



CITY OF CLEVELAND, OHIO

Single Audit Reports

Year Ended December 31, 2014

TABLE OF CONTENTS

Schedule of Expenditures of Federal Awards	1 – 11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12 – 13
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 OMB Circular A-133	14 – 15
Schedule of Findings and Questioned Costs	16
Schedule of Prior Audit Findings	17

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Agriculture			
Pass-Through Programs:			
Ohio Department of Education Office of Child Nutrition Services:			
Summer Food Service Program for Children 2013	10.559	087593	\$ 611
Summer Food Service Program for Children 2014	10.559	087593	347,796
Subtotal			<u>348,407</u>
Cuyahoga County:			
Able Bodied Adults Without Dependents	10.561	AG1400113	105,404
Subtotal			<u>105,404</u>
Total Department of Agriculture			<u><u>453,811</u></u>
Department of Energy			
Direct Programs:			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		209,421
Subtotal			<u>209,421</u>
Pass-Through Programs:			
Ohio Department of Development Services Agency: Weatherization Assistance for Low-Income Persons DOE 2013			
	81.042	13-111	911,262
Subtotal			<u>911,262</u>
Total Department of Energy			<u><u>1,120,683</u></u>
Department of Health and Human Services			
Direct Programs:			
Healthy Start Initiative Yr 13	93.926		1,534,534
Healthy Start Initiative Yr 14	93.926		313,434
Subtotal			<u>1,847,968</u>
Pass-Through Programs:			
Ohio Department of Health:			
Substance Abuse and Mental Health Services Administration	93.243	1H79TI023734-01	296,455
Substance Abuse and Mental Health Services Administration	93.243	1H79TI024189-01	488,099
Subtotal			<u>784,554</u>
			(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Health and Human Services (Continued):			
Pass-Through Programs (Continued):			
Public Health Collaborative 2013	93.074	18-1-001-2-PH-0413	1,183
Public Health Collaborative 2014	93.074	18-1-001-2-PH-0514	151,612
Public Health Collaborative 2015	93.074	18-1-001-2-PH-0615	81,644
City Readiness Initiative 2014	93.074	18-2-001-2-PH-0514	527,539
City Readiness Initiative 2015	93.074	18-2-001-2-PH-0615	128,337
Subtotal			<u>890,315</u>
Immunization Grants 2013	93.268	18-100-1-2-IM-0613	9,433
Immunization Grants 2014	93.268	18-100-1-2-IM-0714	93,521
Subtotal			<u>102,954</u>
Family Planning Services Title X FY 2014	93.217	18-200-11-HW-0114	382,339
Family Planning Services Title X FY 2015	93.217	18-200-1-1-HW-0215	460,312
Subtotal			<u>842,651</u>
Family Planning Services Title X FY 2014	93.994	18-200-1-1-HW-0215	18,037
Subtotal			<u>18,037</u>
Ohio Public Health Partnership	93.507		1,252
Subtotal			<u>1,252</u>
HIV Prevention 2013	93.940	18-2-001-2-AS-13	189,408
HIV Prevention 2014	93.940	18-2-001-2-HP-0714	775,678
Subtotal			<u>965,086</u>
Sexually Transmitted Diseases Diagnosis & Treatment 2013	93.977	18-2-001-2-ST-0513	30,910
Sexually Transmitted Diseases Diagnosis & Treatment 2014	93.977	18-2-001-2-ST-0614	109,607
Subtotal			<u>140,517</u>
Cuyahoga County Board of Health:			
Block Grants for Prevention and Treatment of Substance Abuse:			
Student Assistance 2013 Treatment	93.959		75,431
Student Assistance 2014 Treatment	93.959		114,165
Student Assistance 2014 Prevention	93.959		33,851
Subtotal			<u>223,447</u>

(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Health and Human Services (Continued):			
Pass-Through Programs (Continued):			
Western Reserve Area Agency on Aging (WRAAA):			
WRAAA OAA/ADRC Project 2012	93.044		107
WRAAA OAA/ADRC Project 2014	93.044		222,376
WRAAA Supporting Services 2012	93.044		68
WRAAA Supporting Services 2013	93.044		9,185
WRAAA Supporting Services 2014	93.044		47,852
Subtotal			<u>279,588</u>
Ohio Department of Development:			
Weatherization Assistance for Low-Income Home			
Energy Assistance-HHS 2012	93.568	12-111	433
Weatherization Assistance for Low-Income Home			
Energy Assistance-HHS 2013	93.568	13-111	1,282,265
Subtotal			<u>1,282,698</u>
Direct Programs:			
WRAAA Supportive Services/MIPPA 2011	93.779		344
Subtotal			<u>344</u>
WRAAA Supportive Services/MIPPA 2013	93.071		1,407
Subtotal			<u>1,407</u>
Temporary Assistance to Needy Families	93.558	AG1400113	374,889
Connecting the Dots - TANF Demo	93.558	AG1400113	13,218
Subtotal - TANF Cluster			<u>388,107</u>
Total Department of Health and Human Services			<u><u>7,768,925</u></u>
Department of Housing & Urban Development			
Direct Programs:			
CDBG Yr 35	14.218		58,976
CDBG Yr 36	14.218		127,472
CDBG Yr 37	14.218		361,473
CDBG Yr 38	14.218		1,779,280
CDBG Yr 39	14.218		14,185,623
CDBG Yr 40	14.218		8,174,157
Neighborhood Stabilization Program 1	14.218		450,347
Neighborhood Stabilization Program 3	14.218		399,081
Subtotal			<u>25,536,409</u>
			(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Housing & Urban Development (Continued):			
Direct Programs (Continued):			
ARRA Neighborhood Stabilization Program	14.256		511,312
Subtotal			<u>511,312</u>
Healthy Homes Production Program Grant	14.913		230,471
Subtotal			<u>230,471</u>
HOME Investment Partnerships Program 1992	14.239		2,010
HOME Investment Partnerships Program 2006	14.239		140,000
HOME Investment Partnerships Program 2008	14.239		60,000
HOME Investment Partnerships Program 2009	14.239		78,085
HOME Investment Partnerships Program 2010	14.239		600,000
HOME Investment Partnerships Program 2011	14.239		864,579
HOME Investment Partnerships Program 2012	14.239		1,661,728
HOME Investment Partnerships Program 2013	14.239		352,040
HOME Investment Partnerships Program 2014	14.239		125,695
Subtotal			<u>3,884,137</u>
Emergency Shelter Grants Program 2012	14.231		535,735
Emergency Shelter Grants Program 2013	14.231		979,084
Emergency Shelter Grants Program 2014	14.231		37,431
Subtotal			<u>1,552,250</u>
Housing Opportunities for Persons With AIDS 2012	14.241		761,531
Housing Opportunities for Persons With AIDS 2013	14.241		607,431
Subtotal			<u>1,368,962</u>
Empowerment Zones Program	14.246		2,161,661
Subtotal			<u>2,161,661</u>
Pass-Through Programs:			
Cuyahoga County Board of Health:			
Lead Hazard Reduction Demonstration Grant Program 2012	14.905	OHLHD0218-10	398,087
Subtotal			<u>398,087</u>
Ohio Department of Development:			
Neighborhood Stabilization Program - State	14.228	A-Z-08-264-1	27,321
Subtotal			<u>27,321</u>
Total Department of Housing & Urban Development			<u><u>35,670,610</u></u>
			(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Justice			
Direct Programs:			
Veterans Treatment - Residential	16.585		52,599
Subtotal			<u>52,599</u>
Public Safety Partnership and Community Policing Grants:			
Cleveland Universal Hiring II	16.710		1,680,324
Federal DOJ-COPS Technology GR FY10	16.710		54,257
Subtotal			<u>1,734,581</u>
2013-Edward Byrne Crime Justice Innovation	16.817		28,768
Subtotal			<u>28,768</u>
2010-Edward Byrne Memorial-JAG	16.738		100,115
2012-Edward Byrne Memorial-JAG	16.738		132,139
2013-Edward Byrne Memorial-JAG	16.738		193,693
Pass-Through Programs:			
Ohio Department of Public Safety:			
2012-Edward Byrne Memorial-JAG	16.738	2012-JG-D01-6926	14,070
2013-Edward Byrne Memorial-NOLETF	16.738	2013-JG-A01-6444	105,600
2012-Edward Byrne Memorial-NOVCC	16.738	2009-JG-A0V-V6947	72,716
Cuyahoga County - Department of Justice Affairs: Edward Byrne Memorial Justice Assistance Grant Programs (JAG):			
2011-Edward Byrne Memorial-JAG	16.738	2011-DJ-BX-3241	103,547
Subtotal - JAG Cluster			<u>721,880</u>
State of Ohio - Office of Criminal Justice Services:			
Equitable Sharing Program - Asset Forfeiture Program	16.922		107,763
Subtotal			<u>107,763</u>

(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	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 Education, Training, and Enhanced Services to			
End Violence and Abuse			
of Women with Disabilities FY 2011	16.529	2011-FW-AX-K004	5,156
Subtotal			<u>5,156</u>
VAWA Team Approach 2012 Law	16.588	2012-VP-VA-V041	60,616
VAWA Team Approach 2013 Law	16.588	2013-VP-VA2-V041	133,852
VAWA Team Approach 2012 Safety	16.588	2012-VP-VA-V042	35,242
VAWA Team Approach 2013 Safety	16.588	2013-VP-VA2-V042	60,458
Subtotal			<u>290,168</u>
State of Ohio - Office of Criminal Justice Services:			
Juvenile Accountability Incentive Block Grants 2014			
	16.523	2013-JB-MUN-1101	21,386
Subtotal			<u>21,386</u>
Total Department of Justice			<u><u>2,962,301</u></u>
Department of Commerce			
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	3,174,062
Subtotal			<u>3,174,062</u>
Total Department of Commerce			<u><u>3,174,062</u></u>
Department of Labor			
Pass-Through Programs:			
Ohio Department of Jobs and Family Services:			
WIA Adult Program	17.258	G-1213-15-5106	434,614
WIA Youth Program	17.259	G-1213-15-5106	6,994
WIA Dislocated Worker Program	17.278	G-1213-15-5106	152,555
WIA Adult Program	17.258	G-1415-15-0292	411,309
WIA Youth Program	17.259	G-1415-15-0292	18,427
WIA Dislocated Worker Program	17.278	G-1415-15-0292	159,166
Subtotal- WIA Cluster			<u>1,183,065</u>
Total Department of Labor			<u><u>1,183,065</u></u>

(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Transportation			
Direct Programs:			
Airport Improvement Program	20.106		2,626,257
Subtotal			<u>2,626,257</u>
Pass-Through Programs:			
Highway Planning and Construction:		See Footnote 2	
Lake Pedestrian Bridge	20.205	PID 80966	1,019,629
Professor Avenue	20.205	PID 90218	69,013
LPA Diesel Retrofit	20.205	PID 95945	88,160
Federal NOACA UCI Bicycle Network Study	20.205	PID 84339	13,384
Federal NOACA E. 140	20.205	PID 84862	2,670
Federal NOACA Lorain Ave.	20.205	PID 84339	3,631
Federal NOACA Transportation for Livable Communities Initiative	20.205	PID 96802	83,408
Subtotal - Highway Cluster			<u>1,279,895</u>
State of Ohio - Office of Criminal Justice Services:			
Cuyahoga County OVI Task Force 2013	20.601	OVITF-2013-18-00-00-00315-00	1,968
Cuyahoga County OVI Task Force 2014	20.601	OVITF-2014-18-00-00-00429-00	5,144
Subtotal			<u>7,112</u>
High Visibility Enforcement Overtime 2013	20.600	HVEO-2013-18-00-00-00300-00	45,999
High Visibility Enforcement Overtime 2014	20.600	HVEO-2014-1800-00-00337-00	68,983
Subtotal			<u>114,982</u>
Subtotal - Highway Safety Cluster			<u>122,094</u>
Total Department of Transportation			<u>4,028,246</u>
Department of Environmental Protection Agency			
Direct Programs:			
Air Pollution Control Program Support 2013	66.001		113,219
Air Pollution Control Program Support 2014	66.001		494,219
Air Pollution Control Program Support 2015	66.001		110,344
Subtotal			<u>717,782</u>
Near Road Grant Assistance	66.034		181,260
Subtotal			<u>181,260</u>
			(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Environmental Protection Agency (Continued)			
Direct Programs (Continued):			
EPA Tremont Montessori School Parking Lot & Jefferson Avenue Green Infrastructure Retrofit	66.469		40,466
Subtotal			<u>40,466</u>
Total Department of Environmental Protection Agency			<u><u>939,508</u></u>
Department of Homeland Security			
Direct Programs:			
Chemical Emergency Preparedness and Prevention:			
Bio-Watch Program 2014	97.091		288,479
Bio-Watch Program 2015	97.091		83,368
Subtotal			<u>371,847</u>
2014 National Explosives Detection Canine Team Program	97.072		181,500
2015 National Explosives Detection Canine Team Program	97.072		37,875
Subtotal			<u>219,375</u>
2014 Law Enforcement Officer Reimbursement Agreement Program	97.090		379,600
2015 Law Enforcement Officer Reimbursement Agreement Program	97.090		100,280
Subtotal			<u>479,880</u>
Pass-Through Programs:			
Cuyahoga County Department of Justice Affairs:			
Metropolitan Medical Response System 2010	97.067	2010-SS-T0-0012	6,684
Metropolitan Medical Response System 2011	97.067	EMW-2011-SS-00070	281,693
2011 (LETPP) Law Enforcement Terrorism Prevention Program	97.067	AG1300196-01	184,601
State Homeland Security Programs 2012	97.067	EMW-2012-SS-00001	137,433
State Homeland Security Programs 2013	97.067	EMW-2013-SS-00120	37,972
Urban Area Security Initiative 2008	97.067	2008-GE-T8-0025	297,808
Urban Area Security Initiative 2010	97.067	2010-SS-T0-0012	290,342
Urban Area Security Initiative 2011	97.067	EMW-2011-SS-00070	1,452,263
Subtotal			<u>2,688,796</u>
			(Continued)

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

For The Year Ended December 31, 2014

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
Department of Homeland Security (Continued)			
Pass-Through Programs (Continued):			
Port Security Grant Program FY 2009	97.056	2009-PU-T9-K039	15,794
Port Security Grant Program FY 2011	97.056	EMW-2011-PU-K00080-S01	6,183
Port Security Grant Program FY 2012	97.056	EMW-2012-PU-00519-S01	102,983
Subtotal			<u>124,960</u>
Total Department of Homeland Security			<u><u>3,884,858</u></u>
Department of Natural Resources			
Direct Programs:			
Federal Boating Infrastructure Grant	15.622		611,044
Total Department of Natural Resources			<u>611,044</u>
Grand Total			<u><u>\$ 61,797,113</u></u>
			(Concluded)

**CITY OF CLEVELAND
 CUYAHOGA COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

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 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Footnote 1: Revolving Loan Fund

Activity in the Economic Adjustment Assistance, CFDA 11.307 revolving loan fund during 2014:

Beginning loans receivable balance as of January 1, 2014	\$1,650,395
Loans made during 2014	1,111,914
Loan principal repaid on loans issued prior to 2014	(416,119)
Loan principal repaid on 2014 loans issued	<u>(14,028)</u>
Ending loans receivable balance as of December 31, 2014	<u><u>\$2,332,162</u></u>

Cash balance on hand in the revolving loan fund as of December 31, 2014

Cash balance, unobligated	\$894,272
Revolving loan committed but not disbursed	<u>300,302</u>
Total unobligated cash and committed but not disbursed cash	<u>1,194,574</u>
Total value of revolving loan portion of the EDA 11.307 program	3,526,736
Less: City's matching share	<u>(352,674)</u>
Total federal value of revolving loan portion as of December 31, 2014	<u><u>\$3,174,062</u></u>

Berry Insulation Company	\$115,942
Binkowsky-Dougherty Distribution, LLC	136,285
Binkowsky-Dougherty Distribution, LLC	200,000
Ceam Investment Co.	25,443
Certified Aircraft Maintenance	151,428
Evergreen Real Estate Corporation	179,827
Green City Growers Cooperative	167,835
Hansa Import House Co.	112,572
Hemingway AT 7000 LLC (formerly Hemingway at 6555 LLC)	500,000
Jane & Arthur Ellison Ltd.	52,201
Northeast Ohio Neighborhood Real Estate	49,292
Northeast Ohio Lumber & Timber Co.	94,033
Ohio Cooperative Solar Inc.	155,492
Patterson-Britton	102,812
Platform Beer Co. LLC	69,000
Tremont Athletic Club, LLC	<u>220,000</u>
Total	<u><u>\$2,332,162</u></u>

**CITY OF CLEVELAND
 CUYAHOGA COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Footnote 2: Ohio Department of Transportation

The Ohio Department of Transportation (ODOT) CFDA 20.205 is the organization of state government responsible for developing and maintaining all state and federal roadways in the State of Ohio (State) with 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 2014	\$1,239,576
NOACA on behalf of the City during 2014	103,093
Federal Expenditures reported in prior years schedule	(276,515)
Amount expensed by the City in Fiscal Year 2014 not reimbursed in 2014	213,741
Expensed and reported by the City in Fiscal Year 2014	<u>\$1,279,895</u>

**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, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2015.

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.

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

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 24, 2015

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 OMB CIRCULAR A-133

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014

one east fourth street, ste. 1200
cincinnati, oh 45202

www.cshco.com
p. 513.241.3111
f. 513.241.1212

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City as of and for the year ended December 31, 2014, and have issued our report thereon dated June 24, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2015

**CITY OF CLEVELAND, OHIO
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2014**

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 510(a) of Circular A-133?	None
Identification of major programs:	
• CFDA 11.307 – Economic Development Cluster	
• CFDA 14.218 – Community Development Block Grant (CDBG) – Entitlement Grants	
• CFDA 14.246 – Economic Development Initiative (EDI)	
• CFDA 66.001 – Air Pollution Control Program	
Dollar threshold to distinguish between Type A and Type B Programs:	\$1,853,913
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

CITY OF CLEVELAND, OHIO
Schedule of Prior Audit Findings
Year Ended December 31, 2014

Finding 2013-001 – CFDA 14.218 – CDBG-Entitlement Grants Program

The City did not file the SF-425 for the first two quarters of 2013 until May 28, 2014, after the lack of filing was noted during our audit. The City did not file any subaward information through the Federal Funding Accountability and Transparency Subaward Reporting System, as required by the Federal Funding Accountability and Transparency Act.

Status: Corrected