



**CITY OF CLEVELAND, OHIO**

**Single Audit Reports**

**Year Ended December 31, 2016**

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CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

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:				
Urban and Community Forestry Program 2015	10.675		\$	\$ 91,819
Urban and Community Forestry Program 2016	10.675			76,050
<b>Subtotal</b>			-	<u>167,869</u>
Pass-Through Programs:				
Ohio Department of Education Office of Child Nutrition Services:				
Summer Food Service Program for Children 2015	10.559	087593		63,159
Summer Food Service Program for Children 2016	10.559	087593		217,451
<b>Subtotal</b>			-	<u>280,610</u>
<b>Total Department of Agriculture</b>				
			-	<u><u>448,479</u></u>
<b>Department of Health and Human Services</b>				
Direct Programs:				
Healthy Start Initiative Yr 15	93.926		634,305	864,531
Healthy Start Initiative Yr 16	93.926		642,650	1,041,271
<b>Subtotal</b>			1,276,955	<u>1,905,802</u>
Pass-Through Programs:				
Ohio Department of Health:				
Substance Abuse and Mental Health Services Administration	93.243	1H79TI025119-01		303,162
Substance Abuse and Mental Health Services Administration	93.243	1H79TI026086-01		252,379
<b>Subtotal</b>			-	<u>555,541</u>
Public Health Emergency Preparedness 2016	93.074	18-100-12-PH-0716		119,260
Public Health Emergency Preparedness 2017	93.074	18-100-12-PH-0817		75,461
Public Health Emergency Preparedness - Emergency Ebola	93.074	18-100-12-EB-0116		45,566
City Readiness Initiative 2016	93.074	18-2-001-2-PH-0716		372,139
City Readiness Initiative 2017	93.074	18-2-001-2-PH-0817		128,022
<b>Subtotal</b>			-	<u>740,448</u>

(Continued)

CITY OF CLEVELAND  
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services (Continued):</b>				
Pass-Through Programs (Continued):				
Immunization Grants 2016	93.268	18-100-1-2-IM-0916		24,269
<b>Subtotal</b>			-	24,269
Family Planning Services Title X FY 2016	93.217	18-200-11-HW-0316		231,068
Family Planning Services Title X FY 2017	93.217	18-200-11-RH-0317	59,544	394,211
<b>Subtotal</b>			59,544	625,279
Family Planning Services Title X FY 2017	93.994	18-200-11-RH-0317		16,065
<b>Subtotal</b>			-	16,065
HIV Prevention 2015	93.940	18-2-001-2-HP-0815	92,583	92,583
HIV Prevention 2016	93.940	18-2-001-2-HP-0916	410,944	518,508
<b>Subtotal</b>			503,527	611,091
Sexually Transmitted Diseases Diagnosis & Treatment 2015	93.977	18-2-001-2-ST-0715		2,287
Sexually Transmitted Diseases Diagnosis & Treatment 2016	93.977	18-2-001-2-ST-0816		131,367
<b>Subtotal</b>			-	133,654
Cuyahoga County Board of Health:				
Block Grants for Prevention and Treatment of Substance Abuse:				
Alcohol, Drug Addiction and Mental Health Service 2015 Treatment	93.959			4,988
Alcohol, Drug Addiction and Mental Health Service 2016 Treatment	93.959			38,019
Alcohol, Drug Addiction and Mental Health Service 2015 Prevention	93.959			1,074
Alcohol, Drug Addiction and Mental Health Service 2016 Prevention	93.959			65,645
<b>Subtotal</b>			-	109,726
Western Reserve Area Agency on Aging (WRAAA):				
WRAAA OAA/ADRN Project 2015	93.044			4,794
WRAAA OAA/ADRN Project 2016	93.044			219,515
WRAAA Supporting Services 2015	93.044			5,018
WRAAA Supporting Services 2016	93.044			50,127
<b>Subtotal</b>			-	279,454
WRAAA Supportive Services/MIPPA 2014	93.071			7,358
<b>Subtotal</b>			-	7,358
WRAAA HEAP Outreach Program FY 2016	93.568			14,604
WRAAA HEAP Outreach Program FY 2017	93.568			1,358
<b>Subtotal</b>			-	15,962

(Continued)

CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services (Continued):</b>				
Pass-Through Programs (Continued):				
Cuyahoga County:				
Temporary Assistance to Needy Families	93.558	AG1400113		172,032
<b>Subtotal</b>			-	172,032
<b>Total Department of Health and Human Services</b>			1,840,026	5,196,681
<b>Department of Housing &amp; Urban Development</b>				
Direct Programs:				
CDBG Yr 36	14.218		6,619	13,533
CDBG Yr 37	14.218			30,727
CDBG Yr 38	14.218			101,606
CDBG Yr 39	14.218		253,507	508,690
CDBG Yr 40	14.218		2,361,800	3,882,087
CDBG Yr 41	14.218		5,878,212	12,378,021
CDBG Yr 42	14.218		2,755,111	4,528,796
Neighborhood Stabilization Program 1	14.218		5,066	393,414
Neighborhood Stabilization Program 3	14.218			576,144
<b>Subtotal</b>			11,260,315	22,413,018
ARRA Neighborhood Stabilization Program	14.256			7,840
<b>Subtotal</b>			-	7,840
HOME Investment Partnerships Program 2011	14.239			513,182
HOME Investment Partnerships Program 2012	14.239			319,500
HOME Investment Partnerships Program 2013	14.239			1,187,942
HOME Investment Partnerships Program 2014	14.239			2,380,516
HOME Investment Partnerships Program 2015	14.239			130,271
HOME Investment Partnerships Program 2016	14.239			160,434
<b>Subtotal</b>			-	4,691,845
Emergency Shelter Grants Program 2014	14.231		586,241	586,241
Emergency Shelter Grants Program 2015	14.231		923,127	945,560
Emergency Shelter Grants Program 2016	14.231			32,158
<b>Subtotal</b>			1,509,368	1,563,959
Housing Opportunities for Persons With AIDS 2014	14.241		126,272	126,272
Housing Opportunities for Persons With AIDS 2015	14.241		634,569	634,569
Housing Opportunities for Persons With AIDS 2016	14.241			578,135
<b>Subtotal</b>			760,841	1,338,976

(Continued)

CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

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 (Continued):</b>				
Direct Programs (Continued):				
Empowerment Zones Program	14.246			1,323,368
Midtown East 59th Street BEDI Grant	14.246			3,000,000
<b>Subtotal</b>			-	<u>4,323,368</u>
Midtown East 59th Street HUD 108	14.248			16,318
Empowerment Zone HUD 108	14.248			1,790,474
<b>Subtotal</b>			-	<u>1,806,792</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		441,265	662,326
<b>Subtotal</b>			<u>441,265</u>	<u>662,326</u>
Pass-Through Programs:				
Ohio Department of Development:				
Neighborhood Stabilization Program - State	14.228	A-Z-08-264-1		300,523
<b>Subtotal</b>			-	<u>300,523</u>
<b>Total Department of Housing &amp; Urban Development</b>			<u>13,971,789</u>	<u>37,108,647</u>
<b>Department of Justice</b>				
Direct Programs:				
Veterans Treatment - Residential	16.585			38,711
Residential Opiate Project	16.585			99,350
<b>Subtotal</b>			-	<u>138,061</u>
National Forum on Youth Violence	16.819			99,015
<b>Subtotal</b>			-	<u>99,015</u>
Public Safety Partnership and Community Policing Grants:				
Cleveland Universal Hiring II 2013	16.710			347,736
Cleveland Universal Hiring II 2014	16.710			340,612
<b>Subtotal</b>			-	<u>688,348</u>
2013-Edward Byrne Crime Justice Innovation	16.817			284,347
<b>Subtotal</b>			-	<u>284,347</u>
Edward Byrne Memorial Competitive Grant	16.751			33,191,471
<b>Subtotal</b>			-	<u>33,191,471</u>
2014-Edward Byrne Memorial-JAG	16.738			313,320
2015-Edward Byrne Memorial-JAG	16.738		14,339	111,397

(Continued)

CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

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>				
Pass-Through Programs:				
Ohio Department of Public Safety:				
2015-Edward Byrne Memorial-NOLETF	16.738	2015-JG-A01-6444		84,976
2014-Edward Byrne Memorial-NOVCC	16.738	2014-JG-A02-6947		30,008
Nationwide Crime Analysis Capability Building Project	16.738	2014-4078-006-01		74,162
<b>Subtotal</b>			<u>14,339</u>	<u>613,863</u>
State of Ohio - Office of Criminal Justice Services:				
Equitable Sharing Program - Asset Forfeiture Program	16.922			1,217,808
<b>Subtotal</b>			<u>-</u>	<u>1,217,808</u>
Violence Against Women Act Formula Grants:				
OVW Education, Training, and Enhanced Services to End Violence and Abuse of Women with Disabilities FY 2011				
	16.529	2011-FW-AX-K004		1,206
<b>Subtotal</b>			<u>-</u>	<u>1,206</u>
VAWA Team Approach 2015 Law				
	16.588	2015-VP-VA2-V041		114,290
VAWA Team Approach 2015 Safety				
	16.588	2015-VP-VA2-V042		53,682
<b>Subtotal</b>			<u>-</u>	<u>167,972</u>
<b>Total Department of Justice</b>			<u>14,339</u>	<u>36,402,091</u>
<b>Department of Commerce</b>				
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		3,269,608
<b>Subtotal</b>			<u>-</u>	<u>3,269,608</u>
<b>Total Department of Commerce</b>			<u>-</u>	<u>3,269,608</u>
<b>Department of Labor</b>				
Pass-Through Programs:				
Cuyahoga County:				
LEAP: Linking to Employment Activities Pre-release Specialized American Job Centers				
	17.270	PE-27224-15-60-A-39		2,387
<b>Subtotal</b>			<u>-</u>	<u>2,387</u>

(Continued)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended December 31, 2016**

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):				
Ohio Department of Jobs and Family Services:				
WIOA Adult Program	17.258	G-1415-15-0292		459,684
WIOA Adult Program	17.258	G-1617-15-0176		288,362
<b>Subtotal</b>			-	748,046
WIOA Youth Program	17.259	G-1415-15-0292		22,776
WIOA Youth Program	17.259	G-1617-15-0176		57,470
<b>Subtotal</b>			-	80,246
WIOA Dislocated Worker Program	17.278	G-1415-15-0292		176,298
WIOA Dislocated Worker Program	17.278	G-1617-15-0176		148,897
<b>Subtotal</b>			-	325,195
<b>Subtotal - WIOA Cluster</b>			-	1,153,487
WIOA Sector Partnership - NEG Grant	17.277	G-1617-15-0176		22,836
<b>Subtotal</b>			-	22,836
<b>Total Department of Labor</b>			-	1,178,710
<b>Department of Transportation</b>				
Direct Programs:				
Airport Improvement Program	20.106			2,124,198
<b>Subtotal</b>			-	2,124,198
National Infrastructure Investments	20.933			189,431
<b>Subtotal</b>			-	189,431
Pass-Through Programs:				
Highway Planning and Construction:				
West Sixth Streetscape	20.205	See Footnote 2 PID 89722		6,316
Cuy-Fleet Avenue	20.205	PID 94629		1,107,272
<b>Subtotal</b>			-	1,113,588
Impaired Driving Enforcement Program 2016	20.616	IDEP-2016-18-00-00-00384-00		10,764
<b>Subtotal</b>			-	10,764
Selective Traffic Enforcement Program 2016	20.600	STEP-2016-18-00-00-00461-00		2,290
Cuyahoga County OVI Task Force 2015	20.600	OVITF-2014-18-00-00-00397-00		3,890
<b>Subtotal</b>			-	6,180
<b>Subtotal - Highway Safety Cluster</b>			-	16,944

(Continued)



CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Transportation (Continued):</b>				
Pass-Through Programs (Continued):				
Cuyahoga County OVI Task Force 2015	20.608	OVITF-2015-18-00-00-00453-00		1,392
<b>Subtotal</b>			-	1,392
<b>Total Department of Transportation</b>				3,445,553
<b>Department of Environmental Protection Agency</b>				
Direct Programs:				
Air Pollution Control Program Support 2015	66.001			27,851
Air Pollution Control Program Support 2016	66.001			424,757
Air Pollution Control Program Support 2017	66.001			174,624
<b>Subtotal</b>			-	627,232
EPA West Side Market Parking Lot	66.469			500,000
Pass-Through Programs:				
Ohio Environmental Protection Agency:				
EPA Tremont Montessori School Parking Lot & Jefferson Avenue Green Infrastructure Retrofit	66.469	12SWIF-CUY-GLRI-12		14,845
<b>Subtotal</b>			-	514,845
<b>Total Department of Environmental Protection Agency</b>				1,142,077
<b>Department of Homeland Security</b>				
Direct Programs:				
FEMA Disaster Grant	97.036			100,338
<b>Subtotal</b>			-	100,338
Assistance to Firefighters 2014	97.044			21,380
<b>Subtotal</b>			-	21,380
Staffing for Adequate Fire and Emergency Response 2014	97.083			506,374
<b>Subtotal</b>			-	506,374
Bio-Watch Program 2017	97.091			75,778
Pass-Through Programs:				
Ohio Environmental Protection Agency:				
Bio-Watch Program 2016	97.091	EPAFBW16		339,903
<b>Subtotal</b>			-	415,681

(Continued)

CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2016

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 (Continued):</b>				
Pass-Through Programs (Continued):				
Cuyahoga County Department of Justice Affairs:				
State Homeland Security Programs 2014	97.067	EMW-2014-SS-00101-S01		1,469
<b>Subtotal</b>			-	1,469
<b>Total Department of Homeland Security</b>			-	1,045,242
<b>Department of the Interior National Park Service</b>				
Pass-Through Programs:				
Ohio Department of Natural Resources:				
Land & Water Conservation	15.916			150,000
<b>Subtotal</b>			-	150,000
<b>Total for Department of the Interior National Park Service</b>			-	150,000
<b>Grand Total</b>			\$ 15,826,154	\$ 89,387,088

See notes to the Schedule of Expenditures of Federal Awards.

(Concluded)

**CITY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 2016:

Beginning loans receivable balance as of January 1, 2016	\$2,115,912
Loans made during 2016	241,838
Loan principal repaid on loans issued prior to 2016	<u>(412,717)</u>
Ending loans receivable balance as of December 31, 2016	<u><u>\$1,945,033</u></u>
Cash balance on hand in the revolving loan fund as of December 31, 2016	
Cash balance, unobligated	\$1,111,849
Revolving loan committed but not disbursed	<u>576,016</u>
Total unobligated cash and committed but not disbursed cash	<u>1,687,865</u>
Total value of revolving loan portion of the EDA 11.307 program	3,632,898
Less: City's matching share	<u>(363,290)</u>
Total federal value of revolving loan portion as of December 31, 2016	<u><u>\$3,269,608</u></u>
Berry Insulation Company	\$137,726
Binkowsky-Dougherty Distribution, LLC	59,457
Binkowsky-Dougherty Distribution, LLC	139,284
Certified Aircraft Maintenance	80,636
Evergreen Real Estate Corporation	123,134
Green City Growers Cooperative	121,912
Gypsy Brewery, LLC	363,910
Hansa Import House Co.	77,877
Hemingway at 7000 LLC (formerly Hemingway at 6555 LLC)	473,702
Jane & Arthur Ellison Ltd.	6,035
Northeast Ohio Neighborhood Real Estate	37,246
Northeast Ohio Lumber & Timber Co.	51,310
Ohio Cooperative Solar Inc.	43,528
Patterson-Britton	67,848
Tremont Athletic Club, LLC	<u>161,428</u>
<b>Total</b>	<u><u>\$1,945,033</u></u>

**CITY OF CLEVELAND  
 CUYAHOGA COUNTY  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 2016	\$282,215
Federal Expenditures reported in prior years schedule	(101,372)
Amount expended by the City in Fiscal Year 2016 not reimbursed in 2016	932,745
Expended and reported by the City in Fiscal Year 2016	\$1,113,588

**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, 2016 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 27, 2017.

**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 27, 2017

**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, 2016. 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, 2016.

## **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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 2017, 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 27, 2017



**CITY OF CLEVELAND, OHIO  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2016**

**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 11.307 – Economic Development Assistance	
• CFDA 16.751 – Edward Byrne Memorial Competitive Grant	
Dollar threshold to distinguish between Type A and Type B Programs:	\$2,681,613
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None

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

None