

CITY OF CLEVELAND, OHIO

Single Audit Reports

Year Ended December 31, 2017



CLARK SCHAEFER HACKETT
CPAS & ADVISORS

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CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Direct Programs:				
Urban and Community Forestry Program 2016	10.675			12,810
Subtotal			-	12,810
Pass-Through Programs:				
Ohio Department of Education Office of Child Nutrition Services:				
Summer Food Service Program for Children 2016	10.559	087593		4,437
Summer Food Service Program for Children 2017	10.559	087593		181,992
Subtotal - Child Nutrition Cluster			-	186,429
Total Department of Agriculture			-	199,239
Department of Health and Human Services				
Direct Programs:				
Healthy Start Initiative Yr 16	93.926		502,636	780,136
Healthy Start Initiative Yr 17	93.926		614,902	981,249
Subtotal			1,117,538	1,761,385
Pass-Through Programs:				
Ohio Department of Health:				
Substance Abuse and Mental Health Services Administration	93.243	1H79TI025119-01		292,656
Substance Abuse and Mental Health Services Administration	93.243	1H79TI026086-01		321,512
Substance Abuse and Mental Health Services Administration	93.243	1H79SM063374-01	279,170	333,318
Subtotal			279,170	947,486
Public Health Emergency Preparedness 2017	93.074	18-100-12-PH-0817		131,348
Public Health Emergency Preparedness 2018	93.074	18-100-12-PH-0918		50,407
Public Health Emergency Preparedness - Emergency Ebola	93.074	18-100-12-EB-0116		6,816
City Readiness Initiative 2017	93.074	18-2-001-2-PH-0817	227,231	392,519
City Readiness Initiative 2018	93.074	18-2-001-2-PH-0918		41,010
Subtotal			227,231	622,100
Immunization Grants 2016	93.268	18-100-1-2-IM-0916		52,098
Subtotal			-	52,098
Immunization Grants 2017	93.539	18-100-1-2-IM-1017		36,822
Subtotal			-	36,822
				(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services (Continued):				
Pass-Through Programs (Continued):				
Family Planning Services Title X FY 2017	93.217	18-200-11-RH-0317	40,456	192,642
Family Planning Services Title X FY 2018	93.217	18-200-11-RH-0418	27,941	171,087
Subtotal			<u>68,397</u>	<u>363,729</u>
Family Planning Services Title X FY 2017	93.994	18-200-11-RH-0317		284
Family Planning Services Title X FY 2018	93.994	18-200-11-RH-0418	14,256	87,083
Subtotal			<u>14,256</u>	<u>87,367</u>
HIV Prevention 2016	93.940	18-2-001-2-HP-0916	93,500	98,831
HIV Prevention 2017	93.940	18-200-12-HP-1017	339,540	653,466
Subtotal			<u>433,040</u>	<u>752,297</u>
Sexually Transmitted Diseases Diagnosis & Treatment 2016	93.977	18-2-001-2-ST-0816		2,647
Sexually Transmitted Diseases Diagnosis & Treatment 2017	93.977	18-200-12-ST-0917		102,095
Subtotal			<u>-</u>	<u>104,742</u>
Cuyahoga County Board of Health:				
Block Grants for Prevention and Treatment of Substance Abuse:				
Alcohol, Drug Addiction and Mental Health Service 2017 Treatment	93.959			8,182
Alcohol, Drug Addiction and Mental Health Service 2016 Prevention	93.959			1,077
Alcohol, Drug Addiction and Mental Health Service 2017 Prevention	93.959			65,830
Subtotal			<u>-</u>	<u>75,089</u>
Western Reserve Area Agency on Aging (WRAAA):				
WRAAA OAA/ADRN Project 2016	93.044			5,259
WRAAA OAA/ADRN Project 2017	93.044			174,359
WRAAA Supporting Services 2016	93.044			3,017
WRAAA Supporting Services 2017	93.044			50,661
Subtotal - Aging Cluster			<u>-</u>	<u>233,296</u>
WRAAA Supportive Services/MIPPA 2014	93.071			19,042
Subtotal			<u>-</u>	<u>19,042</u>
WRAAA HEAP Outreach Program FY 2017	93.568			14,747
Subtotal			<u>-</u>	<u>14,747</u>
Cuyahoga County:				
Temporary Assistance to Needy Families	93.558	AG1400113		55,896
Subtotal - TANF Cluster			<u>-</u>	<u>55,896</u>
Total Department of Health and Human Services			<u>2,139,632</u>	<u>5,126,096</u>

(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing & Urban Development				
Direct Programs:				
CDBG Yr 36	14.218			28,857
CDBG Yr 38	14.218			10,219
CDBG Yr 39	14.218		206,046	477,848
CDBG Yr 40	14.218		977,320	2,431,308
CDBG Yr 41	14.218		450,565	755,640
CDBG Yr 42	14.218		6,219,272	11,978,438
CDBG Yr 43	14.218		2,745,168	2,877,390
Neighborhood Stabilization Program 1	14.218			326
Neighborhood Stabilization Program 3	14.218			59,275
Subtotal - CDBG Entitlement Grant Cluster			10,598,371	18,619,301
ARRA Neighborhood Stabilization Program	14.256			19,989
Subtotal			-	19,989
HOME Investment Partnerships Program 2012	14.239			904,000
HOME Investment Partnerships Program 2013	14.239			135,000
HOME Investment Partnerships Program 2014	14.239			1,339,067
HOME Investment Partnerships Program 2015	14.239			131,704
HOME Investment Partnerships Program 2016	14.239			273,818
HOME Investment Partnerships Program 2017	14.239			25,936
Subtotal			-	2,809,525
Emergency Shelter Grants Program 2014	14.231		52,771	52,771
Emergency Shelter Grants Program 2015	14.231		798,358	798,358
Emergency Shelter Grants Program 2016	14.231		1,366,761	1,394,594
Emergency Shelter Grants Program 2017	14.231			40,529
Subtotal			2,217,890	2,286,252
Housing Opportunities for Persons With AIDS 2015	14.241		263,557	269,856
Housing Opportunities for Persons With AIDS 2016	14.241		376,172	383,761
Housing Opportunities for Persons With AIDS 2017	14.241		385,919	398,529
Subtotal			1,025,648	1,052,146
Empowerment Zones Program	14.246			192,749
Subtotal			-	192,749
Midtown East 59th Street HUD 108	14.248			5,793,431
Dave's Supermarket HUD 108	14.248			2,200,000
Empowerment Zone HUD 108	14.248			2,209,526
Subtotal			-	10,202,957
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		130,899	1,368,788
Subtotal			130,899	1,368,788

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing & Urban Development (Continued):				
Pass-through Programs:				
Ohio Department of Development:				
Neighborhood Stabilization Program - State	14.228	A-Z-08-264-1		22,800
Subtotal			-	22,800
Total Department of Housing & Urban Development				
			13,972,808	36,574,507
Department of Justice				
Direct Programs:				
Greater Cleveland Drug Court - Men's Treatment	16.585			52,017
Subtotal			-	52,017
National Forum on Youth Violence	16.819		152,859	170,508
Subtotal			152,859	170,508
Public Safety Partnership and Community Policing Grants:				
Cleveland Universal Hiring II 2013	16.710			393,652
Cleveland Universal Hiring II 2014	16.710			533,490
Federal DOJ-COPS Technology GR FY10	16.710			99,593
Subtotal			-	1,026,735
2013-Edward Byrne Crime Justice Innovation	16.817		119,394	275,577
Subtotal			119,394	275,577
Edward Byrne Memorial Competitive Grant	16.751			8,379,627
Subtotal			-	8,379,627
2014-Edward Byrne Memorial-JAG	16.738			2,793
2015-Edward Byrne Memorial-JAG	16.738		10,211	335,655
2016-Edward Byrne Memorial-JAG	16.738		14,341	120,164
Subtotal			24,552	458,612
Pass-Through Programs:				
Ohio Department of Public Safety:				
2016-Edward Byrne Memorial-NOLETF	16.738	2016-JG-A01-6444		74,210
2015-Edward Byrne Memorial-NOVCC	16.738	2015-JG-A02-6947		14,609
Nationwide Crime Analysis Capability Building Project	16.738	2014-4078-006-01	126,426	126,426
Subtotal			126,426	215,245
Center for Court Innovation:				
2016 Community Court Grant Program	16.738	2015-DC-NY-K002		42,177
Subtotal			-	42,177
Subtotal			150,978	716,034
State of Ohio - Office of Criminal Justice Services:				
Equitable Sharing Program - Asset Forfeiture Program	16.922			1,013,857
Subtotal			-	1,013,857

(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Justice (Continued):				
Pass-Through Programs (Continued):				
State of Ohio - Office of Criminal Justice Services:				
Violence Against Women Act Formula Grants :				
OVW Technical Assistance for the Domestic Violence Homicide Reduction Initiative Program				
	16.526	2014-HI-AX-K003		79,522
Subtotal			-	79,522
VAWA Team Approach 2015 Law	16.588	2015-VP-VA2-V041		2,723
VAWA Team Approach 2016 Law	16.588	2016-VP-VA2-V041		103,891
VAWA Team Approach 2015 Safety	16.588	2015-VP-VA2-V042		13,463
VAWA Team Approach 2016 Safety	16.588	2016-VP-VA2-V042		75,077
FY 2015 VAWA Sexual Assault	16.588	2015-VP-VA2-V045	29,946	29,946
FY 2016 VAWA Sexual Assault	16.588	2016-VP-VA2-V045	31,213	31,213
Subtotal			61,159	256,313
Total Department of Justice			484,390	11,970,190
Department of Commerce				
Direct Programs:				
Habitat Conservation - Marine Debris	11.463			25,188
			-	25,188
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		3,289,887
Subtotal - Economic Development Cluster			-	3,289,887
Total Department of Commerce			-	3,315,075
Department of Labor				
Pass-Through Programs:				
Cuyahoga County Workforce Investment Board:				
LEAP: Linking to Employment Activities Pre-release Specialized American Job Centers	17.270	PE-27224-15-60-A-39		2,931
Subtotal			-	2,931
Ohio Department of Jobs and Family Services:				
WIOA Adult Program	17.258	G-1617-15-0176		400,431
WIOA Adult Program	17.258	G-1819-15-0177		259,413
Subtotal			-	659,844
				(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Labor (Continued):				
Pass-Through Programs (Continued):				
Ohio Department of Jobs and Family Services (Continued):				
WIOA Youth Program	17.259	G-1617-15-0176		34,393
WIOA Youth Program	17.259	G-1819-15-0177		122,515
Subtotal			-	156,908
WIOA Dislocated Worker Program	17.278	G-1617-15-0176		169,481
WIOA Dislocated Worker Program	17.278	G-1819-15-0177		103,143
Subtotal			-	272,624
Subtotal - WIOA Cluster			-	1,089,376
WIOA Sector Partnership - NEG Grant	17.277	G-1617-15-0176		13,648
Subtotal			-	13,648
Workforce Innovation Fund - Wage Pathways	17.283	G-1819-15-0518		22,382
Subtotal			-	22,382
Total Department of Labor			-	1,128,337
Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106			12,816,016
Subtotal			-	12,816,016
National Infrastructure Investments	20.933			210,447
Subtotal			-	210,447
Pass-Through Programs:				
Highway Planning and Construction:				
Cuy-Fleet Avenue	20.205	See Footnote 2 PID 94629		74,728
East 105th Street/East 93rd Street	20.205	PID 100354		20,000
Subtotal - Highway Planning and Construction Cluster			-	94,728

(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Transportation (Continued):				
Pass-Through Programs (Continued):				
Impaired Driving Enforcement Program 2016	20.616	IDEP-2016-18-00-00384-00		5,459
Impaired Driving Enforcement Program 2017	20.616	IDEP-2017-18-00-00421-00		15,400
Cuyahoga County OVI Task Force 2017	20.616	OVITF-2017-18-00-00449-00		2,019
Subtotal			-	22,878
Selective Traffic Enforcement Program 2016	20.600	STEP-2016-18-00-00461-00		17,361
Selective Traffic Enforcement Program 2017	20.600	STEP-2017-18-00-00490-00		16,483
Subtotal			-	33,844
Subtotal - Highway Safety Cluster				56,722
Total Department of Transportation				13,177,913
Department of Environmental Protection Agency				
Direct Programs:				
Air Pollution Control Program Support 2017	66.001			431,877
Air Pollution Control Program Support 2018	66.001			262,498
Subtotal			-	694,375
Pass-Through Programs:				
Nonpoint Source Implementation Program	66.460	C9975500012		101,762
Subtotal			-	101,762
Total Department of Environmental Protection Agency				796,137
Department of Homeland Security				
Direct Programs:				
FEMA Disaster Grant	97.036			29,208
Subtotal			-	29,208
Assistance to Firefighters 2014	97.044			164,778
Subtotal			-	164,778
Staffing for Adequate Fire and Emergency Response 2014	97.083			2,276,593
Subtotal			-	2,276,593
Bio-Watch Program 2017	97.091			325,573
Bio-Watch Program 2018	97.091			107,890
Subtotal			-	433,463
				(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2017

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Homeland Security (Continued):				
Pass-Through Programs:				
Ohio Environmental Protection Agency: Bio-Watch Program 2016	97.091	EPAFBW16		2,010
Subtotal			-	2,010
Subtotal			-	435,473
Cuyahoga County Department of Justice Affairs:				
Urban Area Security Initiative 2016	97.067	EMW-2016-SS-00104-S01		17,373
Subtotal			-	17,373
Total Department of Homeland Security			-	2,923,425
Department of the Interior Fish and Wildlife Service				
Direct Programs:				
Federal Boating Infrastructure Grant	15.622			400
Total Department of the Interior Fish and Wildlife Service			-	400
Grand Total			\$ 16,596,830	\$ 75,211,319
				(Concluded)

See notes to the Schedule of Expenditures of Federal Awards

**CITY OF CLEVELAND
CUYAHOGA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 2017:

Beginning loans receivable balance as of January 1, 2017	\$1,945,033
Loans made during 2017	381,016
Loan principal repaid on loans issued prior to 2017	(361,399)
Loan loss 2017	(51,310)
Ending loans receivable balance as of December 31, 2017	<u>\$1,913,340</u>
Cash balance on hand in the revolving loan fund as of December 31, 2017	
Cash balance, unobligated	\$1,541,790
Revolving loan committed but not disbursed	<u>200,300</u>
Total unobligated cash and committed but not disbursed cash	<u>1,742,090</u>
Total value of revolving loan portion of the EDA 11.307 program	3,655,430
Less: City's matching share	<u>(365,543)</u>
Total federal value of revolving loan portion as of December 31, 2017	<u>\$3,289,887</u>
Berry Insulation Company	\$92,932
Binkowsky-Dougherty Distribution, LLC	110,728
Certified Aircraft Maintenance, LLC	42,546
Cleveland Whiskey, LLC	118,453
Evergreen Real Estate Corporation	123,134
Green City Growers Cooperative	121,912
Gypsy Brewery, LLC	343,936
Hansa Import House Co.	59,884
Hemingway at 7000 LLC (formerly Hemingway at 6555 LLC)	448,387
Northeast Ohio Neighborhood Real Estate	30,853
Patterson-Britton	49,671
Platform Beers, LLC	240,000
Tremont Athletic Club, LLC	<u>130,904</u>
Total	<u>\$1,913,340</u>

**CITY OF CLEVELAND
 CUYAHOGA COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

Footnote 2: Ohio Department of Transportation (CFDA 20.205)

The Ohio Department of Transportation (ODOT) is the organization of state government responsible for developing and maintaining all state and federal roadways in the State of Ohio (State) with the exception of the Ohio Turnpike. In addition to highways, the department also helps develop public transportation and public aviation programs. The Schedule of Expenditures of Federal Awards details expenditures incurred by the City in the year they were paid. Due to the timing of work executed and timing of the reimbursement from ODOT, the expenditures reported on the Schedule of Expenditures of Federal Awards may not coincide with expenditures reported by ODOT.

Amounts reimbursed to the City by ODOT during 2017	\$909,498
Federal Expenditures reported in prior years schedule	<u>(814,770)</u>
Expended and reported by the City in Fiscal Year 2017	<u><u>\$94,728</u></u>

Footnote 3: 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 4: 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 5: 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.

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

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, 2017 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 28, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2018

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

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, 2017. 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, 2017.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 28, 2018, 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 28, 2018

CITY OF CLEVELAND, OHIO
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

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?	None
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)?	None
Identification of major programs:	
• CFDA 14.248 – Community Development Block Grants Section 108 Loan Guarantees	
• CFDA 20.106 – Airport Improvement Program	
• CFDA 97.083 – Staffing for Adequate Fire and Emergency Response (SAFER)	
Dollar threshold to distinguish between Type A and Type B Programs:	\$2,256,340
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None