

***CUYAHOGA COUNTY COMMUNITY BASED
CORRECTIONAL FACILITY***

CUYAHOGA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021





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Columbus, Ohio 43215
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Members of the Facility Governing Board
Cuyahoga County Community Based Correctional Facility
3540 Croton Ave
Cleveland, Ohio 44115

We have reviewed the *Independent Auditor's Report* of the Cuyahoga County Community Based Correctional Facility, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., 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.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

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 Cuyahoga County Community Based Correctional Facility is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 01, 2023

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Ohio Department of Rehabilitation and Corrections
Community Based Correctional Facility
Cuyahoga County
For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Cuyahoga County Community Based Correctional Facility
Cuyahoga County
3540 Croton Avenue
Cleveland, Ohio 44115

To the Members of the Facility Governing Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Cuyahoga County Community Based Correctional Facility, Cuyahoga County, Ohio (the Facility), which comprise the cash balances, receipts and disbursements for each fund as of and for the year ended June 30, 2022, 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 as of and for the year ended June 30, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 2.

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 do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility, as of June 30, 2022, or the changes in financial position thereof for the year 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Facility, 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 2 of the financial statements, the financial statements are prepared by the Facility 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Facility'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.

Auditor's 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 auditor's 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 the financial audit standards in the Comptroller General of the United States' *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 judgment 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 judgment 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 Facility'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the Facility's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Facility'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 Facility's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
December 28, 2022

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County

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	Program Totals	Resident Program Fund	Offender Personal Funds	Resident Funds Allowable Costs	Other/ Miscellaneous	Offender Totals	
Cash Receipts:								
Intergovernmental	\$ 5,352,151	\$ 5,352,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,352,151
Receipts for offenders	-	-	-	40,107	-	-	40,107	40,107
Collections from offenders	-	-	10,425	-	-	1,057	11,482	11,482
Commissions	-	-	-	-	10,207	40,915	51,122	51,122
Total Cash Receipts	5,352,151	5,352,151	10,425	40,107	10,207	41,972	102,711	5,454,862
Cash Disbursements:								
Personnel	3,419,085	3,419,085	-	-	-	-	-	3,419,085
Operating costs	1,782,484	1,782,484	-	-	-	-	-	1,782,484
Program costs	233,565	233,565	260	-	-	1,129	1,389	234,954
Equipment	259,516	259,516	-	-	-	-	-	259,516
Offender Disbursements:								
Offender savings paid at exit	-	-	-	39,274	-	-	39,274	39,274
Total Cash Disbursements	5,694,650	5,694,650	260	39,274	-	1,129	40,663	5,735,313
Disbursements from prior Grant Year (Including refund to ODRC)	313,771	313,771	-	-	-	-	-	313,771
Total Receipts Over/(Under) Disbursements	(656,270)	(656,270)	10,165	833	10,207	40,843	62,048	(594,222)
Fund Cash Balances, July 1	1,870,452	1,870,452	80,968	(11,685)	130,032	83,243	282,558	2,153,010
Fund Cash Balances, June 30	<u>\$ 1,214,182</u>	<u>\$ 1,214,182</u>	<u>\$ 91,133</u>	<u>\$ (10,852)</u>	<u>\$ 140,239</u>	<u>\$ 124,086</u>	<u>\$ 344,606</u>	<u>\$ 1,558,788</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 808,672</u>							

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

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 – Reporting Entity

The Cuyahoga County Community Based Correctional Facility (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 134 offenders as of June 30, 2022. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the County the Facility 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 Facility matters. The Board is comprised of eleven members serving three year terms. The Facility serves Cuyahoga County.

For the year ended June 30, 2022, the financial statement presents all funds related to the Facility.

The Facility's Governing Board has contracted Facility operations to Oriana House, a nonprofit organization. Oriana House is responsible for essentially all management decisions related to the Facility, subject to the Facility Governing Board's oversight.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility 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 Facility 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 Facility to support general operating costs.

Offender Funds

Resident Program Fund Reports receipts from a per diem fee charged to non-indigent offenders for room, board, and medical treatment per Ohio Revised Code Section 2301.56 (C).

Resident Funds Allowable Costs Reports amounts received from telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefiting the offenders.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Offender Personal Funds Reports amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

Other/Miscellaneous Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58.

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 Facility 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 Facility 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 Facility 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 the purchasing guidelines approved by the Facility's Governing Board. The budgetary disbursement amounts reported in Note 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2022 budgetary activity appears in Note 3.

Deposits

Oriana House is the custodian of the Facility's grant funds and State appropriations. Oriana House holds these Facility assets in demand deposit accounts, valued at the reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for 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:

Appropriation Authority	Budgetary Disbursements	Variance
\$ 5,352,151	\$ 6,503,322	\$ (1,151,171)

Note 4 – Collateral on Deposits

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. As of July 1, 2019, the ODRC operating grant became a biannual grant. 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

The Facility has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 7 – Defined Benefit Pension Plan

Social Security

All of the Facility's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Facility contributed an amount equal to 6.2% of participants' gross salaries. The Facility has paid all contributions required through June 30, 2022.

Note 8 – Contingent Liabilities

The Facility may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, the Facility's counsel believes the resolution of any matter will not materially adversely affect the Facility's financial condition.

Note 9 – Related Party Transaction

The Facility paid rent to Oriana House totaling \$27,936 during the year ended June 30, 2022.

Note 10 – Advances In From/Out To Agency

Cash advances from the managing nonprofit agency are made to the Facility's checking account on an "as needed" basis, due to delays in receiving quarterly funding from the State of the County. These advances are used to cover payroll, benefits, various expenses and outstanding checks. The amount needed to fund the Facility checking account is determined by reconciliation and cash needs analysis on the Facility checking account. When the quarterly funding is received, the advances are repaid. During the year ended June 30, 2022, there were no fund advances.

Note 11 – Reserve for Compensated Absences and Contingent Benefit Liability

In 2011, the Facility received permission from the Ohio Department of Rehabilitation and Corrections to accrue employee vacation and sick leave as grant expenditures at the time the leave was earned and to reduce the accrual balance when leave is used. At June 30, 2022, \$255,184 was included in the 501-501 Fund Cash Balance for this reserve.

In 2011, the Facility began accruing a liability for the retention plan for key employees on a monthly basis when the benefits are earned; and reducing the liability when benefits are paid. Prior to this, the expense was recognized by the Facility when paid. At June 30, 2022, \$21,233 was included in the 501-501 Fund Cash Balance for this reserve.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Facility. The impact on the Facility's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Cuyahoga County Community Based Correctional Facility
Cuyahoga County
3540 Croton Avenue
Cleveland, Ohio 44115

To the Members of the Facility Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each fund of the Cuyahoga County Community Based Correctional Facility, Cuyahoga County, (the Facility) as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2022, wherein we noted the Facility followed financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility.

Report on Internal Control Over Financial Reporting

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

However, we noted a certain other matter not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated December 28, 2022.

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



Charles E. Harris & Associates, Inc.
December 28, 2022

INDEPENDENT AUDITOR'S REPORT

Cuyahoga County Community Based Correctional Facility
Cuyahoga County
3540 Croton Avenue
Cleveland, Ohio 44115

To the Members of the Facility Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and the related notes of the Cuyahoga County Community Based Correctional Facility, Cuyahoga County, Ohio (the Facility) as of and for the year ended June 30, 2021.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Facility's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Facility's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Facility prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Rehabilitation and Corrections, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Facility does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Rehabilitation and Corrections permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2021, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund of the Cuyahoga County Community Based Correctional Facility, Cuyahoga County as of and for the year ended June 30, 2021 in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the Facility'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Facility's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 28, 2022

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County

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	Program Totals	Resident Program Fund	Offender Personal Funds	Resident Funds Allowable Costs	Other/ Miscellaneous	Offender Totals	
Cash Receipts:								
Intergovernmental	\$ 5,217,352	\$ 5,217,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,217,352
Receipts for offenders	-	-	-	57,586	-	-	57,586	57,586
Collections from offenders	-	-	36,193	-	-	1,028	37,221	37,221
Commissions	-	-	-	-	44,555	26,702	71,257	71,257
Total Cash Receipts	5,217,352	5,217,352	36,193	57,586	44,555	27,730	166,064	5,383,416
Cash Disbursements:								
Personnel	2,874,432	2,874,432	-	-	-	-	-	2,874,432
Operating costs	1,358,107	1,358,107	-	-	-	-	-	1,358,107
Program costs	122,099	122,099	541	-	-	2,116	2,657	124,756
Equipment	33,979	33,979	-	-	-	-	-	33,979
Offender Disbursements:								
Offender savings paid at exit	-	-	-	54,977	-	-	54,977	54,977
Total Cash Disbursements	4,388,617	4,388,617	541	54,977	-	2,116	57,634	4,446,251
Disbursements from prior Grant Year (Including refund to ODRC)	167,379	167,379	-	-	-	-	-	167,379
Total Receipts Over/(Under) Disbursements	661,356	661,356	35,652	2,609	44,555	25,614	108,430	769,786
Fund Cash Balances, July 1	1,209,096	1,209,096	45,316	(14,294)	85,477	57,629	174,128	1,383,224
Fund Cash Balances, June 30	<u>\$ 1,870,452</u>	<u>\$ 1,870,452</u>	<u>\$ 80,968</u>	<u>\$ (11,685)</u>	<u>\$ 130,032</u>	<u>\$ 83,243</u>	<u>\$ 282,558</u>	<u>\$ 2,153,010</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 527,537</u>							

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

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1 – Reporting Entity

The Cuyahoga County Community Based Correctional Facility (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 105 offenders as of June 30, 2021. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the County the Facility 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 Facility matters. The Board is comprised of eleven members serving three year terms. The Facility serves Cuyahoga County.

For the year ended June 30, 2021, the financial statement presents all funds related to the Facility.

The Facility's Governing Board has contracted Facility operations to Oriana House, a nonprofit organization. Oriana House is responsible for essentially all management decisions related to the Facility, subject to the Facility Governing Board's oversight.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility 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 Facility 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 Facility to support general operating costs.

Offender Funds

Resident Program Fund Reports receipts from a per diem fee charged to non-indigent offenders for room, board, and medical treatment per Ohio Revised Code Section 2301.56 (C).

Resident Funds Allowable Costs Reports amounts received from telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefiting the offenders.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Offender Personal Funds Reports amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

Other/Miscellaneous Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58.

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 Facility 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 Facility 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 Facility 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 the purchasing guidelines approved by the Facility's Governing Board. The budgetary disbursement amounts reported in Note 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2021 budgetary activity appears in Note 3.

Deposits

Oriana House is the custodian of the Facility's grant funds and State appropriations. Oriana House holds these Facility assets in demand deposit accounts, valued at the reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
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Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for 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:

2021 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 5,217,352	\$ 4,916,154	\$ 301,198

Note 4 – Collateral on Deposits

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended 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 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 year ending June 30. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Facility will perform this calculation for the entire grant period in the year ended June 30, 2021 when the Facility will refund amounts computed below following the computation below.

Refund to ODRC	
	2021
Cash, July 1	\$ 1,209,096
Disbursements Against Prior Year Budget	(167,379)
Payable to ODRC, July 1	(33,447)
Sub-Total	1,008,270
501 Cash Receipts	5,217,352
Budgetary Basis Disbursements, Aug 31	(5,972,712)
Change in Contingent Benefit Liability	(7,945)
Change in Reserve for Comp Absences	33,370
Amount Subject to Refund, June 30	278,335
Contingent Benefit Liability, June 30	(10,291)
Reserve for Comp Absences, June 30	(170,028)
Up to One-Twelfth of 501 Award	(466,846)
Refundable to ODRC	\$ (368,830)

Calculation of Payable to ODRC	
	2021
Payable, July 1	\$ 33,447
Cash Refunded	-
Refundable to ODRC, June 30	-
Payable, June 30	\$ 33,447

Refund to ODRC is based on the fiscal year end June 30, 2021. ODRC extended the usage of the funds through August 31, 2021, which are included in the calculation above.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6 – Risk Management

The Facility has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Note 7 – Defined Benefit Pension Plan

Social Security

All of the Facility's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Facility contributed an amount equal to 6.2% of participants' gross salaries. The Facility has paid all contributions required through June 30, 2021.

Note 8 – Contingent Liabilities

The Facility may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, the Facility's counsel believes the resolution of any matter will not materially adversely affect the Facility's financial condition.

Note 9 – Related Party Transaction

The Facility paid rent to Oriana House totaling \$27,936 during the year ended June 30, 2021.

Note 10 – Advances In From/Out To Agency

Cash advances from the managing nonprofit agency are made to the Facility's checking account on an "as needed" basis, due to delays in receiving quarterly funding from the State of the County. These advances are used to cover payroll, benefits, various expenses and outstanding checks. The amount needed to fund the Facility checking account is determined by reconciliation and cash needs analysis on the Facility checking account. When the quarterly funding is received, the advances are repaid. During the year ended June 30, 2021, there were no fund advances.

Note 11 – Reserve for Compensated Absences and Contingent Benefit Liability

In 2011, the Facility received permission from the Ohio Department of Rehabilitation and Corrections to accrue employee vacation and sick leave as grant expenditures at the time the leave was earned and to reduce the accrual balance when leave is used. At June 30, 2021, \$170,028 was included in the 501-501 Fund Cash Balance for this reserve.

Ohio Department of Rehabilitation and Correction
Community Based Correctional Facility
Cuyahoga County Community Based Correctional Facility
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 11 – Reserve for Compensated Absences and Contingent Benefit Liability (continued)

In 2011, the Facility began accruing a liability for the retention plan for key employees on a monthly basis when the benefits are earned; and reducing the liability when benefits are paid. Prior to this, the expense was recognized by the Facility when paid. At June 30, 2021, \$10,291 was included in the 501-501 Fund Cash Balance for this reserve.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Facility. The Facility's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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

Cuyahoga County Community Based Correctional Facility
Cuyahoga County
3540 Croton Avenue
Cleveland, Ohio 44115

To the Members of the Facility Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each fund of the Cuyahoga County Community Based Correctional Facility, Cuyahoga County, Ohio (the Facility) as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated December 28, 2022, wherein we noted the Facility followed financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Facility's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Facility's internal control. Accordingly, we have not opined on it.

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 Facility'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 Facility'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*.

However, we noted a certain other matter not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated December 28, 2022.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Facility's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Facility's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

December 28, 2022

OHIO AUDITOR OF STATE KEITH FABER



CUYAHOGA COUNTY COMMUNITY BASED CORRECTIONAL FACILITY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/14/2023

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