

CITY OF CLEVELAND, OHIO

Single Audit Reports

Year Ended December 31, 2018

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

For The Year Ended December 31, 2018

| 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 2017 | 10.675 | | | 69,279 |
| Subtotal | | | - | 69,279 |
| Pass-Through Programs: | | | | |
| Ohio Department of Education Office of Child Nutrition Services: Summer Food Service Program for Children 2018 | 10.559 | 087593 | | 164,944 |
| Subtotal - Child Nutrition Cluster | | | - | 164,944 |
| Total Department of Agriculture | | | - | 234,223 |
| Department of Health and Human Services | | | | |
| Direct Programs: | | | | |
| Healthy Start Initiative Yr 17 | 93.926 | | 538,428 | 832,751 |
| Healthy Start Initiative Yr 18 | 93.926 | | 570,470 | 1,041,113 |
| Subtotal | | | 1,108,898 | 1,873,864 |
| Substance Abuse and Mental Health Services Administration | 93.243 | | | 31,423 |
| Substance Abuse and Mental Health Services Administration | 93.243 | | | 344,843 |
| Substance Abuse and Mental Health Services Administration | 93.243 | | 574,984 | 663,025 |
| Subtotal | | | 574,984 | 1,039,291 |
| Pass-Through Programs: | | | | |
| Ohio Department of Health: | | | | |
| Public Health Emergency Preparedness 2018 | 93.074 | 18-100-12-PH-0918 | | 123,281 |
| Public Health Emergency Preparedness 2019 | 93.074 | 18-2-001-2-PH-1019 | | 78,051 |
| City Readiness Initiative 2018 | 93.074 | 18-2-001-2-PH-0918 | 6,600 | 73,424 |
| City Readiness Initiative 2019 | 93.074 | 18-2-001-2-PH-1019 | | 35,347 |
| Subtotal | | | 6,600 | 310,103 |
| Immunization Grants 2017 | 93.539 | 18-100-1-2-IM-1017 | | 22,262 |
| Immunization Grants 2018 | 93.539 | 18-100-1-2-GV-0119 | | 30,065 |
| Subtotal | | | - | 52,327 |
| Family Planning Services Title X FY 2018 | 93.217 | 18-200-11-RH-0418 | 161,900 | 518,289 |
| Family Planning Services Title X FY 2019 | 93.217 | 18-200-11-RH-0519 | | 99,249 |
| Subtotal | | | 161,900 | 617,538 |

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

For The Year Ended December 31, 2018

| 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 2018 | 93.994 | 18-200-11-RH-0418 | 57,493 | 184,052 |
| Family Planning Services Title X FY 2019 | 93.994 | 18-200-11-RH-0519 | | 27,015 |
| Subtotal | | | <u>57,493</u> | <u>211,067</u> |
| HIV Prevention 2017 | 93.940 | 18-200-12-HP-1017 | 51,617 | 53,009 |
| HIV Prevention 2018 | 93.940 | 18-200-12-HP-1118 | 318,370 | 562,781 |
| Subtotal | | | <u>369,987</u> | <u>615,790</u> |
| Sexually Transmitted Diseases Diagnosis & Treatment 2017 | 93.977 | 18-2-001-2-ST-0917 | | 22,008 |
| Sexually Transmitted Diseases Diagnosis & Treatment 2018 | 93.977 | 18-2-001-2-ST-1018 | | 89,159 |
| Subtotal | | | <u>-</u> | <u>111,167</u> |
| Cuyahoga County Board of Health: | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse: | | | | |
| Alcohol, Drug Addiction and Mental Health Service 2017 Prevention | 93.959 | | | 6,458 |
| Subtotal | | | <u>-</u> | <u>6,458</u> |
| Western Reserve Area Agency on Aging (WRAAA): | | | | |
| WRAAA OAA/ADRN Project 2017 | 93.044 | | | 45,045 |
| WRAAA OAA/ADRN Project 2018 | 93.044 | | | 197,458 |
| WRAAA Supporting Services 2017 | 93.044 | | | 911 |
| WRAAA Supporting Services 2018 | 93.044 | | | 50,981 |
| Subtotal - Aging Cluster | | | <u>-</u> | <u>294,395</u> |
| WRAAA Supportive Services/MIPPA 2014 | 93.071 | | | 15,100 |
| Subtotal | | | <u>-</u> | <u>15,100</u> |
| WRAAA HEAP Outreach Program FY 2018 | 93.568 | | | 16,105 |
| Subtotal | | | <u>-</u> | <u>16,105</u> |
| Cuyahoga County: | | | | |
| Temporary Assistance to Needy Families | 93.558 | AG1400113 | | 60,496 |
| Subtotal - TANF Cluster | | | <u>-</u> | <u>60,496</u> |
| Total Department of Health and Human Services | | | <u>2,279,862</u> | <u>5,223,701</u> |

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2018

| 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 37 | 14.218 | | | 34,612 |
| CDBG Yr 38 | 14.218 | | | 4,170 |
| CDBG Yr 39 | 14.218 | | | 102,127 |
| CDBG Yr 40 | 14.218 | | 815,256 | 2,222,030 |
| CDBG Yr 41 | 14.218 | | 58,608 | 569,963 |
| CDBG Yr 42 | 14.218 | | 612,856 | 2,438,699 |
| CDBG Yr 43 | 14.218 | | 5,524,900 | 13,141,972 |
| CDBG Yr 44 | 14.218 | | 2,890,948 | 4,148,284 |
| Neighborhood Stabilization Program 1 | 14.218 | | 34,590 | 167,053 |
| Neighborhood Stabilization Program 3 | 14.218 | | | 246 |
| Subtotal - CDBG Entitlement Grant Cluster | | | 9,937,158 | 22,829,156 |
| ARRA Neighborhood Stabilization Program | 14.256 | | | 79,188 |
| Subtotal | | | - | 79,188 |
| HOME Investment Partnerships Program 2012 | 14.239 | | | 37,356 |
| HOME Investment Partnerships Program 2013 | 14.239 | | | 462,481 |
| HOME Investment Partnerships Program 2014 | 14.239 | | | 1,398,162 |
| HOME Investment Partnerships Program 2015 | 14.239 | | | 2,008,007 |
| HOME Investment Partnerships Program 2016 | 14.239 | | | 1,078,709 |
| HOME Investment Partnerships Program 2017 | 14.239 | | | 198,560 |
| Subtotal | | | - | 5,183,275 |
| Emergency Shelter Grants Program 2015 | 14.231 | | | 26 |
| Emergency Shelter Grants Program 2016 | 14.231 | | 316,933 | 316,932 |
| Emergency Shelter Grants Program 2017 | 14.231 | | 1,377,238 | 1,393,400 |
| Emergency Shelter Grants Program 2018 | 14.231 | | | 11,597 |
| Subtotal | | | 1,694,171 | 1,721,955 |
| Housing Opportunities for Persons With AIDS 2015 | 14.241 | | 47,905 | 47,905 |
| Housing Opportunities for Persons With AIDS 2017 | 14.241 | | 553,355 | 553,355 |
| Housing Opportunities for Persons With AIDS 2018 | 14.241 | | 355,797 | 355,797 |
| Subtotal | | | 957,057 | 957,057 |
| Empowerment Zones Program | 14.246 | | | 407,252 |
| Subtotal | | | - | 407,252 |
| Link59, LLC HUD 108 | 14.248 | | | 2,963,940 |
| Subtotal | | | - | 2,963,940 |

(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2018

| 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): | | | | |
| Direct Programs (Continued): | | | | |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | | 95,685 | 1,421,683 |
| Subtotal | | | <u>95,685</u> | <u>1,421,683</u> |
| Total Department of Housing & Urban Development | | | <u>12,684,071</u> | <u>35,563,506</u> |
| Department of Justice | | | | |
| Direct Programs: | | | | |
| Greater Cleveland Drug Court - Men's Treatment | 16.585 | | | 62,114 |
| Recovery Project II | 16.585 | | | 121,887 |
| Subtotal | | | <u>-</u> | <u>184,001</u> |
| Public Safety Partnership and Community Policing Grants: | | | | |
| Cleveland Universal Hiring II 2013 | 16.710 | | | 499,297 |
| Cleveland Universal Hiring II 2014 | 16.710 | | | 223,644 |
| Subtotal | | | <u>-</u> | <u>722,941</u> |
| 2015 Justice and Mental Health Collaboration Program | 16.745 | | 176,281 | 176,281 |
| Cleveland Justice and Mental Health Strategic Planning Program | 16.745 | | | 3,116 |
| Subtotal | | | <u>176,281</u> | <u>179,397</u> |
| FY 2017 Sexual Assault Kit | 16.833 | | 933 | 13,443 |
| Subtotal | | | <u>933</u> | <u>13,443</u> |
| 2015-Edward Byrne Memorial-JAG | 16.738 | | 99,644 | 103,213 |
| 2016-Edward Byrne Memorial-JAG | 16.738 | | 13,895 | 321,155 |
| Subtotal | | | <u>113,539</u> | <u>424,368</u> |
| Pass-Through Programs: | | | | |
| Ohio Department of Public Safety: | | | | |
| 2017-Edward Byrne Memorial-NOLETF | 16.738 | 2017-JG-A01-6444 | | 50,551 |
| Subtotal | | | <u>-</u> | <u>50,551</u> |

(Continued)

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

For The Year Ended December 31, 2018

| 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): | | | | |
| Center for Court Innovation: | | | | |
| 2016 Community Court Grant Program | 16.738 | 2015-DC-NY-K002 | | 145,051 |
| Subtotal | | | - | 145,051 |
| Subtotal | | | 113,539 | 619,970 |
| State of Ohio - Office of Criminal Justice Services: | | | | |
| Equitable Sharing Program - Asset Forfeiture Program | 16.922 | | | 873,475 |
| Subtotal | | | - | 873,475 |
| 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 | | 111,128 |
| Subtotal | | | - | 111,128 |
| KEYS 4 Deaf Access | 16.529 | 2016-FW-AX-K004 | | 2,270 |
| Subtotal | | | - | 2,270 |
| VAWA Team Approach 2016 Law | 16.588 | 2016-VP-VA2-V041 | | 7,375 |
| VAWA Team Approach 2017 Law | 16.588 | 2017-VP-VA2-V041 | | 113,001 |
| VAWA Team Approach 2017 Safety | 16.588 | 2017-VP-VA2-V042 | | 85,351 |
| FY 2016 VAWA Sexual Assault | 16.588 | 2016-VP-VA2-V045 | 3,588 | 3,588 |
| FY 2017 VAWA Sexual Assault | 16.588 | 2017-VP-VA2-V045 | 27,727 | 27,727 |
| Subtotal | | | 31,315 | 237,042 |
| Total Department of Justice | | | 322,068 | 2,943,667 |
| Department of Commerce | | | | |
| Direct Programs: | | | | |
| Habitat Conservation - Marine Debris | 11.463 | | | 7,665 |
| Subtotal | | | - | 7,665 |
| Pass-Through Programs: | | | | |
| Ohio Department of Jobs and Family Services: | | | | |
| U S Department of Commerce, Economic Development Administration: | | | | |
| Revolving Loan Fund Grant - Economic Adjustment Assistance | 11.307 | See Footnote 1 | | 3,272,667 |
| Subtotal - Economic Development Cluster | | | - | 3,272,667 |
| Total Department of Commerce | | | - | 3,280,332 |

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CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2018

| Federal Grant/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---------------------------|----------------------------------|------------------------------------|-------------------------|
| Department of Labor | | | | |
| Pass-Through Programs: | | | | |
| Ohio Department of Jobs and Family Services: | | | | |
| WIOA Adult Program | 17.258 | G-1819-15-0177 | | 460,175 |
| Subtotal | | | - | 460,175 |
| WIOA Youth Program | 17.259 | G-1819-15-0177 | | 249,918 |
| Subtotal | | | - | 249,918 |
| WIOA Dislocated Worker Program | 17.278 | G-1819-15-0177 | | 127,021 |
| Subtotal | | | - | 127,021 |
| Subtotal - WIOA Cluster | | | - | 837,114 |
| WIOA Sector Partnership - NEG Grant | 17.277 | G-1819-15-0177 | | 7,573 |
| Subtotal | | | - | 7,573 |
| Workforce Innovation Fund - Wage Pathways | 17.283 | G-1819-15-0518 | | 83,794 |
| Subtotal | | | - | 83,794 |
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | G-1819-15-0177 | | 76,021 |
| Local Veterans' Employment Representative Program | 17.804 | G-1819-15-0177 | | 35,880 |
| Subtotal - Employment Services Cluster | | | - | 111,901 |
| Total Department of Labor | | | - | 1,040,382 |
| Department of Transportation | | | | |
| Direct Programs: | | | | |
| Airport Improvement Program | 20.106 | | | 15,986,381 |
| Subtotal | | | - | 15,986,381 |
| Pass-Through Programs: | | | | |
| Ohio Department of Transportation: | | | | |
| Highway Planning and Construction: | | | | |
| Safe Routes to Schools Program | 20.205 | See Footnote 2 PID106357 | | 255 |
| Subtotal - Highway Planning and Construction Cluster | | | - | 255 |

(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2018

| 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): | | | | |
| Selective Traffic Enforcement Program 2018 | 20.600 | STEP-2018-00095 | | 11,130 |
| Cuyahoga County OVI Task Force 2018 | 20.600 | OVI-2018-University Hospitals Clev-00010 | | 4,264 |
| Subtotal - Highway Safety Cluster | | | - | 15,394 |
| Impaired Driving Enforcement Program 2018 | 20.608 | IDEP-2018-00095 | | 10,910 |
| Impaired Driving Enforcement Program 2019 | 20.608 | IDEP-2019-00081 | | 3,273 |
| Subtotal | | | - | 14,183 |
| Total Department of Transportation | | | - | 16,016,213 |
| Department of Environmental Protection Agency | | | | |
| Direct Programs: | | | | |
| Air Pollution Control Program Support 2018 | 66.001 | | | 498,312 |
| Air Pollution Control Program Support 2019 | 66.001 | | | 227,655 |
| Subtotal | | | - | 725,967 |
| Bioretention at Wildwood Park | 66.469 | | 160,590 | 169,775 |
| Subtotal | | | 160,590 | 169,775 |
| Total Department of Environmental Protection Agency | | | 160,590 | 895,742 |
| Department of Homeland Security | | | | |
| Direct Programs: | | | | |
| FEMA Disaster Grant | 97.036 | | | 4,330,020 |
| Subtotal | | | - | 4,330,020 |
| Assistance to Firefighters 2015 | 97.044 | | | 370,647 |
| Assistance to Firefighters 2016 | 97.044 | | | 204,545 |
| Subtotal | | | - | 575,192 |
| Staffing for Adequate Fire and Emergency Response 2014 | 97.083 | | | 723,988 |
| Subtotal | | | - | 723,988 |
| Bio-Watch Program 2017 | 97.091 | | | 213,111 |
| Bio-Watch Program 2018 | 97.091 | | | 115,256 |
| Subtotal | | | - | 328,367 |

(Continued)

CITY OF CLEVELAND
 CUYAHOGA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2018

| 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: | | | | |
| Cuyahoga County Department of Justice Affairs: | | | | |
| State Homeland Security Programs 2015 | 97.067 | EMW-2015-SS-00086 | | 50,000 |
| Urban Area Security Initiative 2016 | 97.067 | EMW-2016-SS-00104-S01 | | 118,772 |
| Subtotal | | | - | 168,772 |
| Total Department of Homeland Security | | | - | 6,126,339 |
| Grand Total | | | \$ 15,446,591 | \$ 71,324,105 |
| | | | | (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, 2018**

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 2018:

| | |
|---|---------------------------|
| Beginning loans receivable balance as of January 1, 2018 | \$1,913,340 |
| Loans made during 2018 | 428,243 |
| Loan principal repaid on loans issued prior to 2018 | (331,316) |
| Loan loss 2018 | <u>(67,197)</u> |
| Ending loans receivable balance as of December 31, 2018 | <u>\$1,943,070</u> |
| | |
| Cash balance on hand in the revolving loan fund as of December 31, 2018 | |
| Cash balance, unobligated | \$1,521,470 |
| Revolving loan committed but not disbursed | <u>171,757</u> |
| Total unobligated cash and committed but not disbursed cash | <u>1,693,227</u> |
| Total value of revolving loan portion of the EDA 11.307 program | 3,636,297 |
| Less: City's matching share | <u>(363,630)</u> |
| Total federal value of revolving loan portion as of December 31, 2018 | <u>\$3,272,667</u> |
| | |
| Binkowsky-Dougherty Distribution, LLC | 55,737 |
| Certified Aircraft Maintenance, LLC | 3,321 |
| Cleanlife Energy, LLC | 49,468 |
| Cleveland Whiskey, LLC | 102,371 |
| Evergreen Real Estate Corporation | 123,134 |
| Green City Growers Cooperative | 121,913 |
| Gypsy Brewery, LLC | 289,542 |
| Hansa Import House Co. | 41,447 |
| Hemingway at 7000 LLC (formerly Hemingway at 6555 LLC) | 424,225 |
| Ohio City Galley, LLC | 180,000 |
| Northeast Ohio Neighborhood Real Estate | 24,199 |
| Patterson-Britton | 31,013 |
| Platform Beers, LLC | 198,934 |
| TBS Ohio, LLC | 65,000 |
| Tremont Athletic Club, LLC | 99,523 |
| SIFCO Industries, LLC | <u>133,243</u> |
| Total | <u><u>\$1,943,070</u></u> |

**CITY OF CLEVELAND
 CUYAHOGA COUNTY
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

| | | |
|--|----|------------|
| Amount reimbursed by ODOT during 2018 | \$ | - |
| Amount expended by the City in 2018 not reimbursed in 2018 | | 255 |
| Expended and reported by the City in 2018 | \$ | <u>255</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.

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

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, 2018 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 25, 2019, wherein we noted the City implemented GASB Statement No. 75.

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 25, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cleveland, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. 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.

Auditor's 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, 2018.

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 25, 2019, 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 25, 2019

CITY OF CLEVELAND, OHIO
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

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 14.218 – Community Development Block Grant Cluster | |
| • CFDA 14.239 – HOME Investment Partnerships Program | |
| • CFDA 97.036 – Disaster Grants – Public Assistance | |
| Dollar threshold to distinguish between Type A and Type B Programs: | \$2,139,723 |
| Auditee qualified as low-risk auditee? | Yes |

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None