-Through Program:				
Cuyahoga County Department of Justice Affairs: Urban Area Security Initiative 2016	97.067	EMW-2016-SS-00104-S01		7,825
<b>Subtotal</b>			-	<u>7,825</u>
<b>Total Department of Homeland Security</b>			-	<u><u>716,624</u></u>
<b>Department of the Interior</b>				
Pass-Through Programs:				
Ohio History Connection: Midtown Historic Disctric	15.904	OH-19-10012		25,000
<b>Subtotal</b>			-	<u>25,000</u>
<b>Total Department of the Interior</b>			-	<u><u>25,000</u></u>
<b>Department of the Treasury</b>				
Direct Programs:				
COVID-19 2020 Remote Technology Grant Opportunity	21.019			23,632
Pass-Through Programs:				
State of Ohio Office of Budget and Management: COVID-19 Coronavirus Relief Fund Round #1	21.019			31,348,942
COVID-19 Coronavirus Relief Fund Round #2	21.019			15,674,471
COVID-19 Coronavirus Relief Fund Round #3	21.019			13,729,943
COVID-19 Coronavirus Relief Fund Round #4	21.019			29,339
COVID-19 Coronavirus Response Supplemental	21.019	18-200-12-CO-0121		13,191
COVID-19 Contact Tracing	21.019	18-200-12-CT-0120		276,443
<b>Subtotal</b>			-	<u>61,095,961</u>
<b>Total Department of the Treasury</b>			-	<u><u>61,095,961</u></u>
<b>Grand Total</b>			19,912,401	<u><u>168,121,549</u></u>
				<b>(Concluded)</b>

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Cleveland (the “City”) and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Grant Guidance.

**Footnote 1: Revolving Loan Fund**

Activity in the Economic Adjustment Assistance, CFDA 11.307 revolving loan fund during 2020:

Beginning loans receivable balance as of January 1, 2020	\$969,478
Loans made during 2020	673,104
Loan principal repaid on loans issued prior to 2020	(125,897)
Loan write off 2020	(161,396)
Ending loans receivable balance as of December 31, 2020	<u>\$1,355,289</u>
Cash balance on hand in the revolving loan fund as of December 31, 2020	
Cash balance, unobligated	\$2,001,056
Revolving loan committed but not disbursed	<u>279,286</u>
Total unobligated cash and committed but not disbursed cash	<u>2,280,342</u>
Total value of revolving loan portion of the EDA 11.307 program	3,635,631
Less: City's matching share	<u>(363,563)</u>
Total federal value of revolving loan portion as of December 31, 2020	<u>\$3,272,068</u>
Binkowsky-Dougherty Distribution, LLC	7,065
Cleanlife Energy, LLC	38,453
Cleveland Whiskey, LLC	75,710
Hansa Import House Co.	9,703
Evergreen Real Estate Corporation	123,134
Green City Growers Cooperative	121,913
TBS Ohio, LLC	57,998
Tremont Athletic Club, LLC	53,554
SIFCO Industries, LLC	194,655
Emergency Working Capital Loan E.D.A Program	<u>673,104</u>
<b>Total</b>	<u>\$1,355,289</u>



**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Footnote 2: Subrecipients**

The City passes certain federal awards received to other governments or not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements and that subrecipients achieve the award's performance goals.

**Footnote 3: Indirect Cost Rates**

The City has elected to not use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

**Footnote 4: Matching Requirements**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditures of non-Federal matching funds.

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

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee  
City of Cleveland, Ohio:

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio ("City") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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

June 24, 2021

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee  
City of Cleveland, Ohio:

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Cleveland, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of finding and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis

as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 24, 2021

**CITY OF CLEVELAND, OHIO  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2020**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified not considered to be material weaknesses?	None
Noncompliance material to the financial statements noted?	None

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major programs:	
• CFDA 16.034 – Coronavirus Emergency Supplemental Funding Program	
• CFDA 21.019 – Coronavirus Relief Fund	
Dollar threshold to distinguish between Type A and Type B Programs:	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None

### Section III – Federal Award Findings and Questioned Costs

#### 2020-001      **Coronavirus Emergency Supplemental Funding Program – Allowable Costs and Activities**

*CFDA #16.034*  
*U.S. Department of Justice*

*Criteria:* Uniform Guidance, 2 CFR 200.303, requires a non-Federal entity receiving federal awards to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

*Condition:* During our testing we noted the internal controls over allowable costs and activities of payroll expenditures charged to the grant were not designed effectively to detect errors in hours worked or rates paid.

*Context:* Our test of controls over compliance with allowable costs and activities detected 9 out of 40 employee payrolls charged to the grant were based on hours and or rates that did not agree with what they were actually paid. While some of the errors resulted in the grant being undercharged, \$93 out of \$19,993 of payroll disbursements tested represents amounts improperly charged to the federal program.

*Effect:* The City did not establish and maintain effective internal control over compliance with the Federal award.

*Cause:* The City did not have a process in place for accumulating actual hours charged or amounts paid and did not reconcile the grant expenditure spreadsheet to the timekeeping or payroll systems.

*Recommendation:* We recommend the City implement a control process that ensures only actual hours worked and actual wages spent are charged to federal programs.

*Views of Responsible Officials:* See Corrective Action Plan.





City of Cleveland  
Frank G. Jackson, Mayor

Department of Finance  
601 Lakeside Avenue, Room 104  
Cleveland, Ohio 44114-1081  
216/664-2536  
www.cleveland-oh.gov

## CORRECTIVE ACTION PLAN

June 24, 2021

U.S. Department of Justice

City of Cleveland, Ohio respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Clark Schaefer Hackett  
One East Fourth Street, Suite 1200  
Cincinnati, Ohio 45202

Audit period: December 31, 2020

The finding from the December 31, 2020 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

### Findings—Federal Award Programs Audits

#### Significant Deficiency

2020-001: Coronavirus Emergency Supplemental Funding Program – Allowable Costs and Activities

*Recommendation:* It was recommended the City implement a control process that ensures only actual hours worked and actual wages spent are charged to the federal program.

*Action Taken:* We concur with the recommendation and will ensure the City reconciles all grant reporting and reimbursement requests with the timekeeping and payroll systems. This corrective action will be implemented immediately for all current and future grants.

If the U.S. Department of Justice has questions regarding this plan, please call Natasha Brandt, Manager of Internal Audit at 216-664-4157.

Sincerely,

Jim Gentile  
Acting Finance Director