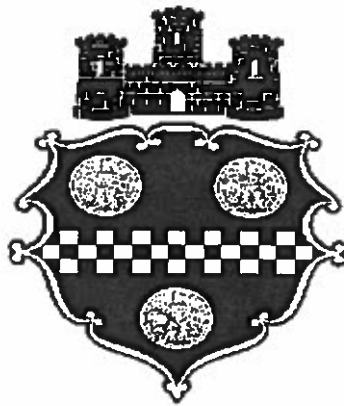


**CITY OF PITTSBURGH,
PENNSYLVANIA**

Single Audit Report

December 31, 2017



**CITY OF PITTSBURGH,
PENNSYLVANIA**

City of Pittsburgh, Pennsylvania

Schedules Prepared for
Compliance with Federal Guidelines
with Independent Auditor's Reports

Year Ended December 31, 2017

MaherDuessel

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**CITY OF PITTSBURGH,
PENNSYLVANIA**

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULES PREPARED FOR COMPLIANCE WITH FEDERAL GUIDELINES

YEAR ENDED DECEMBER 31, 2017

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**CITY OF PITTSBURGH,
PENNSYLVANIA**

Independent Auditor's Report on the Schedule of Expenditures of Federal Awards

**The Honorable
Members of Council
City of Pittsburgh,
Pennsylvania**

We have audited the financial statements of the City of Pittsburgh (City), Pennsylvania, as of and for the year ended December 31, 2017 (we did not audit the financial statements of the Stadium Authority of the City of Pittsburgh, which represent 4.3%, 2.1%, and 2.3%, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units) and have issued our report thereon dated April 27, 2018, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
September 13, 2018

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/Pass-Through Grantor / Project Title</u>	<u>Federal CFDA Number</u>	<u>Grantor Number or Pass-Through Grantor Number</u>	<u>Amount Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services:				
Passed through the Commonwealth of Pennsylvania and Allegheny County				
Department of Human Services:				
Aging Cluster: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers				
Aging Cluster: Special Programs for the Aging - Title III, Part C - Nutrition Services	93,044	9118	\$ -	\$ 538,017
Total Aging Cluster	93,045	9118	-	319,583
TAMF Cluster: Temporary Assistance for Needy Families				
Total U.S. Department of Health and Human Services	93,558	4100061112	977,695	2,330,762
U.S. Department of Agriculture:				
Passed through the Commonwealth of Pennsylvania Department of Education:				
Child Nutrition Cluster: Summer Food Service Program for Children	10,559	300-02-210-0	-	529,756
Total U.S. Department of Agriculture	-	-	-	529,756
Equal Employment Opportunity Commission:				
Employment Discrimination - Advisory Services and Counseling	30,001	EEC45017C0054P00001	-	41,700
U.S. Department of Housing and Urban Development:				
Entitlement Grants Cluster: Community Development Block Grants	14,218	MC4-20103	7,611,318	13,410,517
HOME Investment Partnerships Program	14,239	MC420501	1,068,948	1,068,948
Housing Opportunities for Persons with AIDS	14,241	F002	363,378	363,378
Fair Housing Assistance Program - State and Local	14,401	FF203K153001	34,497	34,497
Emergency Solutions Grant Program	14,231	MC420103	880,961	880,961
Passed through the Commonwealth of Pennsylvania Department of Economic Development:				
Emergency Solutions Grant Program	14,231	C000062463	182,005	182,005
Total Emergency Solutions Grant Program	-	-	1,062,966	1,062,966
Total U.S. Department of Housing and Urban Development	-	-	10,141,107	15,940,306

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017
(Continued)

Federal Grantor/Pass-Through Grantor / Project Title	Federal CFDA Number	Grantor Number or Pass-Through Grantor Number	Amount Passed Through to Subrecipients	Expenditures
U.S. Department of Justice:				
Drug Court Discretionary Grant Program	16.585	2015-JV-FX-0060	-	36,160
Public Safety Partnership and Community Policing Grants	16.710	2014ULWX0041	-	530,546
Passed through Allegheny County:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DE-BX-K010	-	155,912
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-JAG-PGH	-	96,129
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BJA-2015-4167	-	25,000
Total Edward Byrne Memorial Justice Assistance Grant Program			-	277,041
Total U.S. Department of Justice			-	843,747
U.S. Department of Transportation:				
Passed through the Commonwealth of Pennsylvania				
Department of Transportation:				
Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	040786092	-	5,428,009
Highway Research and Development Program	20.200	DTFH6116H00010	-	63,000
Highway Safety Cluster: Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	IDP-G-2015-Pittsburgh-0004	-	125,259
Total U.S. Department of Transportation			-	5,616,268
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant	97.044	EMW-2015-FO-05899	-	260,123
AmeriCorps	94.006	n/a	-	15,032
Total U.S. Department of Homeland Security			-	275,155
Total Expenditures of Federal Awards			\$ 11,118,802	\$ 26,435,294
				(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Pittsburgh (City), Pennsylvania under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. The City's federal awards are recognized following the cost principles in the Uniform Guidance.

3. Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Component Units

The City's financial statements include the operations of the Urban Redevelopment Authority of Pittsburgh (URA), which expended \$13,467,443 of federal awards, of which \$8,184,730 are not included in the accompanying Schedule, during the year ended December 31, 2017. The Schedule did not include all the expenditures of the URA, because the component unit completed a separate audit in accordance with the Uniform Guidance. Only the approximately \$5.3 million of federal funds that pass through the City to the URA are shown on the City's Schedule.

CITY OF PITTSBURGH, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

5. Contractual Agreement

The City is a contractual recipient of federal awards under agreements with the U.S. Department of Housing and Urban Development (HUD). For the year ended December 31, 2017, the City has authorized HUD to transmit \$1,068,948 of HOME Investment Partnerships Program funds (CFDA #14.239) directly to the URA, which is the representative agency with program oversight responsibility. Therefore, the related federal awards are reported by the URA to its cognizant agency in the URA's audit report under the Uniform Guidance, in addition to being reported as a program in the City's Schedule.

City of Pittsburgh, Pennsylvania

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended December 31, 2017

**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***

**The Honorable
Members of Council
City of Pittsburgh,
Pennsylvania**

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pittsburgh (City), Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2018. We did not audit the financial statements of the Stadium Authority of the City of Pittsburgh (Stadium Authority), which represent 4.3%, 2.1%, and 2.3%, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. The financial statements of certain City component units (Pittsburgh Water and Sewer Authority, Pittsburgh Public Parking Authority, and Stadium Authority) were not audited in accordance with *Government Auditing Standards*.

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.

The Honorable Members of Council
City of Pittsburgh, Pennsylvania
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

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 of 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.

Maher Duessel

Pittsburgh, Pennsylvania
April 27, 2018

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Honorable
Members of Council
City of Pittsburgh,
Pennsylvania

Report on Compliance for the Major Federal Program

We have audited the City of Pittsburgh (City), Pennsylvania's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on the City's major federal program for the year ended December 31, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's financial statements include the operations of the Urban Redevelopment Authority of Pittsburgh (URA), which received \$13,467,443 in federal awards, of which \$8,184,730 are not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2017. Our audit, described below, did not include all the operations of the URA, because the component unit completed a separate audit in accordance with the Uniform Guidance.

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 the City's major federal program 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 the 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.

The Honorable Members of Council
City of Pittsburgh, Pennsylvania
Independent Auditor's Report on Compliance for the Major Program
and on Internal Control over Compliance

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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

The Honorable Members of Council
City of Pittsburgh, Pennsylvania
Independent Auditor's Report on Compliance for the Major Program
and on Internal Control over Compliance

internal control over compliance is a deficiency, or a 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.

Mahe Duessel

Pittsburgh, Pennsylvania
September 13, 2018

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

I. Summary of Audit Results

1. Type of auditor's report issued on the City's financial statements: Unmodified, prepared in accordance with Generally Accepted Accounting Principles.

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?

yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

7. Major Programs:

CFDA Number(s)

14.218

Name of Federal Program or Cluster

Entitlement Grants Cluster - Community Development Block Grants

8. Dollar threshold used to distinguish between type A and type B programs: \$793,059

9. Auditee qualified as low-risk auditee? yes no

II. Findings related to financial statements which are required to be reported in accordance with GAGAS.

NONE

CITY OF PITTSBURGH, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

III. Findings and questioned costs for federal awards.

2017-001 – Community Development Block Grant Program (CDBG) – Procurement, Cost Principle, and Environmental Review Requirements

U.S. Department of Housing and Urban Development (HUD) – CFDA #14.218; Grant #MC4-20103

Questioned Costs: \$4,732,441

Statement of Condition: The City of Pittsburgh (City) received an audit report, dated March 22, 2017, regarding the City's CDBG funds (January 1, 2013 to May 31, 2016) from the Office of Inspector General (OIG). The report indicates that the City did not always administer CDBG funds in accordance with HUD and federal requirements. Specifically, documentation for cost estimates for construction projects, consideration of a subrecipient's non-City grant funding to avoid "double-dipping" by the subrecipient on requests for City CDBG funding reimbursements, program accomplishment reporting and documentation for environmental reviews of categorically exempt costs were questioned. The resolution of the OIG's findings is on-going.

Current year testing indicates that the City is in compliance with the compliance areas noted above.

Criteria: The City is to administer CDBG funds in accordance with HUD and federal requirements.

Cause/Effect: The City did not initially provide written documentation of compliance that met HUD standards as represented by the findings in the OIG report.

Recommendation: The City should continue to work with the OIG on the OIG's recommendations listed in the OIG's audit report. In addition, the City should consider requiring the cost estimate be sent to its procurement department with the bid request and that the cost estimate and environmental review be attached to the Letter of Agreement with the contractor.

Views of Responsible Officials and Planned Corrective Actions: Management agrees; see separate corrective action plan.

CITY OF PITTSBURGH, PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2017

NONE

**CITY OF PITTSBURGH,
PENNSYLVANIA**
